

# Operational Data

**Table 1 Takeovers activities**

	2022/23	2021/22	2020/21
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>			
General and partial offers under Code on Takeovers and Mergers	33	45	38
Privatisations	11	21	31
Whitewash waiver applications	22	22	33
Other applications under Code on Takeovers and Mergers <sup>1</sup>	231	291	361
Off-market and general offer share buy-backs	7	5	5
Other applications under Code on Share Buy-backs <sup>1</sup>	1	1	1
<b>Total</b>	<b>305</b>	<b>385</b>	<b>469</b>
<b>Executive Statements</b>			
Sanctions imposed with parties' agreement <sup>2</sup>	3	3	4
<b>Takeovers and Mergers Panel</b>			
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	1	1	0
Hearings before the Panel (disciplinary and non-disciplinary)	2	0	0
Statements issued by the Panel <sup>3</sup>	2	0	0

1 Including stand-alone applications and those made during the course of a code-related transaction.

2 Pursuant to section 12.3 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

3 Pursuant to section 16.1 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

Table 2 Breaches noted during on-site inspections

	2022/23	2021/22	2020/21
Failure to comply with Securities and Futures (Financial Resources) Rules	8	10	4
Failure to safekeep client securities	27	23	28
Failure to maintain proper books and records	20	20	20
Failure to safekeep client money	26	35	35
Unlicensed dealing and other registration issues	10	12	9
Breach of licensing conditions	6	0	1
Breach of requirements of contract notes/statements of account/receipts	46	53	28
Failure to make filing/notification	3	1	3
Breach of margin requirements	3	6	3
Marketing malpractices	0	3	0
Dealing malpractices	0	3	4
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	243	265	262
Breach of Corporate Finance Adviser Code of Conduct	16	11	6
Breach of Fund Manager Code of Conduct	88	135	142
Breach of regulation of online trading	7	12	3
Non-compliance with anti-money laundering guidelines	214	301	208
Breach of other rules and regulations of the Exchanges <sup>2</sup>	2	9	3
Internal control weaknesses <sup>3</sup>	430	427	515
Others	81	90	76
<b>Total</b>	<b>1,230</b>	<b>1,416</b>	<b>1,350</b>

1 Commonly related to risk management, client agreements, safeguarding of client assets and information for or about clients.

2 The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

3 Comprised deficiencies in management review and supervision, operational controls over the handling of client accounts, segregation of duties, information management, adequacy of audit trail for internal control purposes, among other weaknesses.

### Table 3 Hong Kong domiciled authorised funds

By type	As at 31.3.2023		As at 31.3.2022	
	Number	Total NAV (US\$ million)	Number	Total NAV (US\$ million)
Bond	173 (22.7%)	26,396 (15.1%)	174 (24.1%)	30,925 (17.3%)
Equity	206 (27.1%)	50,530 (29%)	199 (27.5%)	55,601 (31.1%)
Mixed	112 (14.7%)	28,384 (16.3%)	110 (15.2%)	33,402 (18.7%)
Money market	49 (6.4%)	16,542 (9.5%)	37 (5.1%)	9,548 (5.3%)
Feeder funds <sup>1</sup>	48 (6.3%)	20 (0%)	41 (5.7%)	23 (0%)
Index <sup>2</sup>	169 (22.2%)	52,578 (30.1%)	161 (22.3%)	49,102 (27.5%)
Guaranteed	1 (0.1%)	34 (0%)	1 (0.1%)	41 (0%)
Other specialised <sup>3</sup>	3 (0.4%)	44 (0%)	0 (0%)	0 (0%)
Sub-total	761 (100%) <sup>4</sup>	174,527 <sup>4</sup> (100%)	723 (100%)	178,642 (100%) <sup>4</sup>
Umbrella structures	152		143	
<b>Total</b>	<b>913</b>		<b>866</b>	

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

- 1 The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total asset under management.
- 2 Including exchange-traded funds and leveraged and inverse products.
- 3 Including virtual asset futures exchange-traded funds.
- 4 Figures may not add up to total due to rounding.

Table 4 Non-Hong Kong domiciled authorised funds

a) By origin	As at 31.3.2023						As at 31.3.2022				
	Umbrella funds	Sub-funds	Single funds	Total		Total NAV (US\$ million)		Total		Total NAV (US\$ million)	
Luxembourg	55	1,007	1	1,063	(75%)	1,119,869	(74.9%)	1,033	(74.8%)	1,319,312	(75.5%)
Ireland	25	223	2	250	(17.6%)	222,462	(14.9%)	242	(17.5%)	249,259	(14.3%)
United Kingdom	3	8	18	29	(2%)	65,319	(4.4%)	29	(2.1%)	75,548	(4.3%)
Mainland China	2	2	45	49	(3.5%)	22,786	(1.5%)	49	(3.5%)	27,853	(1.6%)
Bermuda	0	0	1	1	(0.1%)	116	(0%)	1	(0.1%)	135	(0%)
Cayman Islands	3	13	4	20	(1.4%)	1,446	(0.1%)	22	(1.6%)	2,048	(0.1%)
Others	0	0	5	5	(0.4%)	63,634	(4.3%)	5	(0.4%)	73,155	(4.2%)
<b>Total</b>	<b>88</b>	<b>1,253</b>	<b>76</b>	<b>1,417</b>	<b>(100%)</b>	<b>1,495,633<sup>1</sup></b>	<b>(100%)<sup>1</sup></b>	<b>1,381</b>	<b>(100%)</b>	<b>1,747,310</b>	<b>(100%)</b>

