

Intermediaries

Licensing applications

In the quarter, we received 1,786 licence applications¹, down 6.8% from the same quarter in 2015, while the number of corporate applications rose to 83, up from 53.

As of 31 December 2016, the number of licensees and registrants totalled 42,665, up 2.9% from a year earlier, while in the same period the number of licensed corporations grew 11% to 2,411. Both were record highs since the implementation of the regulatory regime under the Securities and Futures Ordinance on 1 April 2003.

Senior management accountability

In December, we issued a circular to all licensed corporations to introduce the Manager-In-Charge (MIC) initiative, which aims to clarify the accountability of the senior management of licensed firms and to promote awareness of senior management obligations under the current regulatory regime.

Under the new measures, from 18 April 2017, corporate licence applicants must submit management structure information and organisational charts to the SFC. Existing licensed corporations must submit this information between 18 April 2017 and 17 July 2017. In addition, MICs of the overall management oversight and key business line functions of licensed corporations who are not responsible officers should have applied to become responsible officers by 16 October 2017.

Together with the circular, we published more than 40 frequently asked questions (FAQs) to provide additional guidance. We organised a series of workshops in early 2017 to help the industry further understand the initiative.

Suitability obligations

Also in December, we issued circulars and updated our FAQs to provide clarification and guidance on licensees' existing suitability obligations². In particular, we clarified the application of these obligations under the Code of Conduct³ and provided guidance and examples for whether and when they would be triggered under certain scenarios. We also provided

further guidance on licensees' compliance with suitability obligations such as product due diligence and the documentation of the rationale for investment recommendations.

Mandatory online submissions

To improve the efficiency of the licensing application process, we announced in November that all individuals will be required to use the SFC Online Portal to submit their licensing applications, notifications and annual returns from 1 February 2017. Corporations may continue to submit licensing applications in a paper form or via the portal.

To prepare for the launch of the new requirement, in December we enhanced the portal and our licensing forms and conducted six briefing sessions for the industry.

Monitoring

During the quarter, we conducted 89 risk-based on-site inspections on licensed corporations to review their compliance with relevant regulatory requirements.

To help formulate policies to improve the overall resilience of the markets, we commenced a review in October to assess the cybersecurity features of the internet and mobile trading systems of licensed corporations as well as the industry's preparedness for and resilience to cyber risks.

In November, we commenced a thematic review of market practices in delivering best execution and providing client facilitation services. The review also considered the latest market developments and assessed licensed corporations' controls for complying with relevant regulatory requirements.

We also conducted a thematic review to assess whether selected licensed corporations have put in place appropriate and specific policies, procedures and controls in respect of algorithmic trading to comply with related requirements stipulated in the Code of Conduct. An advisory circular was issued in December to provide further guidance to the industry and to share observations and good practices noted during the review.

¹ The figure does not include applications for provisional licences. See the table on licensing applications on page 5 or details.

² See also Investment products on page 6.

³ The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

Promoting compliance

As part of our ongoing effort to promote compliance with anti-money laundering (AML) and counter-terrorist financing (CTF) requirements, we issued 10 advisory circulars in the quarter to enhance the industry's awareness of the latest developments in these areas. We also conducted three seminars in October with more than 800 industry participants including management and compliance personnel from licensed corporations.

In addition, we issued advisory circulars on:

- regulatory requirements on account opening as set out in the Code of Conduct, including the opening of accounts in non-face-to-face situations and the use of the certification services to verify clients' identities;
- regulatory requirements for providing securities dealing services under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and observations noted in recent inspections of these activities; and
- new statutory requirements set out in the Inland Revenue Ordinance regarding automatic exchange of financial account information.

Licensees and registrants

	As at 31.12.2016	As at 31.3.2016	Change (%)	As at 31.12.2015	YoY change (%)
Licensed corporations	2,411	2,208	9.2	2,172	11
Registered institutions	121	119	1.7	119	1.7
Licensed individuals	40,133	39,207	2.4	39,175	2.4
Total	42,665	41,534	2.7	41,466	2.9

Financial resolution regime

The Financial Services and the Treasury Bureau, the Hong Kong Monetary Authority, the Insurance Authority and the SFC continue to prepare for the launch of the new financial resolution regime and in November launched a two-month joint consultation on draft regulations for protected arrangements to be made under the Financial Institutions (Resolution) Ordinance⁴.

