Year in Review

Our strategic priorities underpin our multidisciplinary regulatory approach under the "One SFC" ethos. As the capital market regulator of a top international financial centre, we effectively harness the full spectrum of our regulatory tools and resources to maintain market resilience and mitigate serious harm to our markets, enhance the global competitiveness and appeal of Hong Kong capital markets, lead financial market transformation through technology and ESG, as well as enhance our institutional resilience and operational efficiency.

Highlights

Key figures for 2025-26[1]

Maintaining market resilience and mitigating harm

47 alerts against suspicious virtual asset trading platforms and investment products

70 individuals and corporations subject to ongoing civil proceedings

4,727 requests for trading and account records

237 cases initiated for investigation

$84.5 million in fines imposed on licensees

212 on-site inspections of licensed corporations and associated entities

90 anti-scam posts on anti-scam Instagram page

Enhancing Hong Kong's global competitiveness

603 new listing applications received (**+282%**)

9,736 new licence applications[2] (**+15%**)

1,066 authorised Hong Kong-domiciled funds (**+9.2%**); AUM[3] **$2,334 billion** (**+19.4%**)

213 authorised ETFs and **29** L&I products[4]:
Average daily turnover **+51%**
Total market capitalisation **+25%**

Stock Connect's cumulative net inflows:
Northbound: **RMB1.47 trillion**
Southbound: **$5.3 trillion**

Leading market transformations via technology and ESG

12 licensed virtual asset trading platforms[5]

11 virtual asset spot ETFs; market capitalisation **$4.3 billion** (**+90%** since launch)

13 tokenised retail products AUM **$10.8 billion** (**+594%**)

190 authorised ESG[6] funds

Enhancing SFC's resilience and efficiency

Named a Caring Organisation for **20th** year

Expenses to income ratio stable at **80%** for 3 years

150+ senior executives' speaking engagements

880 social media posts, **216** press releases

1 All figures as of 31 March 2026. All percentage changes are on a year-on-year basis, unless specified otherwise.
2 Under the Securities and Futures Ordinance.
3 Assets under management.
4 Exchange-traded funds and leveraged and inverse products.
5 Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance.
6 Environmental, Social and Governance.

This Highlights chapter reviews the SFC's key initiatives undertaken in the year 2025-26 to implement our four Strategic Priorities:

Maintaining market resilience and mitigating serious harm to our markets

Enhancing resilience through supervision and surveillance

- Required **IPO[7] sponsors** to conduct internal reviews and to rectify their deficiencies in listing document preparation and potential misconduct.
- Reviewed **SEHK's[8]** 2024 performance in its **regulation of listing matters** and made recommendations.
- Proposed to extend the **Hong Kong investor identification regime** to the exchange-traded derivatives market.
- Conducted **thematic inspections of asset managers** managing private funds and discretionary accounts.
- Reviewed selected securities brokers' due diligence and their monitoring of **finfluencers** and **digital platforms**.

Combatting misconduct of all forms

- **Fined** 13 LCs for $84.5 million and **disciplined** 23 individuals.
- Obtained a **compensation order of $595 million** against shadow or former corporate directors for orchestrating fraudulent schemes.
- **First custodial sentence against an unlicensed finfluencer** for providing paid investment advice on social media.
- Initiated **64 new enquiries/ investigations** into listed company affairs and corporate misconduct.

Combatting suspicious activities and investment scams

- Alerted the public against **12 suspicious virtual asset trading platforms** (VATPs) and **35 suspicious investment products**.
- Co-launched[9] the **Anti-Scam Consumer Protection Charter 3.0**.
- Strengthened our collaboration with the Police and established **protocol with ADCC[10]** and selected **licensed corporations** (LCs) to intercept scam-related fund flows; participated in the Virtual Asset Intelligence Taskforce[11].

7 Initial public offering.
8 The Stock Exchange of Hong Kong Limited.
9 In collaboration with the Hong Kong Monetary Authority (HKMA), Insurance Authority and Mandatory Provident Fund Schemes Authority.
10 The Anti-Deception Coordination Centre.
11 A public-private partnership platform led by the Police.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Boosting listing market competitiveness and securities market efficiency

- Received 108 and 72 applications from pre-profit biotech companies and specialist technology companies respectively from the launch of the **Technology Enterprises Channel** in May 2025 to March 2026.
- Worked with SEHK on **optimising IPO price discovery** and **enhancing public float requirements**.
- Oversaw HKEX's[12] comprehensive assessment of the **board lot structure**.
- Finalised preparation for launching the **uncertificated securities market** in November 2026.

Deepening and broadening connectivity to Mainland and international markets

- Enhanced financial services collaboration with **international markets**; signed two **memoranda of understanding** (MoUs) on mutual recognition of funds arrangements[13] and four MoUs on exchange of information[14] with overseas regulators.
- Fostered mutual market access by enhancing **Stock Connect**, **Swap Connect** and **Wealth Management Connect**.
- Built regional regulatory alignment as Chair of the **IOSCO APRC**[15].

Reinforcing Hong Kong's position as asset and wealth management hub

- Launched the **REIT Channel** and streamlined the authorisation process for listings of new real estate investment trusts (REITs).
- **Streamlined regulatory requirements** for SFC-authorised funds.
- Facilitated the **first cross-listing** of an active ETF using a master-feeder structure under streamlined requirements.
- Approved listing of the **first sukuk** (ie, Islamic bond) **ETF**, also Asia's first government sukuk ETF.

Building FIC and risk management hub

- Jointly announced the Roadmap for the Development of **Fixed Income and Currency (FIC) Markets** with the HKMA.
- Enhanced Hong Kong's **over-the-counter (OTC) derivatives reporting regime** with the HKMA to keep up with international developments.
- Proposed to **implement internationally comparable capital requirements** for LCs engaging in **OTC derivatives activities**.

12 Hong Kong Exchanges and Clearing Limited.
13 Signed with the Capital Market Authority (formerly known as the Securities and Commodities Authority) of the United Arab Emirates (UAE) and the Central Bank of Ireland, respectively.
14 Signed with the financial regulators in Dubai International Financial Centre, Abu Dhabi Global Market (ie, the international financial centre of the capital city of the UAE), and Ontario and Québec of Canada, respectively.
15 The International Organization of Securities Commissions' Asia-Pacific Regional Committee.

Leading financial market transformation through technology and ESG

Enhancing access to digital asset market with robust investor protection

- Launched and concluded a joint consultation with the FSTB[16] on proposals to regulate **virtual asset (VA) dealing and custodian** service providers; further proposed to extend the licensing framework towards **VA advisory and management**.
- Allowed licensed VATPs to **tap global liquidity** via shared order book with their overseas affiliates.
- Permitted affiliates of licensed VATPs to act as **market makers** on the platforms.
- Provided further guidance on the minimum requirements for **VATPs' safe custody of client VAs**.

Expanding VA product and service offerings

- Guided VATPs on providing **staking services** and SFC-authorised VA funds on engaging in staking.
- Became **Asia Pacific's first** in allowing staking for VA spot ETFs.
- Allowed VA brokers to offer **VA financing** to securities margin clients.
- Authorised Asia's **first Solana spot ETF**.
- Set out a high-level framework to guide VATPs in developing **VA-related leveraged products**.

