

# Global Regulatory Engagement

## IOSCO

We remain actively involved in international policy making, chairing the Board of the International Organization of Securities Commissions (IOSCO) and participating in all eight of its policy committees.

Since Mr Ashley Alder, our Chief Executive Officer, was appointed Chair of the IOSCO Board, we worked closely with the IOSCO Secretariat to enhance the relevance of IOSCO's work to the Board and the wider membership, clarify the intersection of the policy work of IOSCO and the Financial Stability Board (FSB) and promote interaction between members from emerging and developed economies.

Mr Alder chaired the IOSCO Task Force on Market Conduct, which on 13 June issued its final report on the tools and approaches that IOSCO members use to discourage, identify, prevent and sanction misconduct by individuals in wholesale markets.

During the IOSCO Annual Conference in May, Mr Alder chaired an IOSCO Board meeting which discussed vulnerabilities in asset management, European Union (EU) data privacy regulation, central counterparty risks and the effects of derivatives reforms and cyber resilience. In multilateral meetings, we discussed EU data privacy laws, different share classes, and other issues relevant to the Asia Pacific region, as well as the implementation of the IOSCO Multilateral Memorandum of Understanding.

We will host the second EU-Asia Forum in Hong Kong on 1 December. Regulators from the EU and the Asia-Pacific region will discuss cross-border regulatory issues and further collaboration, and address issues arising out of EU regulations which have an impact on Hong Kong and the region. The inaugural EU-Asia Forum was held in October 2016.

## Financial Stability Board

Mr Alder was invited to be a member of the FSB Nominations Committee which will identify candidates for the role of the FSB Secretary General for the FSB Plenary's consideration.

In May, Mr. Keith Lui, Executive Director of Supervision of Markets, attended a meeting of the FSB Standing Committee of Standards Implementation which considered the effects of reforms and discussed its

future thematic peer reviews. Mr. Lui also participated in the FSB Regional Consultative Group for Asia meeting held in June, where vulnerabilities and financial stability issues affecting Asia were discussed.

We coordinated with the Hong Kong Monetary Authority, the Insurance Authority and the Government of the Hong Kong Special Administrative Region (HKSAR) to respond to the FSB's annual monitoring exercise on shadow banking and to prepare for its peer review of Hong Kong.

## Mainland China

We work closely with Mainland authorities to support Hong Kong's long-term strategic development amid the opening of Mainland financial markets. We regularly interact with the China Securities Regulatory Commission (CSRC) in high-level discussions on regulatory collaboration covering Stock Connect and other cross-border cooperative schemes.

Under the framework of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), two new agreements, the Investment Agreement and the Agreement on Economic and Technical Cooperation, were signed between the HKSAR Government and the Ministry of Commerce on 28 June and will be implemented from 1 January 2018.

We participated in discussions with Mainland authorities to formulate the new CEPA measures relating to the securities sector, including:

- enhancing the mechanism for cross-border renminbi fund flows and closer financial cooperation,
- studying the further expansion of the scope of eligible securities under Stock Connect,
- reviewing and assessing the progress of the Mainland-Hong Kong Mutual Recognition of Funds scheme, and
- supporting the development of offshore risk management business for the Mainland financial markets.

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Also during this period, CSRC granted approval for two Hong Kong financial institutions to set up multi-licensed joint venture securities companies in the Mainland, Bond Connect was launched, and the Renminbi Qualified Foreign Institutional Investor investment quota for Hong Kong was increased from RMB270 billion to RMB500 billion.

We organised seminars and training programmes for senior executives from Mainland authorities or organisations to enhance their understanding of our regulatory work. In May, we attended the seventh Working Meeting of Hong Kong-Shanghai Financial Co-operation in Shanghai.

## Other regulatory engagement

We maintain close contact with local and overseas regulatory counterparts in order to keep abreast of developments in emerging regulatory and financial technologies (Fintech). During the quarter, we signed

Fintech cooperation agreements with the UK Financial Conduct Authority and the Australian Securities & Investments Commission.

We also held meetings during the quarter with other overseas regulators, institutions and government representatives, including the US Securities and Exchange Commission, Japan Financial Services Authority, Monetary Authority of Singapore and Saudi Capital Market Authority.

As part of our engagement with overseas authorities and institutions, we responded to 40 requests for technical assistance and bilateral regulatory cooperation.