Survey on sale of non-exchange traded investment products

We published a biennial Survey on the Sale of Non-exchange Traded Investment Products⁵ in December. The survey was conducted with an aim to understand the industry landscape and to obtain an overview of the types and value of investment products sold by licensed corporations. It showed that the number of licensed corporations engaged in the sale of investment products during the year ended 31 March 2016 increased by 15% from the 2014 survey, while the aggregate transaction amount of investment products dropped by 19%. The survey helps us supervise the selling practices of licensed corporations.

⁴ The Financial Institutions (Resolution) Ordinance, gazetted on 30 June 2016, will become effective on a date to be appointed by the Secretary for Financial Services and the Treasury pending the passing of subsidiary legislation.

⁵ Previous surveys were conducted and published in 2012 and 2014.

Intermediaries

Licensing applications

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY change (%)
Applications to conduct new regulated activity	4,866	16,491	17,701	-6.8
Applications for SFC licences [#]	1,786	5,880	6,137	-4.2

[#] Figures do not include applications for provisional licences. During the quarter, we received 804 provisional licence applications compared with 1,051 in the same quarter last year.

Intermediary inspection

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY change (%)
Risk-based on-site inspections conducted	89	241	226	6.6

Investment products

Authorizations

As of 31 December, there were 2,779 SFC-authorized collective investment schemes (CIS) on offer to the public. During the quarter, we authorized 61 CIS, comprising 41 unit trusts and mutual funds and 20 mandatory provident fund (MPF) pooled investment funds. We also authorized 24 unlisted structured investment products for public offering.

Renminbi products

As of 31 December, the total number of renminbi-denominated SFC-authorized unlisted funds and exchange-traded funds (ETFs) investing onshore in the Mainland securities markets¹ were 68 and 26 respectively.

Suitability, platforms and advice

Following the issue on 23 December of further guidance (in the form of two circulars) on the existing suitability obligations of licensed or registered persons when recommending or soliciting investments, we plan to provide more tailored guidance to the industry on how the suitability requirement should be implemented in the context of online distribution and advisory platforms. We aim to launch a public consultation in the first quarter of 2017.

Leveraged and inverse products

Six months after the launch of the initial batch of leveraged and inverse (L&I) products, we extended these products' eligible indices to include liquid and broad-based Hong Kong equity indices and, on a case-by-case basis, non-equity indices. We began accepting applications for L&I products tracking such indices on 9 January 2017. Details are set out in a circular issued on 23 December. Previously, the only eligible indices for these products were foreign equity indices.

MPF default investment strategy

To prepare for the implementation of the MPF default investment strategy (DIS)², we authorized all DIS-related constituent fund (CF) applications³ as well as all relevant pooled investment fund applications.

Mutual recognition of funds

Switzerland

On 2 December, we signed a Memorandum of Understanding with the Swiss Financial Market Supervisory Authority on mutual recognition of funds (MRF). The agreement allows eligible Swiss and Hong Kong public funds to be distributed in the others' market through a streamlined vetting process, and establishes a framework for information exchange and regular dialogue as well as regulatory cooperation in relation to cross-border offerings of public funds. In addition, Switzerland is now included in the lists of recognised jurisdiction schemes⁴ and acceptable inspection regimes⁵. To give further details about the MRF scheme, we issued a circular, frequently asked questions (FAQs) and an information checklist. We also held four industry briefing sessions for Hong Kong asset managers and trustees in December 2016 and January 2017.

Mainland China

Under Mainland-Hong Kong MRF, as of 31 December, we authorized a total of 48 Mainland funds (including two umbrella funds), and the China Securities Regulatory Commission approved six Hong Kong funds.

With effect from 19 December, Mainland fund applications are classified as "Standard" or "Non-standard" under a two-stream approach⁶. To facilitate these applications, we updated the related circular, FAQs, information checklists and key facts statement template.

¹ These unlisted funds and ETFs primarily invest in the Mainland securities markets through the Renminbi Qualified Foreign Institutional Investor quota, Stock Connect and the China Interbank Bond Market.