1 Figures may not add up to total due to rounding.

b) By type	As at 31.3.2023				As at 31.3.2022			
	Number		Total NAV (US\$ million)		Number		Total NAV (US\$ million)	
Bond	358	(26.9%)	432,041	(28.9%)	358	(27.5%)	523,431	(30%)
Equity	774	(58.2%)	791,354	(52.9%)	757	(58.2%)	918,428	(52.6%)
Mixed	155	(11.7%)	156,729	(10.5%)	142	(10.9%)	182,033	(10.4%)
Money market	12	(0.9%)	9,724	(0.7%)	14	(1.1%)	9,039	(0.5%)
Feeder funds <sup>1</sup>	3	(0.2%)	0	(0%)	3	(0.2%)	0	(0%)
Index <sup>2</sup>	26	(2%)	105,669	(7.1%)	25	(1.9%)	114,244	(6.5%)
Hedge	1	(0.1%)	116	(0%)	1	(0.1%)	135	(0%)
Sub-total	1,329	(100%)	1,495,633	(100%) <sup>3</sup>	1,300	(100%) <sup>3</sup>	1,747,310	(100%)
Umbrella structures	88				81			
<b>Total</b>	<b>1,417</b>				<b>1,381</b>			

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

1 The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total assets under management.

2 Including exchange-traded funds.

3 Figures may not add up to total due to rounding.

Table 5 Successful prosecutions

Defendant	Date of conviction	Fine/Penalty	Investigation costs awarded
<b>Market manipulation</b>			
FUNG Kwong Shing Danny	27.10.2022	Two-and-a-half-months' imprisonment	–
<b>Short selling</b>			
LAU Chi Ho	27.10.2022	\$20,000	\$36,056
CHAN Siu Tai	18.8.2022	\$48,000	\$36,056
CHAN Janice	18.8.2022	\$66,000	\$36,056
<b>Obstruction</b>			
WONG King Hoi	27.10.2022	Two weeks' imprisonment	\$38,809

Note: Cases with fines below \$10,000 are not shown in this table.

Table 6 Other public disciplinary actions

Name	Date	Breach	Action
SUN Yiding	19.12.2022	Breached her former employer's employee trading policy	Banned from re-entering the industry for eight months
CHUNG Tung Sau	15.12.2022	Failed to avoid his conflicts of interest with a client in trading shares	Suspended for seven months and fined \$60,000
WANG Pei Yi	5.12.2022	Made false declarations in the account opening forms of three corporate clients	Suspended for 10 months
TANG Shiyi	31.10.2022	Breached her former employer's staff dealing policy	Banned from re-entering the industry for 10 months
WONG Yim Chi Billy	12.10.2022	Failed to discharge his duties as a Manager-In-Charge (Compliance) and a member of senior management of Asia Research & Capital Management Limited	Banned from re-entering the industry for two months
CHAN Ka Hey	28.7.2022	Falsified a customer's signature in a bank document	Banned from re-entering the industry for six months

Table 7 Other enforcement activities

	2022/23	2021/22	2020/21
S179 <sup>1</sup> inquiries commenced	31	57	42
S181 <sup>2</sup> inquiries commenced (number of letters sent)	191 (5,851)	203 (7,308)	246 (8,748)
S182 <sup>3</sup> directions issued	130	214	189
Rule 8 directions <sup>4</sup> issued	0	0	0
Show cause letters <sup>4</sup> issued	0	0	0
Cases with search warrants executed	35	37	28
Compliance advice letters issued	113	162	231
Criminal, Civil and Market Misconduct Tribunal (MMT) proceedings			
(a) Insider dealing			
Individuals/corporations summonsed (summons laid)	0 (0)	0 (0)	1 (1)
Individuals/corporations involved in ongoing civil proceedings	8	8	11
Individuals/corporations involved in ongoing MMT proceedings	2	2	3
(b) Market manipulation			
Individuals/corporations summonsed (summons laid)	1 (25)	0 (0)	6 (6)
Individuals/corporations involved in ongoing civil proceedings	18	18	18
Individuals/corporations involved in ongoing MMT proceedings	1	0	0
(c) Others			
Individuals/corporations summonsed (summons laid)	10 (73)	4 (28)	3 (21)
Individuals/corporations involved in ongoing civil proceedings	154	142	150
Individuals/corporations involved in ongoing MMT proceedings	11	11	20
Individuals charged for suspected market misconduct and money laundering offences for indictment prosecution <sup>5</sup>	14	0	0
Disciplinary enquiry			
Notices of Proposed Disciplinary Action <sup>6</sup> issued	26	37	27
Notices of Decision <sup>7</sup> issued (including S201 <sup>8</sup> agreement)	29	43	35
SFAT hearings			
Applications to SFAT	1	8	6
Applications/hearings completed/withdrawn/abandoned	9	2	4