Driving tokenisation and technological adoption

- Co-led with the HKMA the **pilot phase of tokenisation initiatives** via Ensemble[TX].
- Authorised eight additional **tokenised retail money market funds**[17] and one **gold ETF with a tokenised class**.
- Allowed **secondary trading** of tokenised SFC-authorised investment products[18].
- Worked with the Government on **stamp duty waiver** for transfers of tokenised ETFs.
- Co-launched the **Generative Artificial Intelligence Sandbox++** initiative[19].

Strengthening collaboration with counterparts and the industry

- Signed our first MoU with an overseas regulator — the Capital Market Authority of the UAE — on **supervisory collaboration on digital asset entities**.
- Maintained dialogue with VATPs through the **Digital Asset Consultative Panel**.

Steering global and Hong Kong's sustainable finance development

- Co-chaired the Green and Sustainable Finance Cross-Agency Steering Group, which published its **2026-28 strategic priorities** and the **Hong Kong Green Fintech Map 2025**.
- Helped Hong Kong become one of the first jurisdictions recognised by the IFRS[20] Foundation with a commitment to **"fully adopting"** the **ISSB Standards**[21].

16 The Financial Services and the Treasury Bureau.
17 These include the introduction of tokenised classes to existing SFC-authorised money market funds.
18 Post-reporting period.
19 Launched jointly with the HKMA, Insurance Authority and Mandatory Provident Fund Schemes Authority and in collaboration with Hong Kong Cyberport Management Company Limited.
20 International Financial Reporting Standards.
21 IFRS Sustainability Disclosure Standards.

Enhancing institutional resilience and operational efficiency

Ramping up regulatory efficiency with AI

- Leveraged an analytics tool to enhance our **monitoring and risk assessment of listed companies**.
- Launched a **social media monitoring** tool "SENSOR" to detect suspicious activities.
- Adopted an advanced risk-monitoring solution to boost our **oversight of LCs**.

Increasing digital system capabilities and improving workflows

- Upgraded the **e-IP platform** to support the streamlined authorisation process and simplified documentation requirements for REITs.
- Enhanced **WINGS**[22] to facilitate electronic submissions under the company re-domiciliation and itinerant professional regimes.
- Reduced average processing time for eligible simple funds by **more than 50%**.

Meeting performance pledges

- **Fulfilled our performance pledges** across a wide variety of functions such as licence application processing, product authorisation and complaint handling.

Proactive communications to facilitate effective regulation

- Co-organised the **Hong Kong Fixed Income and Currency Forum** with the HKMA.
- Co-hosted the **Conversations with Global Investors forum** with the HKMA and Hong Kong Academy of Finance.
- Hosted two **broker forums** and two **AML/CFT**[23] **webinars** for the industry.
- Spoke at **over 150** local and international events on important capital market topics.

Upholding financial discipline

- Managed carefully the expenses to income ratio to consistently maintain a **balanced and independently-funded position** over the past years.
- **Controlled expenditure rigorously** under heightened regulatory demand and increasing market complexity.

22 Web-based INteGrated Service.
23 Anti-money laundering and counter-financing of terrorism.

Maintaining market resilience and mitigating serious harm to our markets

Resilience is crucial to strengthening our financial markets to withstand volatilities and achieving sustainable growth. We are committed to maintaining high standards of market integrity, resilience and investor protection, thereby reinforcing Hong Kong's status as a leading international financial centre and risk management hub.

Enhancing resilience through supervision and surveillance

Upholding listing market quality and sponsor conduct

To support Hong Kong's sustainable development as a fund-raising hub, the SFC issued a circular in January 2026 to IPO[1] sponsors, pointing out highly concerning issues and setting our expectations amidst a surge in new listing applications in 2025. These issues included deficiencies in listing document preparation, sponsors' potential misconduct and significant resources mismanagement. We also required selected sponsors to conduct internal reviews on the issues raised and their resources available to conduct sponsor work.

The circular followed a joint letter issued by the SFC and the Stock Exchange of Hong Kong Limited (SEHK) to certain sponsors in late 2025. In this letter, the two regulators expressed concerns over the declining quality of new listing applications and substandard behaviours observed. It also drew sponsors' attention to potential regulatory actions to uphold market quality.

To maintain listing market quality, we published in March 2026 our review report on SEHK's performance in regulating listing matters during 2024. In the report, we made recommendations to SEHK particularly in two major areas: SEHK's vetting of listed issuers' internal control reviews and handling of late auditor resignations. In addition, we reviewed the general operations, processes and procedures of SEHK's Listing Division.

Enhancing HKEX and clearing house resilience

Our ongoing supervision of Hong Kong Exchanges and Clearing Limited (HKEX) focuses on a number of initiatives to improve its resilience. As part of the supervision, we commenced an on-site inspection of HKEX's operational resilience and risk management framework in November 2025 to assess its preparedness to manage operational incidents and its ability to ensure continuous market operation during heightened stress. Meanwhile, at our request, HKEX enhanced the sizing methodology for the default fund in the stock options market clearing house ("Cover 2") in December 2025 to improve its risk management capability.

We worked closely with the Hong Kong Monetary Authority (HKMA), HKEX and Hong Kong Interbank Clearing Limited to extend the use of HKD Real-Time Gross Settlement (RTGS) accounts to the clearing houses for the futures market and stock options market to process money settlements. This will enhance the operational resilience of the clearing houses by reducing their exposure to and reliance on commercial banks. With the SFC's approval, HKEX put the RTGS accounts into use in April 2026[2].

Supervising intermediaries to build resilience

We conduct on-site reviews of licensed corporations (LCs) to understand their business operations, risk management and internal controls, while also gauging their compliance with legal and regulatory requirements. During the year, we commenced 212 risk-based on-site inspections and noted 1,856 breaches of our rules and regulations. Among these, we conducted thematic inspections of asset managers that manage private funds and discretionary accounts, and also reviewed selected securities brokers' due diligence, as well as their monitoring of financial influencers (finfluencers) and digital platforms.

1 Initial public offering.
2 Post-reporting period.

Maintaining market resilience and mitigating serious harm to our markets

We also reminded LCs to fully cooperate with the SFC during inspections and emphasised the importance to maintain fitness and properness. In an early 2026 circular, we highlighted unsatisfactory practices and behaviours observed during inspections, and reminded LCs of their statutory obligations under Section 180 of the Securities and Futures Ordinance (SFO). We also set out our expected standards on the maintenance, retrieval and provision of records, as well as the availability of responsible officers (ROs).

To monitor the risk exposure of Hong Kong-domiciled SFC-authorised funds, we require asset managers to report key data periodically, including subscription and redemption flows, liquidity profiles, asset allocations, credit quality, currency exposure and use of leverage. We also tailor our monitoring programme and conduct stress tests in response to different market circumstances and stress events. Additionally, we closely monitor the liquidity of SFC-authorised funds through asset managers' reports of unusual or untoward activities.

