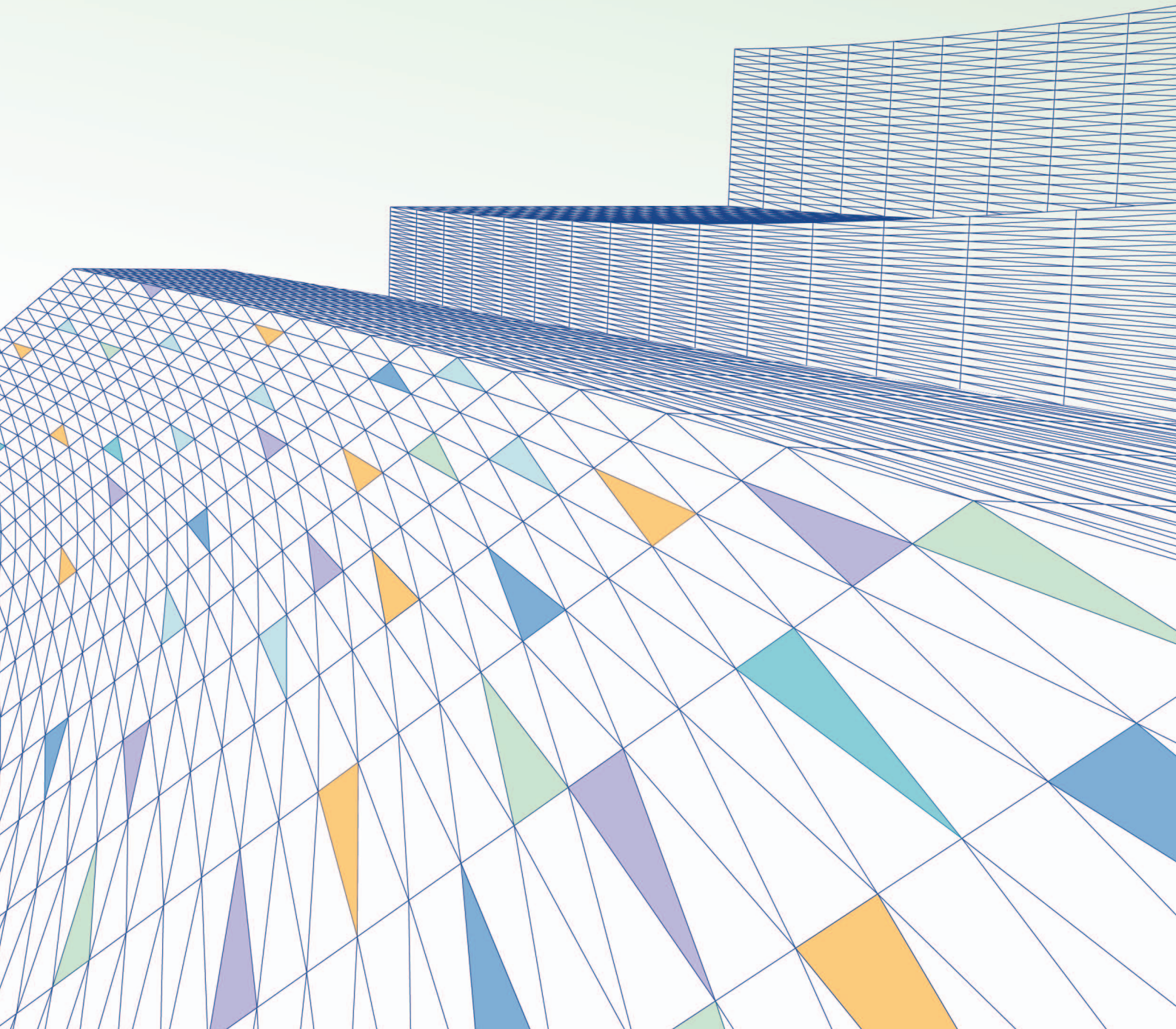


Corporate Developments

Fostering a positive and supportive workplace culture with an emphasis on staff's wellbeing helps make our workforce engaged and productive. To ensure our regulatory effectiveness, we use our resources prudently and regularly upgrade our technology infrastructure to keep in step with market developments.