² The Mandatory Provident Fund Schemes Authority announced that the DIS will launch on 1 April 2017.

³ Comprising new CF applications for 29 MPF schemes, applications for converting existing CFs to DIS CFs for two schemes and applications for both new CFs and the conversion of existing CFs for two schemes.

⁴ Including schemes which the SFC accepts have complied in substance with certain provisions of the Code on Unit Trusts and Mutual Funds on the basis of prior authorization in another jurisdiction.

⁵ The investment management operations of a fund management company or an investment adviser are required to be based in a jurisdiction with an inspection regime acceptable to the SFC.

⁶ Under the two-stream approach adopted as part of the revamped fund authorization process, new fund applications will be processed as standard applications and fast tracked if certain criteria are met.

Investment products

Enhancing asset management regulation

To enhance asset management standards and point-of-sale transparency, we launched a consultation in November on proposals which cover topics including securities lending and repurchase agreements, custody of fund assets, liquidity risk management and disclosure of leverage by fund managers. The consultation closes on 22 February 2017.

Industry guidance

We continued to provide the industry with practical guidance, including an FAQ on the disclosure and approval requirements for investments made by authorized funds through Shenzhen-Hong Kong Stock Connect. We also issued a circular reminding issuers of SFC-authorized CIS to consider and assess the potential implications of the automatic exchange of financial account information (AEOI)⁷ on their business operations.

Authorized CIS^a

	As at 31.12.2016	As at 31.3.2016	Change (%)	As at 31.12.2015	YoY change (%)
Unit trusts and mutual funds	2,196	2,133	3	2,110	4.1
Investment-linked assurance schemes	300	301	-0.3	297	1
Pooled retirement funds	34	34	0	34	0
MPF schemes	35 ^b	37	-5.4	37	-5.4
MPF pooled investment funds	188 ^c	173	8.7	173	8.7
Others	26 ^d	26	0	24	8.3
Total	2,779	2,704	2.8	2,675	3.9

^a Excluding unlisted structured investment products.

^b 56 authorized constituent funds under these MPF schemes were DIS-related.

^c Of which 20 were DIS-related.

^d Comprising 15 paper gold schemes and 11 real estate investment trusts.

Unlisted structured investment products

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY change (%)
Unlisted structured investment products ^a	24	83	83	0
Authorizations granted under section 105 of the SFO ^b	14	62	65	-4.6

^a On a "one product per key facts statement" basis, the number of unlisted structured investment products authorized during the period, most of which were equity-linked investments and deposits.

^b Offering documents and advertisements for unlisted structured investment products offered to the Hong Kong public.

⁷ Under AEOI, financial institutions are required to identify financial accounts held by tax residents of reportable jurisdictions and provide this information annually to the Hong Kong Inland Revenue Department, which will exchange it on a reciprocal basis with appropriate tax authorities elsewhere.

Listings and takeovers

Listing regulatory structure

The SFC's joint consultation with Hong Kong Exchanges and Clearing Limited (HKEX) on proposed enhancements to The Stock Exchange of Hong Kong Limited's (SEHK) decision-making and governance structure for listing regulation ended on 18 November. We are working with HKEX to analyse market responses.

IPO applications

Under the dual filing regime, we received 38 listing applications via SEHK during the quarter, down 54.8% from 84 in the previous quarter and 20.8% from 48 in the same quarter last year. The number of listing applications in the nine months from April to December was up 12.9% compared to the same period in 2015.

During the quarter, four listing applications were returned and an eight-week moratorium¹ was imposed because the respective application proofs were not substantially complete.

Rights issues and open offers

Together with SEHK, we are closely monitoring rights issues and open offers which substantially dilute the interests of non-subscribing minority shareholders² and are reviewing the relevant Listing Rules. We are concerned that some corporate actions did not afford fair and equal treatment to all shareholders or cast doubt on whether the directors of the listed

companies complied with the requirement to act in the best interests of shareholders. In cases where the terms of the proposed offers were highly dilutive, or where issuers conducted fundraisings repeatedly over a relatively short period, we made enquiries to ascertain whether there has been a contravention of the Securities and Futures Ordinance (SFO).