We reviewed securities brokers' internal controls for protecting client assets, and highlighted our observations in a June 2025 circular. We set out the regulatory standards in areas such as amendments to client particulars, handling of email requests and third-party transactions, operation of bank accounts, and the monitoring of dormant accounts.

Monitoring day-to-day market activities

We closely monitor market conditions and activities to uphold integrity and resilience, which sustains investor confidence. Our surveillance of untoward price and turnover movements resulted in 4,727 requests for trading and account records from intermediaries during the year. We also processed 547 notifications from intermediaries regarding suspicious equity and derivative trading.

During the year, we published 20 high shareholding concentration announcements to caution investors of the potential risks associated with trading in the shares of listed companies with a high concentration of ownership.

20 **alerts of high shareholding concentration**

We developed our in-house social media monitoring system — SENSOR — powered by generative artificial intelligence (AI). SENSOR scans targeted social media channels for suspicious activities, such as misleading promotions and stock manipulation. It can also conduct image and video analysis to monitor finfluencers to detect increasingly sophisticated scam tactics. Leveraging AI, the system collects, analyses and tracks online activities and profiles from different platforms to identify potentially misleading investment promotions, coordinated scams and manipulative behaviours. SENSOR also preserves data to support investigations.

Enhancing investor identification regime

To enhance market surveillance, we are extending the Hong Kong investor identification regime to the exchange-traded derivatives market, following the successful implementation of the regime for the securities market since 2023. As part of this effort, we launched a public consultation on the proposal in September 2025. This initiative aims to enhance our ability to detect and address market misconduct in the exchange-traded derivatives market while strengthening investor protection. We are now reviewing the feedback received and tentatively plan to issue the consultation conclusions by mid-2026.

Combatting suspicious activities and investment scams

We receive information regarding the latest trends of suspicious activities from complaints and market intelligence, based on which we formulate strategies to combat investment scams to safeguard market integrity. We push ahead investor education initiatives to raise public awareness of common scam tactics and promote informed decision-making among investors.

Maintaining market resilience and mitigating serious harm to our markets

Strengthening prevention of phishing and unauthorised trading

During the year, we observed a rise in unauthorised trading incidents at LCs, often involving phishing attacks where clients were deceived into entering credentials on fake websites closely resembling the LCs' genuine ones. To address these risks, we issued a circular to urge LCs to join the SMS Sender Registration Scheme to help clients identify legitimate messages, as well as strengthen internal controls to prevent unauthorised account access and transactions in client accounts.

Cautioning investors with timely alerts

We also observed a growing trend of ramp-and-dump scams orchestrated through social media platforms during the year. Fraudsters impersonated well-known financial commentators and offered investment advice in chat groups, inducing investors to purchase shares. In some cases, fraudsters impersonated the SFC senior executives and the SFC-licensed corporations to send deceptive emails or SMS messages with suspicious links to harvest login credentials. In response, we alerted the public through press releases and social media posts. We also proactively contacted victims, reminding them to remain vigilant, refrain from committing additional funds, and report the frauds to the Hong Kong Police Force (Police).

New alerts against

12 suspicious VATPs

35 suspicious investment products

We update the alert lists on our website from time to time to put the public on guard against potential scams. During the year, we added 12 entities to the alert list for suspicious virtual asset trading platforms (VATPs) to caution the public against suspicious or unlicensed VATPs. Meanwhile, we cautioned the public against 35 suspicious investment products involving real property, tokenised assets (such as gold tokens) and other investments by posting related information on our Suspicious Investment Products Alert List, accompanied by social media posts and press releases.

Chief Executive Officer (CEO) Ms Julia Leung at the Charter 3.0 launch ceremony

Uniting public-private sector forces in scam fight

Anti-Scam Consumer Protection Charter 3.0

To foster a safe online environment, the SFC, the HKMA, the Insurance Authority and the Mandatory Provident Fund Schemes Authority jointly launched the Anti-Scam Consumer Protection Charter 3.0 (Charter 3.0) in July 2025. It unites financial regulators, major technology firms and telecommunications firms to combat financial scams that exploit digital platforms and telecommunications networks. Participating institutions are called upon to take actions to prevent fraudulent promotions on their platforms, remove scam advertisements or contents, and establish channels for regulators to follow up on suspicious activities.

Intercepting scam-related fund flows

We have strengthened our collaboration with the Police for the timely exchange of intelligence and coordinated responses to suspicious activities. To expedite the interception of crime proceeds, we have established a protocol with the Anti-Deception Coordination Centre and selected LCs on the 24/7 Stop Payment Mechanism since August 2025. Between September and December 2025, over 50% of the known deception and scam-related crime assets that flowed to licensed firms were intercepted.

Anti-scam collaboration on virtual assets

We continuously monitor and investigate illegal activities involving or purporting to involve VATPs through our joint working group with the Police. We have in place a mechanism for the Police to swiftly restrict access to websites of entities involved in suspected virtual asset (VA)-related fraud.

Maintaining market resilience and mitigating serious harm to our markets

The SFC also participates in the Virtual Asset Intelligence Taskforce (VAIT) led by the Police, which is a public-private partnership platform that aims at strengthening the detection, prevention and disruption of VA-related crimes and cybersecurity threats. Through the VAIT, we engage in intelligence exchange and operational collaboration with the Police, the Hong Kong Customs and Excise Department, the HKMA and licensed VA service providers to support a safe VA ecosystem in Hong Kong. In October 2025, we held the VAIT inauguration ceremony, which was attended by over 200 participants from the public and private sectors.

Restricting use of misleading names by unregulated entities

We conducted a two-month consultation from June to August 2025 on proposals to further restrict the use of certain names that may mislead investors. The proposals would extend the existing restrictions under Section 34[3] of the SFO to reflect market developments, including the SFC's regulatory regime for VATPs. Similar restrictions are also proposed under the Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) Ordinance. We are reviewing the feedback received and considering possible enhancements. Conclusions will be published in due course.

Combatting misconduct of all forms

We take proactive and resolute enforcement actions to protect investors, punish bad actors and safeguard the integrity and reputation of Hong Kong as a financial centre. Our strategic focus on high-impact cases helps us address key risks in markets and send strong deterrent signals.

During the year, we fined 13 companies $84.45 million, disciplined 23 individuals, suspending their licence or prohibiting them from entering the industry for 3.5 months to life.

Counteracting market misconduct

We secured the Court's custodial sentences for responsible individuals in various cases of market manipulation and insider dealings during the year; we also successfully sought orders to freeze assets, impose fines, demand disgorgement of illicit profits, and disqualify former corporate executives to restore market confidence.