Corporate Developments

People

We are committed to making the SFC an employer of choice. For the 17th consecutive year, the SFC was named a “Caring Organisation” by the Hong Kong Council of Social Service. The Employees Retraining Board (ERB) also recognised our efforts to promote staff learning and development with the “ERB Manpower Developer” award for the 10th consecutive year.

Professional development

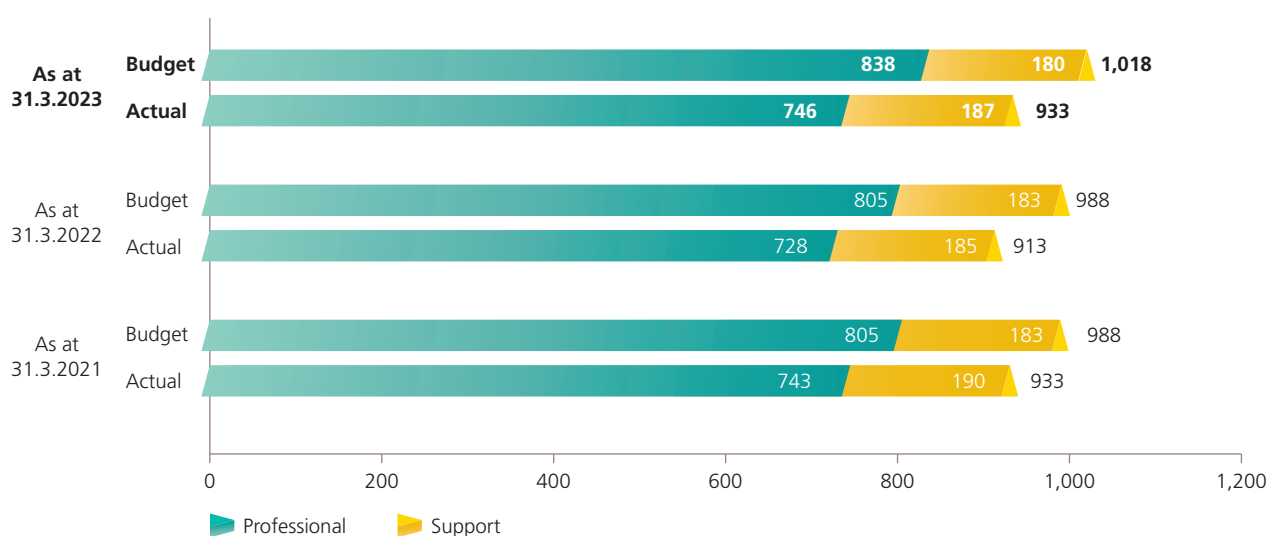
Our Chief Executive Officer (CEO) communicates important organisational matters and regulatory developments and addresses questions from staff at CEO sharing sessions. We also arrange internal Commission Connection sessions to update our staff on new policy initiatives.

We strive to provide staff with career development opportunities and regularly fine-tune our merit-based human resources policies to better align our people and culture with the SFC’s regulatory objectives.

Recognising the benefits of broader professional exposure, we offer short-term internal secondments for staff through a cross-divisional exchange programme. External secondment opportunities are also offered such as those with the Financial Services and the Treasury Bureau and the China Securities Regulatory Commission (CSRC). This year, two CSRC counterparts were seconded to us under the SFC-CSRC memorandum of understanding.

We invited local and overseas regulators and industry professionals to share their views with us on a wide range of topics including financial products, trading strategies and the latest developments in overseas markets.

Employee statistics



	As at 31.3.2023	As at 31.3.2022	As at 31.3.2021
Male	328	310	315
Female	605	603	618
Average years of service	9.6	9.5	9.3
Female staff at Senior Manager grade or above	60%	59%	60%

Training

	2022/23	2021/22	2020/21
Percentage of employees who participated in internal training [^]	98%	99%	94%
Average hours of internal training per employee [^]	30.7	29	18.8

[^] Including lectures, workshops, seminars, webinars and e-learning.