Takeovers matters

In November, the Takeovers Executive³ publicly censured Zheng Dunmu, chairman and executive director of Changgang Dunxin, and imposed a 24-month cold shoulder order⁴ for breaching mandatory offer requirements under the Takeovers Code. Zheng failed to make a mandatory general offer when he acquired more than 2% of Changgang Dunxin increasing his stake from 46.18% to 50.16% in February 2015, depriving Changgang Dunxin's shareholders of the right to receive an offer as not all of them were given the opportunity to exit.

In December, we publicly criticised Southwest Securities International Investment Limited and related parties for acquiring shares in Southwest Securities International Securities Limited⁵ within six months after the close of an offer at above the offer price, in contravention of the Takeovers Code.

In the December issue of the *Takeovers Bulletin*, we published the Takeovers Team's new performance pledges in handling transactions and applications.

Listing applications and takeovers activities

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY change (%)
Listing applications filed under the dual filing regime	38	193	171	12.9
Takeovers and share buy-backs transactions	135	356	333	6.9

¹ The applicant can only submit a new listing application with a new application proof no less than eight weeks after the return.

² Rights issues are offers to existing shareholders to subscribe for new shares proportionate to their shareholdings. Open offers are similar to rights issues but the subscription rights are non-renounceable. The dilution impact of a rights issue or open offer is measured based on the offer ratio and the discount of the offer price to the share price prior to the announcement of the offer.

³ This refers to the Executive Director of the SFC's Corporate Finance Division or his delegate.

⁴ A cold shoulder order is a sanction that prevents a person from trading in Hong Kong for a stated period.

⁵ Formerly known as Tanrich Financial Holdings Limited.

Listings and takeovers

Corporate regulation

During the quarter, we continued to conduct a daily review of corporate announcements under the statutory corporate conduct and inside information disclosure provisions. In 27 cases, we felt it appropriate to issue section 179⁶ directions to gather additional information. The underlying concerns were varied and included whether any information that may meet the tests for inside information had been disclosed in a timely manner.

As part of our initiative to enhance the quality of disclosures by listed companies and to improve corporate behaviour in general, we published the fourth issue of the *Corporate Regulation Newsletter*, which encouraged listed companies to provide more meaningful disclosures to the market and brought changes in accounting standards to their attention.

⁶ Section 179 of the SFO gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

Market infrastructure and trading

Shenzhen-Hong Kong Stock Connect

Shenzhen-Hong Kong Stock Connect successfully launched on 5 December and has been running smoothly. We continuously monitor the operations of both Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect, and during the quarter we enhanced our monitoring systems to cover trading activities under the new Shenzhen link.

Position limit regime

In September, we launched a public consultation on proposed enhancements to the position limit regime for futures and options contracts which aim to expand the scope of the existing regime and make it more responsive to financial market developments. The majority of respondents indicated their support for the proposals. The consultation ended in November and we plan to publish the consultation conclusions in the first quarter of 2017.

ATS

	As at 31.12.2016	As at 31.3.2016	Change (%)	As at 31.12.2015	YoY change (%)
ATS authorizations under Part III	49	38	28.9	38	28.9
Corporations provide ATS under Part V	24	24	0	27	-11.1

Real-time trading monitoring

Jointly with Hong Kong Exchanges and Clearing Limited, we upgraded our real-time market surveillance system to cover the Closing Auction Session and to generate alerts if the Volatility Control Mechanism is triggered.

Automated trading services

As of 31 December 2016, the number of automated trading services¹ (ATS) authorizations under Part III of the Securities and Futures Ordinance (SFO) was 49, while 24 corporations, including 16 dark pool operators, were licensed under Part V of the SFO to provide ATS.

¹ As a general principle under the SFC's Guidelines for the Regulation of Automated Trading Services, ATS providers which also perform traditional dealer functions (eg, agency broking, holding of clients' securities or funds) are expected to be licensed under Part V of the SFO, while those solely providing ATS are expected to be authorized under Part III of the SFO.