Market manipulation

- We secured the conviction of Wong Yuk Lan, former Administration Controller of China All Access (Holdings) Limited (China All Access), who was sentenced to eight months of imprisonment for false trading in the company's shares. The Court found that these trades were designed to create a false or misleading appearance of demand in the company's shares in order to alleviate the margin call pressure on her "de facto husband" Chan Yuen Ming, Chairman of China All Access.
- With a view to compensating affected investors, we sought interim orders from the Court of First Instance (CFI) to freeze assets of defendants in various ongoing criminal proceedings in relation to market manipulation. These involve the shares of listed companies as below:

Market manipulation

Listed companies	Details	Amount of assets frozen
Wan Cheng Metal Packaging Company Limited[4]	Restrained 3 defendants from disposing of assets in Hong Kong	$85.2 million
Smartac International Holdings Limited	Restrained 12 defendants from disposing of assets in Hong Kong	$82.4 million
Eggriculture Foods Limited	Restrained 1 of the suspected ringleaders from disposing of assets in Hong Kong	$62.6 million
Grand Talents Group Holdings Limited	Restrained 4 defendants from disposing of assets in Hong Kong	$394 million
KNT Holdings Limited	Restrained 5 defendants from disposing of assets in Hong Kong	$219 million

3 Section 34 of the SFO prohibits the use or taking of certain titles (or anything which closely resembles such titles) without the SFC's authority or without reasonable excuse. Any breach is an offence under the SFO.

4 Now renamed to Hong Kong Entertainment International Holdings Limited.

Public education as critical front in battling scams

Targeted outreach to intensify impact

To promote anti-scam resilience especially among the younger generation, we stepped up education efforts for university students. In September and October 2025, we delivered talks at the Hong Kong University of Science and Technology and the City University of Hong Kong, respectively. We also partnered with the HKMA and the Chinese Banking Association of Hong Kong to host a fraud prevention and investment education session for Mainland-based university students in Hong Kong in March 2026.

Educational talks for different community groups

Our anti-scam outreach extended to diverse community groups, including members of the Hong Kong Chinese Women's Club, as well as senior citizens at a Sik Sik Yuen community centre and those participating in a Consumer Council event.

In these sessions, we shared tips to avoid investment scams with around 400 attendees.

Raising awareness through "Shui Yu" campaign

As part of our "Don't be Sucker" (咪做水魚) anti-scam campaign, we launched advertisements featuring the campaign's character "Shui Yu" ("水魚" in Cantonese) to warn the public against prevalent investment scam tactics across high-visibility channels, including radio, MTR stations, over 200 public estates and other outdoor locations.

Our dedicated anti-scam Instagram page cautions the public against emerging scam tactics and provides useful tips through Shui Yu. Close to 90 posts were published and viewed by about 3 million unique users during the year. We expanded our outreach with WhatsApp and WeChat sticker packs to promote anti-scam awareness in a friendly and accessible manner.

Raising the public's anti-scam awareness with fun games and giveaways

We participated in the Anti-Crime Elite Games organised by the Police in October 2025, leveraging educational games and giveaways to deepen our anti-scam outreach. We further engaged with the public with Shui Yu-themed booths and souvenirs at four public estate shopping centres across Hong Kong in February 2026.

Moreover, the SFC and the Hong Kong Investment Funds Association jointly launched a short animation featuring interaction between our mascots in November 2025, doubling up the impact of our warning against fund manager impersonation and dubious investment schemes.

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NEW

Maintaining market resilience and mitigating serious harm to our markets

Leading the fight on air

To enhance public vigilance, we launched radio advertisements in August and September 2025 to highlight risks associated with digital assets. In August 2025, Dr Eric Yip, the SFC's Executive Director of Intermediaries, was interviewed on TVB's news feature programme, "On the Record", in which he emphasised the importance of trading VAs only on SFC-licensed VATPs and flagged the risks of using unregulated platforms. Dr Yip also explained the SFC's investor-centric regulatory philosophy.

In June 2025, Mr Paul Yeung, Commission Secretary and Chief Governance Officer, also appeared on TVB's infotainment programme "Scoop" to share tips against investment scams. This feature story garnered over 2.8 million views in Hong Kong and Guangdong province.

Executive Director of Intermediaries
Dr Eric Yip on TVB's "On the Record"

Commission Secretary and Chief Governance Officer
Mr Paul Yeung on TVB's "Scoop"

- The Eastern Magistrates' Courts granted an application by the Department of Justice to transfer a securities fraud case brought by the SFC to the District Court for criminal proceedings, marking the first time that a criminal prosecution for securities fraud involving illegal short selling under Section 300 of the SFO will be held in the District Court. The SFC alleges that the two defendants employed a fraudulent scheme and made an illicit profit of around $11 million.

- In another case, two individuals, Li King Hong and Lam Hin Fai, were sentenced to imprisonment of 24 and 22 months respectively for committing securities fraud via naked short selling. The Court heard that, in 2020, Li and Lam directed their wives to deceive an account executive at CVP Securities Limited (CVP) by falsely representing ownership of shares of Hong Kong-listed companies with the intent to defraud, and inducing CVP to place selling orders at inflated prices. They made illicit profits of $3.3 million.

Insider dealings

- The criminal trial of the insider dealing prosecution against Wong Pak Ming was held at the Eastern Magistrates' Courts in February 2026. Wong allegedly counselled or procured another person to deal in the shares of Pegasus Entertainment Holdings Limited in 2017, when he was the chairman and the controlling shareholder of the company and had inside information on Pegasus. The Court will hand down its judgment in May 2026.

- We obtained from the CFI a worldwide interim injunction order against Chan Ching Wa, a former staff member of HKEX, and his two extended family members for alleged insider dealing. In parallel, we obtained an interim injunction order from the High Court of Justice, Business and Property Courts of England and Wales to freeze the respondents' assets in England and Wales. Under the two orders, the respondents were prohibited from disposing of or diminishing the value of their assets of up to $4.3 million.

Maintaining market resilience and mitigating serious harm to our markets

Insider dealing

Company/Name	Breaches/Convictions	Action/Fine
CHOI Chun Wai, former vice president of Computershare Hong Kong Investor Services Limited	Sold his shares of ENM Holdings Limited (ENM) on inside information, ahead of ENM's announcement of the lapse of the privatisation, thereby avoiding a loss of around $289,500	■ 2 months of imprisonment ■ A fine of $289,500, equivalent to the losses avoided
■ Cynthia CHEN Si Ying, former company secretary of Asiasec Properties Limited[5] ■ WEN Lide, Chen's Mainland associate	Insider dealing in the company's shares	■ Disgorging over $1 million in illicit profit ■ Chen was disqualified from participating in the management of listed corporations in Hong Kong for 4 years

Tackling corporate misconduct

As part of our front-loaded approach against corporate misconduct, we conduct daily review of corporate announcements and disclosures to identify potential irregularities.

During the year, we issued Section 179[6] directions to gather additional information in 29 cases. In one case, we wrote to the relevant issuer separately to express our concerns that their corporate transaction appeared potentially oppressive or unfairly prejudicial to their shareholders.

We also initiated 62 new enquiries into listed company affairs under Section 179 of the SFO and 223 new investigations into different forms of misconduct under Section 182[7] of the SFO. We have also commenced one set of proceedings in the CFI under Section 214[8] of the SFO seeking redresses for corporate misconduct, as summarised below:

- Among ongoing proceedings under Section 214 of the SFO, we obtained an order to freeze more than $101 million in the personal bank account of Ng Kwok Fai, a suspected shadow director of Teamway International Group Holdings Limited (Teamway). Ng and another shadow director, Yang Zhihui, are alleged to have engineered transactions that prejudiced the interests of Teamway. We are seeking disqualification and compensation orders against Ng, Yang and 10 other former directors of Teamway for $532 million in losses.