During the year, our employees spent an average of 30.7 hours on structured learning courses, which included workshops, seminars and training programmes.

A total of 56 summer, winter and full-year interns were placed across our various divisions this year. These included nine who joined the new Sustainable Finance Internship Programme that we introduced as part of the SFC Agenda for Green and Sustainable Finance to develop a talent pipeline of university students with work experience and training in this area.

Engaged workforce

We strive to cultivate a supportive culture and a positive working environment as our core values.

With the phased removal of COVID-related restrictions in Hong Kong, we gradually resumed normal office operations and face-to-face training sessions and workshops.

During the year, we conducted an employee engagement survey to better understand the needs and expectations of our employees as well as the current level of their engagement. This helped us make the SFC a better place to work in.

The SFC Women's Network helps advance women's professional growth and foster an inclusive work culture. We were the first statutory body in Hong Kong to set up a women's group for staff. During the year, our Women's Network organised talks to engage and support female colleagues and encourage them to develop their leadership potential. To commemorate the International Women's Day, the Women's Network distributed a piece of non-fungible token (NFT) artwork to our staff.

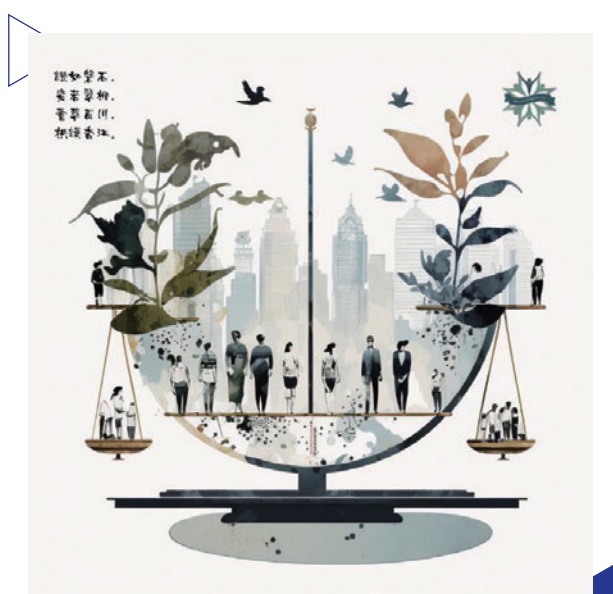
Quality workplace

Our office in Quarry Bay provides a green working environment which is conducive to both work efficiency and staff well-being. When sufficient daylight is available or a room is not in use, lights are automatically turned off or dimmed through sensors. Bins for recycling paper, plastic, metal and glass are conveniently placed around the office.

To safeguard the health of staff and improve productivity, all workstations are equipped with height-adjustable desks. Wellness rooms and communal areas are designed with facilities to cater to staff's needs. An air quality treatment system also helps ensure a healthy working environment. Spacious multi-function rooms provide venues for larger-scale staff training as well as leisure activities.

Legal support

Our Legal Services Division handles criminal cases and manages civil litigation and Market Misconduct Tribunal cases initiated by the SFC. It also defends judicial reviews and other cases brought against the SFC.



NFT artwork by Women's Network to commemorate International Women's Day

The division supports our day-to-day work by providing advice and guidance on legislative drafting and regulatory matters such as licensing issues, supervision of risky brokers, front-loaded regulation of listing matters, takeovers activities, investor compensation and enforcement investigations, as well as on administrative affairs including employment, data privacy and procurement contracts.

Technology

We implemented new IT initiatives during the year under the strategic themes of digitisation, process automation and augmenting risk detection capabilities through information intelligence.

Jointly with Hong Kong Exchanges and Clearing Limited (HKEX), we developed multiple systems to support the Hong Kong investor identification regime

which was introduced in the first quarter of 2023. We also launched a scalable secured delegated authentication infrastructure for granting regulated intermediaries access to log in to HKEX's electronic communication platform using their WINGS¹ accounts.