Enforcement

Market Misconduct Tribunal

- After finding Andrew Left of Citron Research guilty of disclosing false or misleading information in a research report on Evergrande Real Estate Group Limited, the Market Misconduct Tribunal (MMT) banned him from trading securities in Hong Kong for the maximum period of five years and ordered him to disgorge his profit of \$1.6 million from shorting Evergrande shares. Left's application to appeal against the MMT determination on questions of fact was dismissed by the Court of Appeal in January 2017.
- The MMT ruled that AcrossAsia Limited, its former chairman Albert Saychuan Cheok and its former chief executive officer Vicente Binalhay Ang, failed to disclose inside information as soon as reasonably practicable and fined them a total of \$2 million. The MMT also ordered Cheok and Ang to complete training on compliance with inside information disclosure requirements, directors' duties and corporate governance.
- The MMT found that between 2001 and 2005, Gu Chujun, the founder and former chairman of Greencool Technology Holdings Limited, along with four other senior executives, disclosed false or misleading information, overstated the deposits kept by Greencool's Mainland subsidiaries and concealed substantial loans granted to them. As a result, Greencool's net asset value on a consolidated basis was exaggerated in several annual reports and results announcements.
- We started proceedings in the MMT against a former senior executive of an affiliate of Titan Petrochemicals Group Limited, Augustine Cheong Kai Tjeh, and his mother for alleged insider dealing in Titan shares.

Restriction Notice

In December, we issued restriction notices to Interactive Brokers LLC and Interactive Brokers Hong Kong Limited to prohibit them from dealing with certain client assets that are the suspected proceeds of market manipulation or fraud. They are not suspects in the investigation.

Disciplinary actions

We disciplined five corporations and 11 licensed representatives, resulting in total fines¹ of \$9.8 million, including the following actions:

- J.P. Morgan Securities (Asia Pacific) Limited and JPMorgan Chase Bank, National Association were reprimanded and fined \$3 million and \$2.6 million respectively for regulatory breaches in a number of areas.
- FXCM Asia Limited² was reprimanded and fined \$4 million for regulatory breaches in relation to its foreign exchange order execution practices.
- The licences of Richmond Asset Management Limited and Graham Frank Bibby, its responsible officer and sole owner, were revoked and Bibby was banned from re-entering the industry for 10 years for soliciting clients to invest in a company and a plot of land in Thailand in which Bibby and his wife held substantial undisclosed interests.
- The licences of Goodcape Securities Limited and its responsible officers, Tang Lin Sun and Chang Siu Ming, were revoked for misappropriating client funds. Tang and Chang were prohibited from re-entering the industry for life and three years respectively.
- Chen Chia Hui, a former employee of The Hongkong and Shanghai Banking Corporation (HSBC), was banned from re-entering the industry for life following her conviction for bribery.
- Lam Yuk Wai, a former staff of four HSBC broking companies, was banned from re-entering the industry for life for misconduct, including over 100 unauthorized transactions.
- Derek Ong, a former representative of Deutsche Securities Asia Limited, was prohibited from re-entering the industry for 10 years for conspiring to manipulate the Korean Composite Stock Price Index 200.
- Benedict Ku Ka Tat, a former employee of The Pride Fund Management Limited, was prohibited from re-entering the industry for one year and fined \$150,000 for failing to disclose his commission and performing proper customer due diligence.

¹ Fines paid to or recovered by the SFC go into the general revenue of the Government.

² Now known as Rakuten Securities Hong Kong Limited.

Court proceedings

- We commenced legal proceedings in the Court of First Instance to seek disqualification orders against Quincy Hui Kwong Hei (managing director), Andrew Liu (former non-executive director) and eight current and former directors of Freeman Financial Corporation Limited³ for breaching directors' duties in Freeman's acquisition and disposal of a stake in Liu's Holdings Limited. We sought a court order that Hui and Liu compensated Freeman \$76.8 million, equivalent to the loss it suffered in the transactions.
- The Eastern Magistrates' Court convicted and fined Gold Root Global Investments Limited for dealing in futures contracts through its online trading platform without an appropriate licence. We also prosecuted Jacky Chan Cheuk Ki, its former dealing director and Chiang Ching Fung, former chief executive officer.

- The Court of Final Appeal dismissed the application of C.L. Management Services Limited and its sole owner and director, Clarea Au Suet Ming, to appeal against their convictions for unlicensed corporate finance activities. They were previously fined \$1.5 million and Au was sentenced to six months' imprisonment suspended for 18 months.

