Linklaters

Bigger, Broader, Greener: Hong Kong Raises the Bar on its Green and Sustainable Finance Scheme

May 2026



The Hong Kong Monetary Authority (the "**HKMA**") has updated its Guideline on the Green and Sustainable Finance Grant Scheme (the "**Updated Guideline**"). The **Green and Sustainable Finance Grant Scheme** (the "**GSF Grant Scheme**"), which was originally launched in 2021, provides subsidies for the costs of eligible green and sustainable bond and loan issuances in Hong Kong. The guideline for the GSF Grant Scheme was previously updated in May 2024 with various enhancements, including an expanded scope to cover transition bonds and loans (the "**2024 Guideline**").[1]

In April 2026, the HKMA announced the Updated Guideline which took effect from 24 April 2026, and applies to all formal applications submitted on or after 24 April 2026 (irrespective of when the bonds are issued).

Although the GSF Grant Scheme and the Updated Guideline apply to both eligible loans and eligible bond issuances, this debt capital markets bulletin focusses on the bond aspects.

The Updated Guideline

In response to recent market developments and industry feedback, the latest refinements to the GSF Grant Scheme in the Updated Guideline are centered around three objectives: (i) incentivising larger-scale bond issuance in Hong Kong, (ii) further promoting the competitiveness of Hong Kong's green and sustainable finance ("**GSF**") ecosystem, and (iii) enhancing support for new entrants to the GSF market and emerging areas, such as transition finance.

The general structure of the GSF Grant Scheme remains unchanged, with subsidies available via two tracks:

i. Track I: covering general bond issuance costs; and

ii. Track II: covering sustainability external review costs and (a newly introduced) sustainability advisory costs.

We set out below the key changes in the Updated Guideline.

	2024 Guideline	Updated Guideline
Track I – General Bond Issuance Costs		
Minimum issue size	HK$1.5 billion (or equivalent in foreign currency)	HK$2.5 billion (or equivalent in foreign currency)[2]

[1] See our Linklaters bulletin "Unlocking New Opportunities: Hong Kong Expands Green and Sustainable Finance Incentives and Launches Taxonomy for Sustainable Finance (May 2024)".

[2] For new applications made under the Updated Guideline in respect of bonds issued before 24 April 2026, the minimum issue size remains HK$1.5 billion (or equivalent in foreign currency).

	2024 Guideline	Updated Guideline
Track II – Sustainability External Review and Advisory Service Costs		
Grants per eligible issuance	100% of eligible expenses, capped at HK$800,000 in total for all pre-issuance and post-issuance services (the "**Global Cap**"). In addition, the following sub-caps (the "**Sub-Caps**") apply within the overall HK$800,000 cap: > HK$250,000 for pre-issuance services; and > HK$200,000 per year for post-issuance services for the first three years or up until maturity, whichever is shorter.	For bonds issued on or after 24 April 2026:[3] > up to 75% of eligible expenses, if the bond is aligned with the latest Hong Kong Taxonomy for Sustainable Finance published by the HKMA; and > up to 50% of eligible expenses, if otherwise, in each case, subject to the Global Cap and Sub-Caps as set out in the 2024 Guideline.
Eligible expenses	Transaction-related fees (pre-issuance and post-issuance) paid to recognised external reviewers only.	> Transaction-related fees (pre-issuance and post-issuance) paid to recognised external reviewers; and > Transaction-related fees (pre-issuance) paid to recognised sustainability advisors.[4] This new category of eligible expenses for "recognised sustainability advisors" refers to pre-issuance advisory services for developing the green and sustainable bond framework for an eligible issuance. See FAQ6 below for examples of such pre-issuance advisory services. Importantly, the external reviewer role and the sustainability advisor role must be two separate and distinct roles, and the entity responsible for providing advisory services in developing the bond framework (including transition plan) must be different from the entity conducting the external review of the bond. A service provider may apply to the HKMA to be granted a "Recognised Sustainability Advisor" status. Existing recognised external reviewers shall be granted recognised sustainability advisor status, provided they have delivered relevant sustainability advisory services. A list of recognised sustainability advisors and recognised external reviewers is available on the GSF Grant Scheme website.