1 Section 179 of the Securities and Futures Ordinance (SFO) gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

2 Section 181 of the SFO gives the SFC the power to require information from intermediaries about trading transactions, including the identity information of the ultimate clients, the particulars and instructions relating to the transactions.

3 Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.

4 A Rule 8 direction is issued by the SFC pursuant to Section 8 of the Securities and Futures (Stock Market Listing) Rules, directing The Stock Exchange of Hong Kong Limited (SEHK) to suspend trading in the shares of a listed company on grounds that the market is misinformed, disorderly or unfair. A show cause letter is sent by the SFC to inform a listed company that it is minded to exercise its power under the aforesaid Rules to direct SEHK to suspend trading in the shares of the company, in the absence of a satisfactory explanation.

5 Six individuals were charged with the offences of conspiracy to defraud and conspiracy to employ a scheme with intent to defraud or deceive in transactions involving securities under common law, section 300 of the SFO and section 159A and 159C of the Crimes Ordinance. Among them, three faced additional charges with eight other individuals with the offence of dealing with property known or believed to represent proceeds of indictable offence under section 25 of the Organized and Serious Crimes Ordinance.

6 A notice issued by the SFC to regulated persons that it proposes to exercise its disciplinary powers, on grounds that they appear to be guilty of misconduct or not fit and proper.

7 A notice that sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

8 Section 201 of the SFO gives the SFC the power to resolve disciplinary proceedings by agreement when the SFC considers it appropriate to do so in the interest of the investing public or in the public interest.

**Table 8 Statistical information and financial position of the Hong Kong securities industry<sup>1</sup>**

	As at 31.12.2022	As at 31.12.2021	As at 31.12.2020
Securities dealers and securities margin financiers	1,439	1,433	1,391
Active cash clients <sup>2</sup>	2,203,172	1,939,379	1,737,281
Active margin clients <sup>2</sup>	2,446,852	2,219,721	1,470,396
Active clients	4,650,024	4,159,100	3,207,677
<b>Balance sheet</b>	<b>(\$ million)</b>	<b>(\$ million)</b>	<b>(\$ million)</b>
Cash in hand and at bank <sup>3</sup>	678,480	694,492	640,379
Amounts receivable from margin clients <sup>4</sup>	152,062	218,436	201,916
Amounts receivable from clients and other dealers arising from dealing in securities	179,132	211,398	333,878
Proprietary positions	70,834	148,661	212,763
Other assets	371,941	385,566	423,539
Total assets	1,452,449	1,658,553	1,812,475
Amounts payable to clients and other dealers arising from dealing in securities	697,055	770,952	877,314
Total borrowings from financial institutions	72,890	98,429	156,267
Short positions held for own account	7,183	16,718	78,572
Other liabilities	191,923	244,242	234,265
Total shareholders' funds	483,398	528,212	466,057
Total liabilities and shareholders' funds	1,452,449	1,658,553	1,812,475
	<b>12 months to 31.12.2022 (\$ million)</b>	<b>12 months to 31.12.2021 (\$ million)</b>	<b>12 months to 31.12.2020 (\$ million)</b>
<b>Profit and loss</b>			
Total value of transactions <sup>5</sup>	126,014,719	160,931,088	129,651,195
Net securities commission income	20,210	31,329	28,374
Gross interest income	23,044	19,394	19,493
Other income <sup>6</sup>	144,131	166,746	150,159
Total operating income	187,385	217,469	198,026
Total overheads and interest expense	170,730	173,978	167,122
Total operating profit	16,655	43,491	30,904
Net profit on proprietary trading	6,211	21,397	16,649
Net profit for the period	22,866	64,888	47,553

1 Data were extracted from the monthly financial returns submitted under the Securities and Futures (Financial Resources) Rules by corporations licensed for dealing in securities or securities margin financing.

2 Active clients are clients for whom the licensed corporation is required to prepare and deliver monthly statements of account in respect of the relevant reporting month under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules.

3 Cash in hand and at bank include trust monies held on behalf of clients which totalled \$399,988 million (31.12.2021: \$452,407 million).

4 As at 31.12.2022, the average collateral coverage was 4.2 times (as at 31.12.2021: 4.2 times). It represents the number of times the aggregate market value of securities collateral deposited by margin clients over the total amount of margin loan due from these clients on a given date on an industry-wide basis.

5 The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

6 Comprises asset management fee income, corporate finance income, inter-company management fee income and others.