62 new enquiries into listed companies

Tackling corporate misconduct

Listed companies concerned	Respondents	Circumstances	Orders sought
Century Energy International Holdings Limited	Gregory HO Chun Kit, ZHENG Jian Peng, Eugenia YANG, Vincent LAU Sung Tat	Prolonged lack of oversight of the 4 former directors led to loss of control over 4 major operating subsidiaries in the Mainland, resulting in a loss of $184 million for the company for the year ended 31 March 2019	Disqualification orders

5 Previously known as Dan Form Holdings Company Limited.
6 Section 179 of the 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.
7 Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.
8 Under Section 214 of the SFO, the SFC may seek disqualification, compensation and other orders for breaches of duty by current and former directors of listed corporations.

- Eight sets of proceedings that we brought under Section 214 of the SFO were concluded or partly concluded. Among these proceedings, we obtained from the CFI an order requiring three former directors and senior executives of Superb Summit International Group Limited (Superb Summit) to pay a total of $595 million — equal to the amount lost — in compensation to Superb Summit for orchestrating and/or participating in fraudulent schemes to defraud the company. We also obtained disqualification orders from 2.5 to 15 years against the trio and 10 other directors of Superb Summit at the material time.

Table below summarises other orders under Section 214 of the SFO which we obtained in the year:

Listed companies in concern	Respondents	Circumstances	Orders obtained	
			Compensation	Disqualification
Arta TechFin Corporation Limited[9] (Arta TechFin)	Andrew LIU, Quincy HUI Kwong Hei[10]	Misconduct led to acquisition and subsequent disposal within 6 months of a stake in Liu's Holdings Limited, which resulted in a loss of $76.8 million to the company	$57.5 million to Arta TechFin	Liu: 8-year disqualification Hui: 6-year disqualification
Coolpad Group Limited (Coolpad)	ZHANG Wei	Involvement in transactions undertaken without proper approval or disclosure and causing losses of about RMB84 million to Coolpad. Proceedings against other former directors are ongoing	$4 million to Coolpad	5-year disqualification
National United Resources Holdings Limited (NUR)	LO Ka Wai	Committed NUR to fictitious transactions and approved related payments totalling $302 million for purported settlement. Proceedings against other former directors and officers of NUR are ongoing	N/A	3-year disqualification
Zhongda International Holdings Limited (Zhongda)	ZHANG Yuqing	Failed to block or disclose unauthorised fund transfers totalling RMB150 million and the sale of Zhongda's stake in "Zhongwei Bus". Both problematic transactions involved 2 former executive directors of Zhongda	N/A	6-year disqualification
First Credit Finance Group Limited	HO Siu Man	Failed to disclose Cho Kwai Chee's de facto directorship in the company, resulting in false and misleading announcements	N/A	7-year disqualification
National Agricultural Holdings Limited	LU Ying, REN Hai, PENG Guojiang, TING Tit Cheung	Misconduct led to the dissipation of approximately $3 billion of the company's funds from 2015 to 2017	N/A	Disqualifications of 2-9 years
Combest Holdings Limited (Combest)	NG Kwok Fai, LIU Tin Lap, LEE Man To	■ Orchestrated acquisitions of 2 subsidiaries that were substantially overvalued in 2016 and 2017 ■ Arranged payments of fictitious loan interests and fees to entities related to Ng ■ Grossly inflated Combest's revenue between 2016 and 2019	■ $192 million in compensation was distributed as special dividends to public shareholders of Combest ■ Administrator successfully distributed more than 98% of the compensation to around 600 independent public shareholders of Combest	Disqualifications of 8-12 years

9 Known as Freeman Financial Corporation Limited at the material time.

10 Seven other former directors of Arta TechFin including Lo Kan Sun, Sue Au Shuk Yee, Philip Suen Yick Lun, Scott Allen Phillips, Agustin V Que, Gary Drew Douglas and Peter Temple Whitelam were disqualified for one to two years.

Maintaining market resilience and mitigating serious harm to our markets

First-ever auditor compensation for listed company shareholders

Extending our efforts to enhance market quality and protect investors in a new fiscal year, we reached an agreement with PricewaterhouseCoopers Hong Kong (PwC HK) in April 2026 under which PwC HK will set aside $1 billion to compensate eligible independent minority shareholders of China Evergrande Group^. This is the first time the auditor of a defunct company will compensate independent minority shareholders harmed by false and misleading financial statements, reinforcing the accountability of auditors as one of the essential gatekeepers in ensuring the accuracy and reliability of financial disclosures. We believe that this agreement best serves the interests of affected independent minority shareholders.

Our investigation found that China Evergrande had manipulated its annual revenue and profits by prematurely recognising revenue from property sales before completion and delivery. The company's financial statements for the fiscal years ended 31 December 2019 (FY2019) and 31 December 2020 (FY2020), audited by PwC HK, contained materially false or misleading information, significantly overstating its revenue by 45% and 69%, respectively. Consequently, the company's audited annual profits of RMB33.5 billion and RMB31.4 billion for FY2019 and FY2020, respectively, should have been reported as a loss of RMB7.12 billion and RMB19.9 billion, respectively.

We also examined the auditor's work and concluded that there had been multiple failings (not admitted by PwC HK), including a failure to exercise adequate professional scepticism and acquiescence in China Evergrande management's manipulation of audit samples and site inspections.

^ Post-reporting period.

- Under the Securities and Futures (Stock Market Listing) Rules, we directed SEHK to suspend dealings in the shares of Dashan Education Holdings Limited (Dashan) in December 2025, to maintain a fair and orderly market. Our investigation raised serious concerns on the integrity of the company's management. We found major discrepancies between bank statements submitted by Dashan to the SFC and those that we obtained independently. We also discovered material overstatements of bank balances in its financial statements.
- In February 2026, we announced a settlement with Sino Wealth International Limited and Clear Prosper Global Limited in relation to dealings by their parent company, namely Chow Tai Fook Nominee Limited, and its concert parties in the shares in Giordano International Limited (Giordano) under the Takeovers Code. Subject to the number of successful claims received by the independent adjudicator, the payments the parties have agreed to make to eligible Giordano shareholders may potentially involve up to $1.5 billion[11].

11 For further details, please refer to the press release published by the SFC on 16 February 2026 and the announcement of even date made by Sino Wealth and Clear Prosper regarding the agreed cash payments, as posted on HKEXnews website under the stock code of Giordano.

Maintaining market resilience and mitigating serious harm to our markets

Combatting intermediary misconduct

Misappropriation of client assets

- We revoked the licences of two fund houses, namely Nerico Brothers Limited (NBL) and Amber Hill Capital Limited (AHCL), for their involvement in fraudulent schemes to misappropriate clients' assets, and banned three responsible individuals from engaging in any regulated activities for life. Between 2020 and 2021, NBL misused a client's funds of more than US$68 million to subscribe for shares for the firm's own account, without the client's knowledge or consent. NBL also knowingly facilitated a scheme orchestrated by a then director (who has also been the ultimate sole shareholder) of AHCL, resulting in further misappropriation of about US$154 million of the same client's funds since January 2021.