Market surveillance

We made 2,084 requests for trading and account records from intermediaries in the quarter. In addition, we posted eight high shareholding concentration announcements on our website to remind investors to exercise caution when trading shares in companies where a small number of shareholders hold a high concentration of shares.

Enforcement activities

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY change (%)
S179 ^a inquiries commenced	4	18	17	5.9
S181 ^b inquiries commenced (number of letters sent)	66 (2,084)	207 (6,488)	206 (5,750)	0.5
S182 ^c directions issued	67	313	384	-18.5
Investigations started	66	317	390	-18.7
Investigations completed	163	457	327	39.8
Investigations completed within seven months (%)	80 (49%)	221 (48%)	171 (52%)	29.2
Individuals/corporations charged in criminal proceedings	0	4	12	-66.7
Criminal charges laid	0	15	58	-74.1
Notices of Proposed Disciplinary Action ^d issued	17	42	30	40
Notices of decision ^e issued	16	39	27	44.4
Individuals/corporations subject to ongoing civil proceedings	109	109	99	10.1
Compliance advice letters issued	141	409	290	41
Cases with search warrants executed	5	24	24	0

^a Section 179 of the SFO gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

^b Section 181 of the SFO gives the SFC the power to require information from intermediaries about trading transactions, including the identity information of the ultimate clients, the particulars and instructions relating to the transactions.

^c Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.

^d A notice issued by the SFC to regulated persons that it proposes to exercise its disciplinary powers, on grounds that they appear to be guilty of misconduct or not fit and proper.

^e A notice that sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

³ Now known as Freeman FinTech Corporation Limited.

Global regulatory engagement

IOSCO

Since Mr Ashley Alder, our Chief Executive officer, was appointed as Chair of the Board of the International Organization of Securities Commissions (IOSCO) in May, we have been working closely with the IOSCO Secretariat to enhance the relevance of IOSCO's work to its wider membership, clarify the intersection between IOSCO's policy work and that of the Financial Stability Board (FSB), and promote interaction between IOSCO members from growth and emerging markets and those from advanced economies. In October, we hosted and chaired an IOSCO Board meeting in Hong Kong.

As Chair of the IOSCO Board, Mr Alder co-chaired the October meeting of the Committee on Payments and Market Infrastructures - IOSCO Steering Group, which discussed central clearing counterparty resilience, recovery and resolution. Mr Alder also chairs the IOSCO Task Force on Market Conduct, which plans to issue a report setting out measures to promote proper conduct by market participants in wholesale markets.

We actively participated in the work of the IOSCO Asia-Pacific Regional Committee (APRC) and provided input to an APRC letter to the US Commodity Futures Trading Commission, highlighting the extraterritorial impact of its proposed cross-border swap rule on Asia-Pacific markets.

We worked closely with the European Commission to establish the inaugural EU-Asia Forum which took place in October. Mr Alder and other senior regulators from the two regions participated in a panel discussion on cross-border regulatory issues and EU regulations that affect Hong Kong.

We also hosted a meeting in Hong Kong of the IOSCO Committee on Enforcement and the Exchange of Information from 29 November to 1 December.

FSB

In November, Mr Alder attended the FSB plenary meeting to discuss, among other things, market liquidity, structural vulnerabilities related to asset management activities, and governance frameworks to mitigate misconduct.

We coordinated with the Government, Hong Kong Monetary Authority (HKMA), and the Office of the Commissioner of Insurance to respond to FSB's annual

monitoring exercise on shadow banking as well as to discuss the scope of the proposed peer review of Hong Kong with the FSB Secretariat. In addition, we provided input to various other surveys being undertaken by the FSB standing committees. We also provided support to the HKMA for its participation in other FSB committees.

In December, Mr Keith Lui, Executive Director of Supervision of Markets, attended a meeting of the FSB Standing Committee on Standards Implementation which discussed, among other matters, the timing and scope of the peer review of Hong Kong. Mr Lui also participated in a meeting of the FSB Regional Consultative Group for Asia which discussed vulnerabilities and financial stability issues affecting the region.

