

## Message from Chairman and CEO



“Our steadfast commitment to world-class regulation and market integrity underpins Hong Kong’s status as a leading international financial centre.”

**Tim Lui**  
*Chairman*

“We now operate in a very different environment where our proven regulatory framework is more critical than ever to foster the industry’s resilience, support market development and protect the interests of investors.”

**Julia Leung**  
*Chief Executive Officer*

The past year posed major challenges, from global inflation, interest rate hikes and market volatility to geopolitical tensions and the lingering impact of the pandemic. Our markets have stayed resilient and operated smoothly throughout, demonstrating that the risk management and liquidity buffers of our market infrastructure and financial intermediaries have been robust.

Our commitment to the resilience, fairness and integrity of our financial markets is as firm as ever and we strive to uphold Hong Kong’s world-class regulation as a key pillar of its status as an international financial centre. This means ensuring the financial industry is well prepared for any challenges that may arise and providing new opportunities for our markets to develop and grow.

### Nurturing quality market growth

The development of quality financial markets to support the sustainable growth of the real economy has always been a top priority. Safeguarding investor interests and managing financial risks through robust regulation, vigilant supervision and relentless enforcement actions are essential to maintain long-term, sustainable market growth which benefits the whole of society.

New initiatives introduced to spur high-quality market growth have given a wider range of companies access to our markets, while enhancements to current programmes such as Stock Connect provide investors with more choice and convenience.

Transparency is key to attract businesses and capital to our markets. We will continue to provide more regulatory guidance to support firms and other market participants seeking to operate in Hong Kong, such as our recent guidance for family offices, private equity firms and hedge fund managers.

In recent years, our efforts to combat ramp and dump scams and corporate misconduct have borne fruit, and they will continue. We will upgrade our market surveillance capabilities to stay ahead of misconduct, using the investor identification regime and other new tools to boost our supervisory capabilities. A sharper focus on cybersecurity is also important for firms to safeguard client funds.

Education and public outreach are core to our effort to maintain market quality. We work closely with our subsidiary, the Investor and Financial Education Council, to monitor trends in investor behaviour and coordinate our outreach to the investing public.

### China's global financial centre

As a global financial centre and the premier gateway to the vast Mainland markets, Hong Kong plays a pivotal role in China's financial market opening-up. The various mutual market access schemes, from the debut of Stock Connect in 2014 to Bond, ETF and Swap Connects, have enlarged the investor base for markets in both Hong Kong and the Mainland, and these programmes will be expanded further.

The Greater Bay Area Wealth Management Connect scheme provides investors with a new channel where they can tap into cross-boundary wealth management products and is a big step forward in integrating the Mainland and Hong Kong markets. Another priority is to expand Hong Kong's role as the leading offshore renminbi (RMB) centre, such as by enabling a more diverse array of RMB products and expanding the number of RMB-denominated securities.

Our Mainland counterpart, the China Securities Regulatory Commission (CSRC), has been highly supportive of the expansion of cross-boundary market links. The CSRC collaborates closely with us in enforcement and supervision and we are working together to review our cooperation mechanism to ensure its continued effectiveness.

### Embracing innovation and technology

We must nurture new growth in the financial markets by embracing innovation. The success of the biotech listing regime, which helped make Hong Kong Asia's largest biotech listing hub, is testament to our efforts to guide capital to serve real economy needs. The new listing regime for specialist technology companies will take this effort further.

We welcome and support the fintech community. The fintech ecosystem, as well as the blockchain and Web3 technologies which support it, have the potential to benefit investors if implemented properly, and we must be prepared for more innovation. Through our regulatory approach to virtual asset trading platforms, we seek to ensure new financial technology is used in a responsible, compliant and secure manner.

To facilitate our regulatory work, we adopt the latest technology to improve efficiency both for ourselves and those we regulate by digitalising our licensing and fund authorisation processes and deploying supervisory technology and data analytics in our monitoring and investigations. Our ongoing efforts to automate and streamline processes and introduce artificial intelligence will make it easier for the industry to interact with us and comply with our requirements.

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### Towards a greener future

We will keep up our proactive efforts to combat climate change and foster a sustainable future for financial markets. Our climate disclosure requirements for fund managers have now taken effect, helping ensure Hong Kong stays at the forefront of global efforts to green the asset management industry.

At the same time, we play an active part in the International Sustainability Standards Board's work to develop global corporate climate disclosure standards. Locally, we take the lead in setting climate reporting requirements consistent with international standards and are collaborating with Hong Kong Exchanges and Clearing Limited (HKEX) to consider how to incorporate these standards into reporting requirements for Hong Kong-listed companies.

Mainland companies account for the bulk of Hong Kong's stock market by market capitalisation and HKEX's requirements may have a significant impact on them. Therefore, our approach to global standard adoption has to be gradual and proportionate, while maintaining consistency and ambition. As the Mainland has pledged carbon neutrality before 2060, we can leverage the large footprint of Hong Kong's financial markets to contribute to the nation's carbon neutral ambition.

Professional expertise will be essential if markets are to have a sustainable future, and we join forces with the Government and other regulators to nurture the next generation of sustainable finance talent through training and internship programmes. As an organisation, the SFC has also committed to significantly reducing its carbon footprint and set out a clear roadmap towards carbon neutrality.

### Preparing for challenges ahead

As the environment in which we operate continues to evolve, we will build on our solid regulatory foundation to ensure a bright future for Hong Kong as the premier international financial centre to intermediate capital flows between China's opening economy and the rest of the world in the post-COVID era.

Our staff stand ready to advance our key regulatory objectives and deliver our supervisory and enforcement priorities. We applaud their perseverance in trying times, which has helped us achieve significant milestones and strengthen investor safeguards, market confidence and financial market resilience.

We would like to thank Mr Ashley Alder, who stepped down as Chief Executive Officer last December after an 11-year tenure. Our gratitude also goes to our Board members for their dedication and sound advice. The SFC will remain steadfast in discharging its statutory functions set out in the Securities and Futures Ordinance to maintain and consolidate Hong Kong's status as an international financial centre.

**Tim Lui**  
Chairman

**Julia Leung**  
Chief Executive Officer