Internal control deficiencies

We reprimanded and fined the following intermediaries during the year for internal control failures:

Company/Name	Breaches/Convictions	Action/Fine
Deutsche Bank Aktiengesellschaft	■ Overcharged clients on management fees of approximately $39 million ■ Incorrectly assigned product risk ratings impacting 93 clients and 265 transactions ■ Failed to disclose its investment banking relationships with various Hong Kong-listed companies in more than 1,800 research reports	A fine of $23.8 million
EFG Bank AG (EFG)	Failed to: ■ Take into account the special features of 322 bonds ■ Update its internal policies in a timely manner ■ Provide clients with sufficient information and warning statements for certain complex products ■ Keep product due diligence records for 141 bonds	A fine of $10.85 million
UBS AG	Failed to ensure accurate classification of professional investors for over 12 years	A fine of $8 million
Instinet Pacific Limited	Failed to comply with SEHK's reporting requirements for cross trades involving transactions worth around $25.9 billion between its clients and affiliated company	A fine of $8 million
The Hongkong and Shanghai Banking Corporation Limited (HSBC)	Failed to disclose or made incorrect disclosures regarding its investment banking relationships with various companies covered in more than 4,200 research reports on Hong Kong-listed securities between 2013 and 2021	A fine of $4.2 million
Interactive Brokers Hong Kong Limited	■ Relied on expired standing authorities of 7,911 clients to loan their listed securities pursuant to a securities borrowing and lending agreement ■ Failed to send clients renewal notices for the standing authority	A fine of $4.2 million

Maintaining market resilience and mitigating serious harm to our markets

Fund management failures

- We reprimanded and fined Kylin International (HK) Co., Limited (Kylin) $9 million for multiple failures in managing private funds over a period of three years. Breaches found included its failure to: (a) manage and disclose conflicts of interest regarding its loans; (b) perform monthly reconciliations of fund assets; (c) implement adequate systems and controls; and (d) maintain records on compliance with AML/CFT regulations. Kylin also misrepresented to its investors that it was exempt from the suitability assessment requirement. We also banned Zhu Hong, a director of Kylin, for 12 months and fined her $400,000.
- We banned Lui Pak Tong, a former licensed representative of Thunder Capital Limited (Thunder), for life and fined him $17.43 million. We found that he caused a fund managed by Thunder to extend five unsecured loans totalling $22.5 million to a company he controlled without disclosing related conflicts of interest, and subsequently diverted a substantial portion of the loan proceeds to himself or connected persons.

Regulatory breaches over distribution of VA-related products

- We reprimanded and fined Saxo Capital Markets HK Limited (SCMHK) $4 million for failures relating to distributing VA funds not authorised by the SFC and VA-related products (collectively, VA Products) on the firm's online trading platform. SCMHK allowed retail clients to trade complex VA Products that should only be offered to professional investors on its online platform. It executed transactions involving VA Products without assessing the clients' relevant knowledge or providing sufficient information and warning statements.

Sponsors' failures

- We reprimanded and fined RaffAello Capital Limited (RaffAello) $4 million for failing to discharge its duties as the sponsor in the listing application of Paprika Holdings Limited after the Securities and Futures Appeals Tribunal upheld our disciplinary action against RaffAello.

AML/CFT-related breaches

- We reprimanded and fined Freeman Commodities Limited (Freeman) $3.4 million for failures to comply with AML/CFT and other regulatory requirements. We also suspended its former ROs Pun Hong Hai and Li Chun Kei for 10 and four months, respectively, due to failures to discharge their duties. From 2017 to 2018, Freeman failed to conduct any due diligence on the customer-supplied systems used by clients for placing orders, or put in place an effective monitoring system to detect suspicious trading in client accounts.

Other notable cases

- We conducted a joint operation with the Independent Commission Against Corruption (ICAC), targeting a sophisticated syndicate suspected of manipulating the shares of a listed company and engaging in corrupt activities. The offices of the listed company and SFC-licensed brokers were searched. The ICAC arrested a former chairman and a former executive director of the listed company under the Prevention of Bribery Ordinance. The investigation is ongoing.
- The High Court, in October 2025, convicted Wong Ming Chun, former financial controller and company secretary of Hua Han Health Industry Holdings Limited (Hua Han), of two counts of money laundering charges related to the misappropriation of Hua Han's funds. Wong was sentenced to seven years and eight months' imprisonment. We then withdrew restriction notices imposed on three brokers to facilitate the return of restricted assets to affected parties.
- We prosecuted AMTD Global Markets Limited (AMTD; now known as oOo Securities (HK) Group Limited) for failing to comply with statutory notices issued. The CFI ordered AMTD to produce outstanding records by mid-January 2026 and ruled that its past non-compliance constituted contempt of court, warranting a penalty.

Other disciplinary actions

Company/Name	Breaches/Convictions	Action/Fine
Roofer Securities Limited (Roofer)	Mishandling of client money: Roofer failed to maintain sufficient funds in its segregated client account in 12 incidents. The largest shortfall in 1 client account amounted to $15.5 million	Public reprimand and a fine of $2.1 million
Sino-Rich Securities & Futures Limited, BUDIHARDJO Wilhelm Soeharsono	Failures concerning margin lending policy and practices	▪ Public reprimand and a fine of $2 million ▪ RO suspended for 5.5 months
Tung Tai Securities Company Limited (Tung Tai)	Failure to establish effective internal control: Tung Tai acted on instructions from a bogus email address and sold shares in a client's account	Public reprimand and a fine of $0.9 million
SUEN Kin-wing	Criminal conviction for laundering over $134 million by misappropriating client assets	Banned from re-entering the industry for life
CHEUNG Ngai Yi	Criminal conviction for stealing client assets totalling $1.53 million	Banned from re-entering the industry for life
Andy LAU Ka Ho	Engaged in unauthorised trading in a client's accounts, falsified client instructions and account statements, and forestalled a client's withdrawal by falsely claiming a deposit arrangement between 2014 and 2019	Banned from re-entering the industry for life
TONG Ho Yin	Failure to discharge his duties as an RO of HF Asset Management Limited, which resulted in significant financial losses arising from the firm's failures to act in the best interests of a fund under its management and to properly manage conflicts of interest	Banned from re-entering the industry for 9 years and fined $350,000
Richard Charles HEYES	Failure to discharge his duties as an RO of Citigroup Global Markets Asia Limited in ensuring adequate policies and system controls were in place	Banned from re-entering the industry for 5 years
KUO Che-jung	Operated secret accounts to conduct matched trades in Hang Seng Index options at his employer's expense, benefiting his wife's account at another brokerage	Banned from re-entering the industry for 4.5 years and fined $1 million
MUI Chok Wah	Criminal conviction for theft and delay in notifying the SFC of his criminal charge	Licence revoked and banned from re-entering the industry for 2 years
LAW Man Wai	Executed 109 matched or wash trades in 9 stocks in his personal account and the accounts of his sister and friend; intentionally concealed his beneficial interests and personal trades	Banned from re-entering the industry for 3 years

Maintaining market resilience and mitigating serious harm to our markets

Curbing unlawful finfluencer activities with local enforcement and global collaboration

Locally, we secured the first custodial sentence against a finfluencer, Chau Pak Yin, for providing paid investment advice on social media without a licence. Chau was sentenced to six weeks' imprisonment. Our investigation found that, in 2021, Chau earned subscription fees totalling $43,680 from operating a Telegram chat group named "Futu真。財自Private Group". In this group, he circulated commentaries, recommendations and target prices on securities, while responding to subscribers' questions on the securities' performance.

