



SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

Introducing the

SFC

Investors 以投資者  
First 為先

## Who We Are

The Securities and Futures Commission (SFC) is an independent non-governmental statutory body outside the civil service, responsible for regulating the securities and futures markets in Hong Kong.

Our statutory powers are exercised under the Securities and Futures Ordinance (SFO).

Our Board is appointed by the Chief Executive of the Hong Kong Special Administrative Region, and consists of both full-time Executive Directors and independent Non-Executive Directors. Under the SFO, there must be no fewer than eight members of the Board, and the majority must be Non-Executive Directors.

We are ultimately accountable to the Government for discharging our responsibilities. We regularly report to the Financial Secretary, through the Financial Services and the Treasury Bureau.

Since 1993, we have not sought Government funding. Our primary sources of income are levies on market transactions and fees and charges on the industry.

Each of the four operational divisions is headed by an Executive Director: Corporate Finance, Intermediaries and Investment Products, Enforcement, and Supervision of Markets. The Commission is supported by the Legal Services Division and the Corporate Affairs Division.

## Our Regulatory Objectives

Our regulatory objectives as stated in the SFO are:

- to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;
- to promote understanding by the public of the operation and functioning of the securities and futures industry;
- to provide protection for members of the public investing in or holding financial products;
- to minimise crime and misconduct in the securities and futures industry;
- to reduce systemic risks in the securities and futures industry; and
- to assist the Financial Secretary in maintaining the financial stability of Hong Kong by taking appropriate steps in relation to the securities and futures industry.

## What We Do to Meet Our Objectives

### Regulation of Intermediaries and Investment Products

We are responsible for safeguarding investor interests, promoting high standards amongst financial intermediaries such as brokers, investment advisers, research analysts and fund managers. We continuously carry out policy reforms to discharge these responsibilities. The Intermediaries and Investment Products Division:

- acts as the gatekeeper of the industry, by licensing only those individuals and firms that are fit and proper to conduct regulated activities like dealing in securities, giving investment advice and fund management;

- supervises all our licensed firms by monitoring their financial prudence, and overseeing their standards of conduct;
- works with the industry to raise the professional standards of intermediaries;
- authorises collective investment schemes and certain investment products offered to the Hong Kong public (including related advertisements), in accordance with product codes and industry standards;
- monitors disclosure compliance of SFC authorised investment products; and
- assesses investment trends so that we can create platforms for new products for retail investors, e.g. hedge funds, index tracking funds, REITs, etc.

## **Regulation of Takeovers, Mergers, and Other Corporate Activities**

We have a role in enhancing Hong Kong's market regulations which are based on the principles of information disclosure, improving corporate governance, promoting fair and equal treatment of public shareholders, and proposing changes to law and regulations to encourage the development of effective, fair and efficient markets. The Corporate Finance Division:

- regulates takeovers and mergers of public companies and share buy-backs;
- administers securities legislation applicable to listed companies;
- supervises the listing-related activities of the Stock Exchange;
- monitors Hong Kong Exchanges and Clearing Limited to ensure that it meets its continuing obligations as a listed company;
- administers the dual filing regime; and
- authorises offering documents and marketing materials for public offers of unlisted securities.

## **Enforcement of Laws and Rules**

The codes and legislation governing the securities and futures markets and those who participate in the markets must be enforced firmly, fairly, impartially and decisively. The Enforcement Division:

- monitors the market to detect market misconduct;
- investigates market malpractices, and disciplines or prosecutes those responsible (whether licensed financial intermediaries or not);
- reports suspected market misconduct to the Financial Secretary or serious market crime to the Secretary for Justice; and
- inquires into suspected crime or misconduct in the affairs of listed companies.

## Supervision of Markets

We regulate the Hong Kong securities and futures markets and ensure that their operations and systems meet international standards. We also regulate overseas exchanges and other automated trading services operating in Hong Kong. We work closely with the exchanges and clearing houses to encourage product innovation and development. The Supervision of Markets Division also:

- facilitates the development of and encourages participation in the Hong Kong markets;
- strengthens financial markets infrastructure;
- regulates approved share registrars; and
- oversees and manages Hong Kong's investor compensation funds and regulates the Investor Compensation Company.

## Investors First

The SFC is committed to educating and communicating with investors. We conduct surveys on retail investors regularly to help plan our investor education work and we have been engaged in a variety of activities over the years.

We help investors to invest wisely by understanding the markets, investment risks, and their rights and obligations. We run campaigns on new products and market malpractices. We continuously roll out educational TV programmes, radio segments, and feature articles. We have TV Announcements in the Public Interest with different creative concepts, and distribute investor brochures.

Our Electronic Investor Resources Centre (eIRC) website has hundreds of links to the websites of education resources, market information, regulators, exchanges and intermediaries. It hosts feature articles, video and audio clippings, topical investor questions, interactive games, a monthly e-newsletter and a teachers corner. We publish an Alert List on the eIRC to name suspected boiler rooms, scam websites and phishing. We introduce Smart Investor Awards to encourage the public to report financial scams.

We answer investors' questions and receive their complaints. Investors can call our Investor Hotline or reach us by mail, fax, email or filling in the on-line form on the eIRC. We organise outreach activities such as public seminars, educational workshops and investor competitions for people of different ages and professions.

## CONTACT INFORMATION

**Address :** 8th Floor, Chater House, 8 Connaught Road Central, Hong Kong

**Telephone :** (852) 2840 9222 **Fascimile :** (852) 2521 7836

**SFC Infoline:** (852) 2840 9393 (General information & information for intermediaries)

**Investor Hotline:** (852) 2840 9333

**Media Hotline:** (852) 2840 9287

**Email:** enquiry@sfc.hk **Website:** www.sfc.hk

**eIRC Website:** www.eirc.hk