Other initiatives included boosting operational efficiency with artificial intelligence (AI). New applications for AI-assisted process automation help streamline case evidence reviews. Bank statements can now be securely submitted to the SFC via the WINGS transfer feature which automates information standardisation and extraction, and the information is then processed by a new intelligent platform which identifies and visualises suspicious fund flow patterns. In addition, our AI-powered, automated transcription of voice recording evidence substantially reduces manual work and raises efficiency.

At the front line of complaint resolution

Rebecca Wong, Manager, was one of the two staff members in the Complaints Team, Corporate Affairs, who were honoured with The Ombudsman's Awards 2022 for Officers of Public Organisations. This was in recognition of their outstanding work in handling complaints from the public.

Wong joined the SFC just after the Global Financial Crisis 14 years ago and her experience handling complaints related to Lehman minibonds quickly sped up her learning curve, she said. Earlier in Wong's career, a client-facing role in banking equipped her with transferable people skills, but she believes processing complaints is different. Positivity, patience and empathy are critical, she emphasised. To help meaningfully, she must stay calm and show empathy to complainants who may have lost a big part of their savings.

A major challenge in her work is that a sea of complaint emails could rush in on the back of a high-profile market event. But Wong is often at the front line of detecting capital-market misconduct,

and she wastes no time to escalate suspected market irregularities to our operating divisions. In her career at the SFC, one particular complaint case related to ramp and dump scams left an imprint on her mind, as human lives, not just capital, were jeopardised.

Helping complainants and improving the public's understanding of the SFC's work is very gratifying, Wong related, and the award motivates her to keep up her efforts.



Rebecca Wong, Manager, Complaints Team, Corporate Affairs

¹ Web-based INTeGrated Service.

Corporate Developments

Finance

As a publicly funded organisation, we follow a disciplined approach to drawing up our annual budget. An independent professional services firm conducts an internal audit for us annually to evaluate and improve the effectiveness of our controls, risk management and governance processes. We appoint external investment managers to manage our surplus reserves according to the investment guidelines approved by the Financial Secretary.

Funding

We are operationally independent of the Government and are funded mainly by transaction levies and fees from market participants. The current levy rate is 0.0027% for securities transactions, which is substantially lower than the original rate of 0.0125% set in 1989. We have not revised our fees and charges since 1994, and have offered annual licensing fee waivers 10 times since 2009². A full waiver was granted for 2022-23 and is extended for another year beginning 1 April 2023.

Income

Total income for the year was \$1,942 million, down 14% from \$2,247 million last year. As the average securities market turnover was lower during the year, our levy income decreased 19% from last year to \$1,725 million, and income from fees and charges also decreased 30% from \$151 million to \$106 million. Our investments recorded a net gain of \$103 million for the year, compared to a net loss of \$52 million last year, with the variance stemming mainly from the performance of our investments in pooled funds and higher interest income from fixed deposits.

