

# Global regulatory engagement

## IOSCO

We are actively involved in international policy making. Mr Ashley Alder, our Chief Executive Officer (CEO), chairs the Board of the International Organization of Securities Commissions (IOSCO) and we participate in all eight of its policy committees. We work closely with the IOSCO Secretariat to enhance the relevance of IOSCO's work to the Board and to the wider membership, to coordinate the policy work of IOSCO and the Financial Stability Board (FSB) and to promote interaction between members from emerging and developed economies.

Mr Alder chaired the IOSCO Board meeting in October which discussed European Union (EU) data privacy regulations, central counterparty risks, derivatives reforms and cyber resilience. The IOSCO Board also issued a statement to IOSCO members on the risks related to initial coin offerings.

We hosted the second EU-Asia Pacific Forum which was co-chaired by Mr Alder on 1 December in Hong Kong. Regulators representing the EU and IOSCO Asia-Pacific Regional Committee discussed cross-border regulatory issues arising out of EU regulations which have an impact on Hong Kong and the region, developments in sustainable finance, financial technologies (Fintech) and the cross-border implications of asset management and funds passporting.

## Financial Stability Board

Mr Alder attended the FSB Plenary meeting in October which considered its 2018 work plan and discussed matters which may have an impact on financial stability, including cybersecurity, misconduct risks and market-based finance.

Mr Keith Lui, Executive Director, Supervision of Markets, attended the December meeting of the FSB Regional Consultative Group for Asia, which considered Fintech, macro-prudential policies and financial market integrity. We remained active in the FSB Standing Committee on Standards Implementation which considered the effects of reforms and discussed future thematic peer reviews.

We continued to work with the Hong Kong Monetary Authority, the Insurance Authority and the Government on the FSB peer review of Hong Kong and the FSB's annual monitoring exercise on shadow banking.

## Mainland China

In November, together with Mr Paul Chan, Financial Secretary, and Mr James Lau, Secretary for Financial Services and the Treasury, we met with Mr Liu Shiyu, Chairman of China Securities Regulatory Commission (CSRC), in Beijing to discuss the development of Hong Kong's financial market and regulatory cooperation with the Mainland. We also received a high-level CSRC delegation to discuss ongoing cooperation between the two regulators.

During the quarter, we signed a Memorandum of Understanding (MoU) with the CSRC to enhance supervisory and enforcement cooperation in the futures markets. We also worked closely with the CSRC on the H-share full circulation pilot scheme.

We organised a case study training exercise with the CSRC in Xiamen in December. Investigators from both regulators shared their experiences in investigating fraudulent offerings, market manipulation and breaches of disclosure rules.

We also organised training programmes for senior executives from Mainland authorities to enhance their understanding of our regulatory work. During the quarter, we met with the People's Bank of China, State Administration of Foreign Exchange and China Foreign Exchange Trading System to discuss Mainland monetary policy and two-way capital flows.

In October, we participated in the 9th Meeting of the Expert Group on Guangdong-Hong Kong Financial Cooperation. In November, we attended the Beijing-Hong Kong Economic Cooperation Symposium and delivered a speech stressing the importance of cross-boundary regulatory cooperation between the Mainland and Hong Kong as well as opportunities presented by the Belt and Road initiative.

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## Other regulatory engagement

During the quarter, we participated in various international meetings including the Policy Standing Group and the Implementation Monitoring Standing Group established by the Committee on Payments and Market Infrastructures and IOSCO. We held meetings to discuss regulatory issues and market developments with overseas regulators, institutions and government representatives, including the US Securities and Exchange Commission, US Commodity Futures Trading Commission, European Commission, European Securities and Markets Authority, France Autorité des Marchés Financiers (AMF) and the International Monetary Fund. We also met with the Hong Kong Financial Reporting Council to discuss corporate governance and audit-related standards.

At the 9th MoU meeting with the Taiwan Financial Supervisory Commission in November, we discussed topics including anti-money laundering and Fintech regulation.

We maintained close contact with local and overseas regulatory counterparts to keep abreast of developments in emerging regulatory and financial technologies.

We also responded to various requests for technical assistance and training from overseas regulators and other authorities.