

Message from Chairman and CEO



Tim Lui
Chairman

“Our core mission is to strengthen Hong Kong’s position as an international financial centre and uphold fair and orderly markets in which investors can have full confidence.”

The challenges we face are unprecedented. Global crises such as the COVID-19 pandemic and climate change will continue to have a major impact on the financial system and addressing these issues is now a permanent feature of our work.

We also need to stay vigilant and maintain a sharp focus on our core mission: to play a leading role in strengthening Hong Kong’s position as an international financial centre and uphold fair and orderly markets in which investors can have full confidence.

The efforts we made in recent years to adopt a front-loaded, interventionist approach and reorient the organisation help us adapt quickly to stay ahead of emerging risks and ensure the continuity and effectiveness of our operations when times are uncertain.

Despite heightened volatility and a changing geopolitical environment, markets have been operating smoothly and trading in Hong Kong has been very active.

At a fundamental level, the essential attributes of Hong Kong’s regulatory system remain unchanged, as do our core values of independence, integrity and public accountability. It is always vital that we operate—and are seen to operate—in an impartial and transparent manner, without fear or favour.

A commitment to fundamentals

As the pandemic subsides, rapid, targeted regulatory action will still be crucial to maintain the operational resilience of our firms and market infrastructure. It will be equally important that we remain flexible and accommodate how firms and licensees need to adapt to changes in the business environment without relaxing our prudential and conduct standards or compromising market integrity.

We have now stepped up our supervision of firms and funds with a focus on new types of operational risks and potential vulnerabilities. In addition to conducting stress tests on brokers and tracking investment fund liquidity and redemptions, we keep a close watch on the potential impact of sanctions on firm operations and on overall market stability.

Over the past year, one in which we have seen major political and market developments internationally and domestically, clear communication with the industry and the public has been critical. Maintaining regular contact with global firms operating in Hong Kong to understand their priorities will continue to be essential. To ensure firms effectively manage business and conduct risks, we will keep up our close communication with licensed firms and industry associations so that our regulatory expectations are conveyed as clearly as possible.

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Ashley Alder
Chief Executive Officer



A greater emphasis on earlier, more direct intervention has led to much better outcomes for investors in our markets, and this has been complemented by determined enforcement action to combat market misconduct and seek redress for investors. For example, we work closely with the Hong Kong Police to combat online “ramp-and-dump” schemes and other fraudulent activities and scams, and raise public awareness to help investors avoid falling victim to fraud or misconduct.

Hong Kong’s unique status

As part of our efforts to strengthen Hong Kong’s status as an international financial centre, we are determined to bolster Hong Kong’s competitiveness, from its role as a major corporate fund raising centre to its growth as an asset and wealth management hub.

Developing Hong Kong as the leading platform for overseas investors to access Mainland markets and hedge the attendant risks remains a key priority. The success of Stock Connect and other mutual market access schemes has showcased Hong Kong’s unique role intermediating global capital between a rapidly developing China and the rest of the world.

This role will only increase in importance. Despite concerns over economic decoupling, global markets are more complex and interconnected than ever before. Hong Kong is even better placed than before to attract more Mainland firms looking to diversify their sources of capital and to be the hub for a range of investment flows between China and overseas markets.

Our close relationship with our Mainland counterparts, especially with the China Securities Regulatory Commission, is premised on our common goal of addressing cross-border risks in our markets and safeguarding investors and market integrity. This forms a strong basis for the expansion of mutual market access involving the entire country as well as further market integration in the Guangdong-Hong Kong-Macau Greater Bay Area.

Globally, we will continue our longstanding participation in international standard-setting bodies to help Hong Kong play a larger role in developing the global regulatory agenda, particularly through the SFC’s chairmanship of the Board of the International Organization of Securities Commissions and participation in the Financial Stability Board.

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We take a very active part in advancing global priorities including the urgent need to adapt the financial system to address the threat of climate change—one of the defining issues of our time. Hong Kong is uniquely positioned to contribute to global sustainable and green finance developments and we are actively engaged in this effort together with the Government and the other financial regulators through the Green and Sustainable Finance Cross-Agency Steering Group.

We will continue to strengthen our cooperation with local regulators and law enforcement agencies, particularly when it comes to joint efforts to tackle crime and misconduct.

Meeting the challenges

As always, enhancing regulation to facilitate healthy market development and align with international standards remains a high priority. We work hard to protect the undoubted credibility of our world-class regulatory framework, ensuring our efficiency and effectiveness as a globally-respected financial regulator.

Technology is fundamentally changing how business is conducted and we have been actively addressing emerging issues, including by introducing new arrangements to regulate virtual asset trading platforms. At the same time, new technologies provide regulators with opportunities for enhanced risk detection and more efficient workflows, and we are implementing a number of projects in these areas.

We are grateful to our staff for demonstrating commitment, professionalism and adaptability and working as “One SFC” in the face of the tremendous challenges presented by the pandemic. We also wish to thank our Board members for their advice and support during a critical time.

Tim Lui
Chairman

Ashley Alder
Chief Executive Officer