

Highlights

Regulatory enhancements

- **Online distribution and advisory platforms:** We launched a public consultation on proposed guidelines to the industry on the design and operation of online platforms.
- **Cybersecurity:** We proposed baseline cybersecurity requirements in a consultation which aims to reduce and mitigate hacking risks associated with internet trading.
- **Open-ended fund companies (OFCs):** A public consultation on the proposed Securities and Futures (OFCs) Rules and the Code on OFCs set out detailed legal and regulatory requirements.

Listings

- **Listing regulation:** The first issue of the *SFC Regulatory Bulletin: Listed Corporations* provided guidance on how we perform our listing regulatory functions under the Securities and Futures (Stock Market Listing) Rules and the Securities and Futures Ordinance.
- **Infrastructure project companies:** An April statement set out the factors we take into account when reviewing the proposed listing of infrastructure project companies in Hong Kong, including those from "Belt and Road" countries, covering potential country and related risks.
- **Corporate transaction valuations:** We issued a guidance note on directors' duties and a circular to financial advisers regarding valuations in corporate transactions together with a statement on the liability of valuers for disclosure of false or misleading information.
- **Listing applications:** Under the dual filing regime, we reviewed a record 86 new listing applications during the quarter, up from 51 in the previous quarter and 71 in the same quarter last year.

Intermediaries

- **Licensees and registrants:** As at 30 June 2017, the number of licensees and registrants reached a record high of 43,204, up 3.1% year-on-year, while the number of licensed corporations grew 13% to a new high of 2,549.
- **Competence requirements:** A June circular clarified certain competence requirements for existing licensed persons seeking to be licensed for Type 9 regulated activity (asset management).
- **Senior management accountability:** Under the Manager-In-Charge regime which took effect on 18 April, corporate licence applicants are required to submit management structure information and organisational charts to the SFC.
- **Intermediary inspection:** We conducted 74 risk-based on-site inspections of licensed corporations to review their compliance with regulatory requirements.

Market development

- **Mutual Recognition:** We signed a Memorandum of Understanding with the Autorité des Marchés Financiers on mutual recognition of funds.
- **Bond Connect:** We worked with the Hong Kong Monetary Authority and Hong Kong Exchanges and Clearing Limited to implement Bond Connect, which provides offshore institutional investors with access to the China Interbank Bond Market.

Enforcement

- **Disciplinary actions:** We disciplined three licensed corporations and seven representatives, resulting in total fines of \$11 million.
- **Market surveillance:** We made 2,617 requests for trading and account records from intermediaries following our surveillance of untoward price and turnover movements.

International collaboration

- **IOSCO:** Our Chief Executive Officer, Mr Ashley Alder, chaired the May Board meeting of the International Organization of Securities Commissions (IOSCO) and also led the IOSCO Task Force on Market Conduct, which published its report on the tools and approaches that IOSCO members use to discourage, prevent and sanction misconduct by individuals in wholesale markets.