Mainland China

During the quarter, we worked closely with the China Securities Regulatory Commission (CSRC) and other regulatory authorities to launch Shenzhen-Hong Kong Stock Connect. We also held a number of meetings with the CSRC to discuss issues including cooperation on supervision of listed companies, cross-boundary market surveillance and monitoring, and enforcement cooperation. In November, we arranged a joint training session with the CSRC on market manipulation in Xi'an. Also in November, we organised a seminar with the CSRC in Shanghai for Mainland brokers and fund managers with business operations in Hong Kong.

We maintained good communication with the Mainland's regional authorities and provided analytical support to the Government to strengthen Hong Kong's cooperative relationship with Guangdong, Shenzhen, and Shanghai, among other places. We participated in the eighth Meeting of the Expert Group on Hong Kong-Guangdong Financial Co-operation in Hong Kong to discuss financial cooperation initiatives.

Other collaboration

In December, we signed a Memorandum of Understanding (MoU) with the Swiss Financial Market Supervisory Authority concerning Switzerland-Hong Kong Mutual Recognition of Funds¹. At the eighth MoU meeting with the Taiwan Financial Services Commission in November, we discussed Fintech development, anti-money laundering and green finance.

¹ See Investment products on page 6 for details.

Stakeholder communication

We engage with stakeholders in a proactive and timely manner to explain our work and keep them informed about regulatory updates.

In November, we launched a consultation proposing enhancements to the regulation of the asset management industry in Hong Kong¹. Also in November, jointly with the Financial Services and the Treasury Bureau, the Hong Kong Monetary Authority and the Insurance Authority, we published a consultation paper on regulations under subsidiary legislation for the new resolution regime for financial institutions in Hong Kong.

Our senior executives attended a meeting of the Legislative Council Financial Affairs Panel in December to explain the proposals in our consultation on expanding the scope of the position limit regime.

During the quarter, our senior executives spoke at 51 local and international conferences to share our regulatory approaches on various areas. Separately, we supported eight industry events.

To enhance understanding of emerging regulatory and financial technologies and how they intersect with securities regulation, we organised the SFC Regtech and Fintech Contact Day² on 7 November with more than 150 senior delegates from financial institutions in attendance.



SFC Regtech and Fintech Contact Day

We conducted briefing sessions to the industry on preparations for the mandatory online submission of disclosure of interests in listed companies and licensing applications and notifications³.

We issued a variety of industry-related publications, including:

- the first issue of a new series of the *Enforcement Reporter*, to provide the market with updates on the SFC's enforcement approach and priorities
- the *Corporate Regulation Newsletter*, to remind the industry about timely and accurate disclosure of inside information
- the *Takeovers Bulletin*, which explained our case management procedures as well as our performance pledges on takeovers and mergers matters; and
- the biennial *Survey on the Sale of Non-exchange Traded Investment Products*, covering the types and value of investment products sold by licensed corporations.

We issued 29 circulars to inform industry participants about a wide range of initiatives, including the accountability of senior management, licensees' suitability obligations regarding sales of financial products, Shenzhen-Hong Kong Stock Connect, the over-the-counter derivatives regime and anti-money laundering.

We met with university students to introduce the SFC's regulatory work, including participants in the Hong Kong Institute of Chartered Secretaries' Student Ambassadors Programme and visitors from the Singapore Management University.

¹ See Investment products on page 7 for details.

² A part of the inaugural Hong Kong Fintech Week, the event was sponsored by InvestHK and supported by the Asia Securities Industry and Financial Markets Association and the Hong Kong Investment Funds Association.

³ See Intermediaries on page 3 for details.

Stakeholder communication

Publications and other communications

	Quarter ended 31.12.2016	Nine months ended 31.12.2016	Nine months ended 31.12.2015	YoY Change (%)
Press releases	42	98	85	15.3
Consultation papers	2	4	4	0
Consultation conclusions	0	1	5	-80
Industry-related publications	4	9	7	28.6
Codes and guidelines	0	2	2	0
Circulars to industry	29	55	50	10
Corporate website average daily page views ¹	57,465	57,455	50,746	13.2
General enquiries	1,372	4,671	5,165	-9.6

¹ The average number of web pages browsed per day during the reporting period.