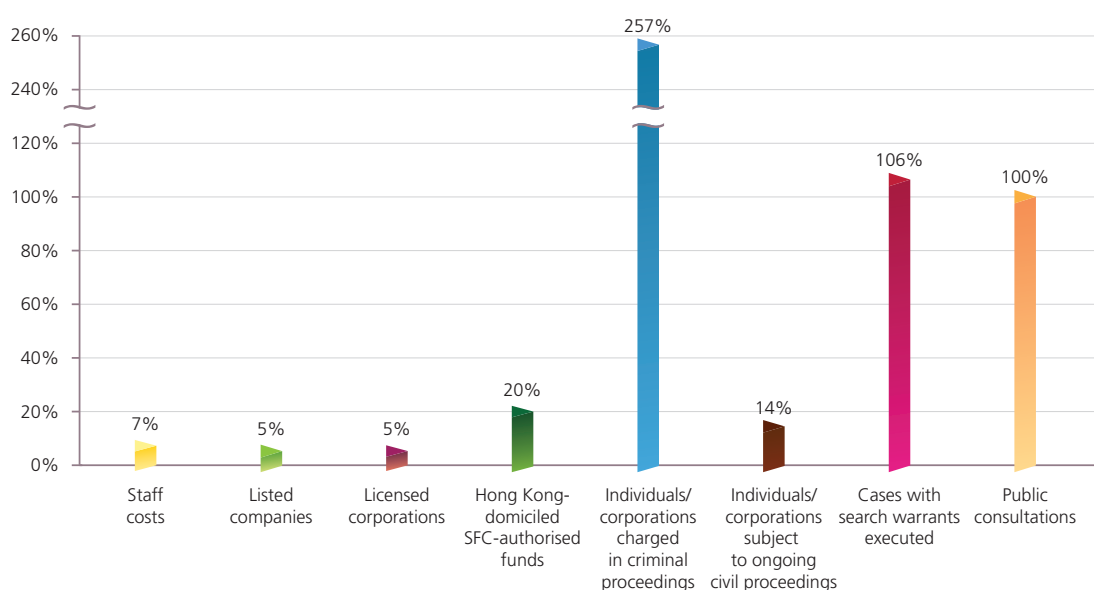
Expenditure

The costs of our operations totalled \$2,043 million, \$316 million below our budget of \$2,359 million.

Over the past three years, our staff costs increased 7% and total expenses increased 4%, while our regulatory work increased in volume and complexity. The ratio of average expenses to income stood at 83% for the past three years.

We recorded a deficit of \$101 million for the year, compared to a surplus of \$341 million last year. As of 31 March 2023, our reserves stood at \$7.9 billion, of which \$3.4 billion is set aside for a future potential office premises acquisition.

Three-year change in staff costs vs market statistics (2019/20-2022/23)



² Full waivers were given in 2009-10, 2012-19 and 2020-23 (extended to 2023-24), and a 50% discount was provided for 2019-20.

Income breakdown

	2022/23	2021/22	2020/21
Levies	88.8%	95.3%	75.7%
Fees and charges	5.5%	6.7%	6%
Net investment income/(loss) and others [^]	5.7%	(2%)	18.3%

[^] Net investment income/(loss) and others included foreign exchange gain or loss.

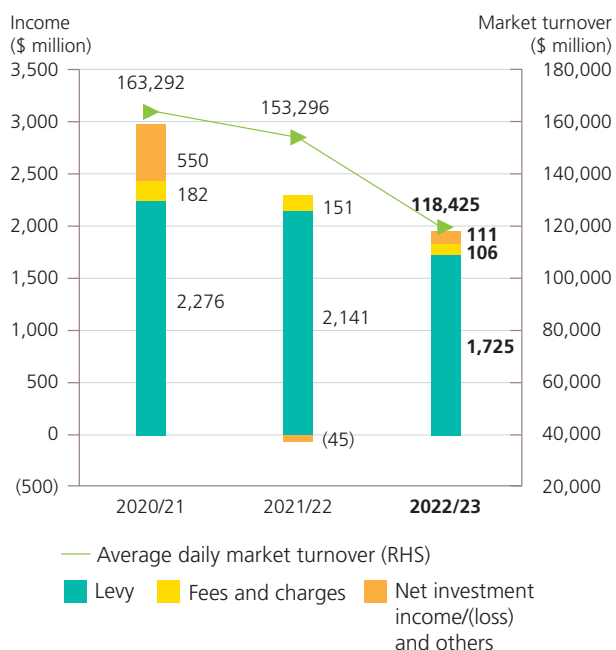
Expenditure breakdown

	2022/23	2021/22	2020/21
Staff costs	74.5%	75.7%	73.2%
Premises and related expenses	1.7%	1.8%	2.5%
Other expenses	11.3%	9.9%	8.7%
Depreciation	12.5%	12.6%	15.6%

Finance

(\$ million)	2022/23	2021/22	2020/21
Income	1,942	2,247	3,008
Expenses including depreciation	2,043	1,906	2,029
(Deficit)/Surplus	(101)	341	979

Income vs market turnover
(2020/21-2022/23)



Income and operating expenses
(2020/21-2022/23)

