

# Whom and How We Regulate

## Whom We Regulate

## How We Do It

>> Licensed corporations and individuals carrying out the following regulated activities:

- Dealing in securities
- Dealing in futures contracts
- Leveraged foreign exchange trading
- Advising on securities
- Advising on futures contracts
- Advising on corporate finance
- Providing automated trading services
- Securities margin financing
- Asset management

- Set licensing standards to ensure that all practitioners are fit and proper
- Approve licences and maintain a public register of licensees
- Issue codes and guidelines to inform the industry of its expected standard of conduct
- Ensure licensees' financial soundness and compliance with ordinances, codes, guidelines, rules and regulations
- Set standards for the authorisation and operation of investment products
- Authorise investment products and their promotion
- Handle misconduct complaints against licensed persons
- Investigate and take action against misconduct

>> Hong Kong Exchanges and Clearing Ltd (HKEx)

- Oversee the performance of its role as the frontline regulator of listing-related matters
- Approve the creation of new markets, new products and changes to its rules and regulations
- Monitor HKEx's own compliance with Listing Rules
- Monitor the trading of shares, options and futures on its markets
- Oversee its systems and technology

>> Listed companies

- Approve changes to the Listing Rules
- Monitor announcements and vet listing application materials under the Dual Filing regime
- Administer the takeovers and share repurchases codes
- Monitor share dealings of directors and substantial shareholders
- Monitor share buy-backs by listed companies
- Consider exemptions of prospectus requirements
- Investigate listed companies suspected of prejudicial or fraudulent transactions

>> Approved share registrars

- Approve the Federation of Share Registrars as an association whose members shall be approved share registrars
- Require approved share registrars to comply with the requirements of the Code of Conduct for Share Registrars

>> Investor Compensation Company Ltd (ICC)

- Recognise the ICC as an independent compensation company
- Approve the rules and any amendment of rules of the ICC
- Require the ICC to prepare and regularly submit financial statements, auditors' report and other documents to the SFC

>> All participants in trading activities

- Monitor unusual market movements and direct trade suspension of related stocks to maintain an informed and orderly market
- Investigate and take action against market misconduct, and other breaches of the law