On the global front, we joined other members of the International Organization of Securities Commissions in the "Global Week of Action Against Unlawful Finfluencers" in June 2025, recognising the cross-border nature of these illicit activities. Together with fellow regulators, we highlighted how supervisory and enforcement powers are used to disrupt these activities. By combining these powers with education and consumer awareness programmes, we strive to safeguard market integrity and alert the investing public to misleading investment advice.

Issuing restriction notices

We issued restriction notices to 16 brokers to freeze assets held in their client accounts which were related to suspected market and corporate misconduct. We also issued a restriction notice to one LC, namely GA (Int'l) Capital Management Limited, due to doubts over its fitness and properness to remain licensed.

Strengthening cross-boundary enforcement collaboration

During the year, we maintained close and effective cooperation with the Enforcement Bureau of the China Securities Regulatory Commission to safeguard market integrity and protect investor interests in both jurisdictions. The two regulators provided efficient and timely mutual investigatory assistance, driving significant progress in a number of important cases. Furthermore, our regular and constructive discussions helped streamline request-handling processes and enhance the effectiveness of cross-boundary enforcement cooperation.

To further facilitate in-depth experience sharing and mutual understanding between the two regulators, we held a two-day joint training event for over 140 officers in November 2025. The training covered key enforcement topics including market surveillance, case studies on market manipulation, misconduct by intermediaries and listed companies, and applying technology in enforcement work.

Handling public complaints and investor compensation claims

Processing complaints to protect the public

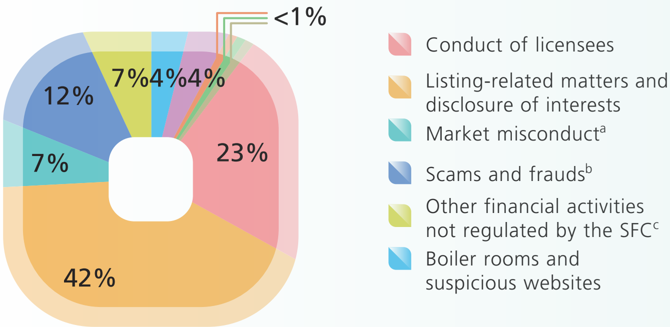
We foster a positive complaint-handling culture and administer procedures to ensure complaints, petitions and protests are handled properly with professionalism. We handle and evaluate public complaints about intermediaries' conduct, publicly-offered securities and market activities. After conducting preliminary assessments, we determine the appropriate course of action. We also handle petitions and protests, and liaise internally and with the Police.

During the year, the total number of complaints increased by 39% from the previous year, amongst which the conduct of licensees and listing-related matters accounted for about two-thirds. We received 5,770 complaints, handled over 3,565 calls with complainants, 117 walk-in requests, and four protests against intermediaries and market activities.

Complaints against listed companies mainly involved software or patent infringement, insufficient disclosure or misleading information in IPO prospectuses, and corporate actions. Meanwhile, complaints against intermediaries were largely related to trading disputes, conduct issues, system outages and unauthorised trades.

Maintaining market resilience and mitigating serious harm to our markets

Complaints against intermediaries and market activities



a Primarily, alleged market manipulation and insider dealing.

b Such as identity fraud and impersonation.

c For example, bullion trading and banking services.

Processing claims for investor compensation

We regularly review the financial status of the Investor Compensation Fund (ICF) and the current compensation limit of $500,000 per investor per default. The ICF provides protection to investors who suffer losses as a result of defaults by intermediaries licensed by or registered with the SFC in relation to trading of products on the exchanges and securities through the northbound trading link of Stock Connect. During the year, the Investor Compensation Company Limited, the SFC's wholly-owned subsidiary, received 18 claims and processed 10 claims against the ICF.

Net asset value of compensation funds

	As at 31.3.2026 ($ million)	Change	As at 31.3.2025 ($ million)	Change	As at 31.3.2024 ($ million)
Unified Exchange Compensation Fund[a] (UECF)	**93.8**	4.8%	89.5	1.6%	88.1
Investor Compensation Fund[b] (ICF)	**2,858.3**	4.0%	2,748.5	4.2%	2,636.8
Total	**2,952.1**	4.0%	2,838.0	4.2%	2,724.9

a See pages 165–178 for the financial statements of the UECF. The ICF was established by the SFO on 1 April 2003 to replace the UECF. After settlement of all claims against the UECF and its other liabilities, any remaining balance will be transferred to the ICF.

b See pages 151–164 for the financial statements of the ICF.

Investor compensation claims

	2025/26	2024/25	2023/24
Balance brought forward	**37**	37	39
Received	**18**	7	2
Processed	**10**	7	4
– Not qualified for compensation	**7**	7	2
– Compensation payments made	**0**	0	0
– Rejected	**3**	0	2
– Withdrawn	**0**	0	0
– Reconsidered	**0**	0	0
Balance carried forward	**45**	37	37

Enhancing the global competitiveness and appeal of Hong Kong capital markets

To enhance Hong Kong's appeal as a leading fundraising and asset management hub, the SFC continues to serve as a capital market enabler to improve liquidity and efficiency while deepening connectivity with Mainland and global markets through regulatory collaboration.

Enhancing listing market competitiveness

Reviewing Hong Kong's listing regimes

To ensure the long-term sustainable growth of Hong Kong as an international listing hub, the SFC has worked closely with the Stock Exchange of Hong Kong Limited (SEHK) to launch a public consultation in March 2026 on increasing the competitiveness of Hong Kong's listing framework. Proposals for the initial phase include enhancing the weighted voting rights (WVR) and secondary listing regimes such as by lowering the financial eligibility thresholds. The proposals also cover other initial public offering (IPO)-related matters, such as extending the confidential filing option to all new listing applicants. The reforms aim to increase the diversity of companies eligible and suitable for listing in Hong Kong to broaden investment choices, while maintaining robust investor protection to buttress market confidence. The consultation period ended in May.

Gatekeeping listing applications

We vet listing applications and make enquiries to determine whether a listing application gives rise to any concerns under the Securities and Futures (Stock Market Listing) Rules (SMLR). We may object to a listing based on one or more of the grounds set out in section 6(2) of the SMLR.

During the year, we processed 726 listing applications[1], up 172% year-on-year. Of these, 603 were new listing applications[2], up 282% year-on-year. These applications included 15 from companies with a WVR structure, 110 from pre-profit biotech companies, 73 from specialist technology companies[3], an investment company, and a very substantial acquisition deemed new listing.