Frequently asked questions in relation to the GSF Grant Scheme

1. Can an issuer benefit from both tracks for a single bond issuance?

Yes, an issuer can benefit from both Track I and Track II for a single bond issuance, provided they are a first time issuer of:

a. green, social, sustainability or sustainability-linked[5]; or

b. transition bonds[6].

2. What does the term "issuer" mean?

The term "issuer" refers to the entity issuing a bond and such entity's associates, excluding government issuers. The term "associate" refers to a person/corporation:

a. over which the issuer has control;

b. which has control over the issuer; or

c. that is under the control of the same person/corporation as the issuer.

Based on feedback from the HKMA under the original GSF Grant Scheme, PRC state-owned enterprises were not necessarily deemed "associates" merely due to their ownership by the State-owned Assets Supervision and Administration Commission (SASAC) or other PRC government entities. However, they could be treated as "associates" if they were held under intermediate corporate common ownership. We expect this previous position would equally apply under the Updated Guideline but issuers and lead arrangers are encouraged to consult with the HKMA on a pre-application basis.

3. For a medium term note programme (the "Programme"), would an eligible bond issuance include the setting up of the Programme as well as the initial drawdown thereunder?

Yes, based on feedback from the HKMA under the 2018 Pilot Bond Grant Scheme (which was subsequently consolidated into the 2021 GSF Grant Scheme and has since been superseded), an eligible bond issuance would include the setting up of the Programme as well as the initial drawdown.

[3] For new applications made under the Updated Guideline in respect of bonds issued before 24 April 2026, the grant amount is up to 75% of eligible expenses, subject to the Global Cap and Sub-Caps set out.

[4] Not applicable for new applications made under the Updated Guideline in respect of bonds issued before 24 April 2026.

[5] An issuer that has not issued any green, social, sustainability and sustainability-linked bonds in Hong Kong within five years preceding the eligible issuance, where "issued" refers to the pricing date of the relevant bond issuance.

[6] An issuer that has not issued any transition bonds in Hong Kong within five years preceding the eligible issuance, where "issued" refers to the pricing date of the relevant bond issuance.

4. If the transaction-related fees incurred by an issuer under Track II apply to multiple issuances, how do I allocate such fees for the purposes of the subsidy under the GSF Grant Scheme?

If the transaction-related fees under Track II apply to multiple issuances, the subsidy may be prorated on a case-by-case basis, taking into account the scope of the eligible issuance relative to the overall scope of the services provided.

5. What are some examples of transaction-related fees paid to recognised external reviewers for pre-issuance external review?

Examples include certification, second party opinion, verification, ESG scoring/rating and assurance.

6. What are some examples of transaction-related fees paid to recognised sustainability advisors for pre-issuance sustainability advisory services?

Examples include:

a. for sustainability-linked products, the establishment of key performance indicators and sustainability performance targets;

b. for use-of-proceeds instruments, the design of eligible projects; and

c. for transition finance, the development of a transition plan, including a decarbonisation pathway.

7. If certain expenses for an eligible bond issuance are already covered / subsidised by another grant scheme (either in Hong Kong or outside Hong Kong) can I still claim such expenses under the GSF Grant Scheme?

No, if such expenses are already covered / subsidised by another grant scheme, such expenses will not be considered "eligible expenses" for the purposes of the GSF Grant Scheme.

8. When does the GSF Grant Scheme expire under the Updated Guideline?

The expiration date of the GSF Grant Scheme remains unchanged and is due to expire in May 2027.

Digital Bond Grant Scheme

In addition to the GSF Grant Scheme, the HKMA has also established a Digital Bond Grant Scheme to encourage more financial institutions and issuers to adopt tokenisation technology in capital market transactions. Established in November 2024, the Digital Bond Grant Scheme provides subsidies to cover eligible digital bond issuance expenses incurred by an issuer in a primary issuance of digital bonds.[7]

[7] See our Linklaters bulletin "Hong Kong promotes the development of the digital bond market with the Digital Bond Grant Scheme (November 2024)".

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