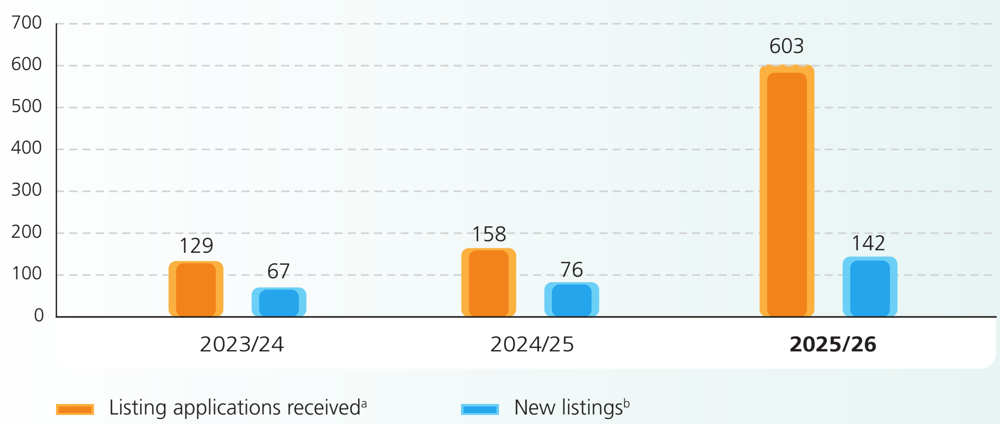
For the 245 cleared listing applications, it took us an average of 26 business days to process.

726 listing applications processed in the year

SFC average processing time:

26 business days[4]

New listing applications



a The figures include applications for transfer from GEM to the Main Board (2025/26: 5; 2024/25: 3; 2023/24: 1).

b Including successful transfers from GEM to the Main Board (2025/26:1; 2024/25: 1; 2023/24: 3). The Hang Seng Index closed at 24,788 on 31 March 2026 (31 March 2025: 23,119; 31 March 2024: 16,541).

1 Including 245 cleared cases of listing applications.

2 New listing applications include (i) any application filed for the first time; and (ii) any application refiled by the same applicant where its previous application has been returned, rejected, withdrawn, or has lapsed by more than three months.

3 Including three companies with a WVR structure.

4 Out of the 245 cleared cases of listing applications during the year ended 31 March 2026, 212 applications were processed under the enhanced timeframe and the remaining applications were received prior to the implementation of the enhanced timeframe.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Enhanced timeframe for new listing application process

During the year, we processed 690 listing applications under the enhanced timeframe for new listing application process. Among these, 212 were cleared and 96%[5] of them were cleared within the vetting time of 40 business days.

Out of these 690 listing applications, 130 were related to eligible A-share listed companies and processed under the accelerated timeframe. Among these, 55 listing applications were cleared — all within the vetting time of 30 business days.

Enhanced timeframe:
2 rounds of regulatory comments
in **40** business days[6] at maximum
by SFC and SEHK each

Accelerated timeframe:
1 round of regulatory comments
in **30** business days[6] at maximum
by SFC and SEHK each

TECH Channel — new fuel for fund-raising hub

Since its launch in May 2025, the Technology Enterprises Channel (TECH) has gained strong traction in enhancing Hong Kong's appeal as a fund-raising hub for innovative enterprises. From the launch of TECH and up to March 2026, 108 applications from pre-profit biotech companies and 72 from specialist technology companies were received. During the year, 28 companies of these two sectors were listed, raising over $42 billion, marking a 660% year-on-year increase. This underscores the growing depth and breadth of Hong Kong's IPO market.

Optimising IPO price discovery and enhancing public float requirements

Working together with the SFC, SEHK concluded its consultation on optimising IPO price discovery and open market requirements in August 2025. The revised Listing Rules, including requiring an issuer to allocate at least 40% of shares in an IPO to the bookbuilding placing tranche, took effect in the same month.

The SEHK also consulted on proposals relating to ongoing public float requirements to offer issuers greater flexibility in corporate actions for better capital management, while ensuring market transparency and orderly trading. Following our approval, SEHK published the consultation conclusions in December 2025, with the new rules effective in January 2026.

5 Under the Joint Statement on Enhanced Timeframe for New Listing Application Process dated 18 October 2024, the timeline of the application process may be lengthened where the applicants and their sponsors provided materially incomplete responses or failed to satisfactorily address regulators' comments.

6 This refers to the time taken by each regulator to confirm whether there are any material regulatory concerns, being the number of business days in the hands of the regulators and excludes the response time of the applicant and its sponsor.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Attracting Mainland and overseas firms to list in Hong Kong

As at 31 March 2026, 16 Mainland leading enterprises had listed in Hong Kong and raised over $150 billion in total since the China Securities Regulatory Commission's (CSRC) announcement in April 2024 to further support listings in Hong Kong. They are from sectors including electrical appliances, beverages, artificial intelligence, logistics, electric vehicle batteries, ride hailing, supply chain, folding bicycles, automobiles, semiconductors, autonomous driving and hog farming.

During the year, 33 A-share listed companies completed their H-share listings in Hong Kong and raised over $200 billion in total. Two of these were Mainland leading enterprises, which raised $51 billion.

After discussions with the SFC, SEHK added Thailand to its "list of overseas jurisdictions of incorporation" in June 2025. As a result, companies incorporated in Thailand can file a listing application in Hong Kong without first submitting a pre-IPO enquiry to SEHK to assess shareholder protection requirements.

Facilitating listings of specialist technology companies and de-SPAC transactions

During the year, 11 specialist technology companies were listed and one de-SPAC transaction was completed under the two new listing regimes for specialist technology companies and SPACs[7]. Since the launch of these listing regimes, a total of 14 specialist technology companies and five SPACs had been listed, and three de-SPAC transactions had been completed as of March 2026.

Enhancing structured product listing framework

In coordination with the SFC, SEHK launched a six-week consultation in September 2025 on proposed amendments to Chapter 15A of the Listing Rules for structured products. To elevate market competitiveness whilst enhancing investor protection, it was proposed that the minimum issue price be lowered for derivative warrants and removed for callable bull/bear contracts to widen the range of product terms; issuers' eligibility criteria be enhanced to improve market quality; and prescriptive product term requirements be removed from the Listing Rules to support product innovation. SEHK published the consultation conclusions in April 2026[8].

Boosting market liquidity and efficiency

Laying the foundation for market progress

Working closely with HKEX, we have been proactively strengthening Hong Kong's market through a range of initiatives to reform market infrastructure, reduce costs, increase liquidity and bolster the city's global competitiveness. Our collaborative efforts with the Government, other regulators and industry stakeholders to increase Hong Kong's stock market liquidity over the past few years have begun to pay off, improving market efficiency and trading accessibility.

The Hang Seng Index advanced 7.2% between April 2025 and March 2026, while average daily trading surged 54% to an annual record high of $258.1 billion. Trading became more active for wide-ranging types of securities (eg, from small to large cap stocks) and investors (eg, southbound investors, funds, retail investors, investment banks). New investors from both developed and emerging markets also entered the Hong Kong market, such as fund managers, pensions, securities firms and sovereign wealth funds.

Reviewing board lot framework

The SFC closely oversees HKEX's initiative to enhance the board lot framework. The reform plans to standardise the board lot units in Hong Kong from the current level of more than 40 to eight, a meaningful step towards global practices. In addition, the board lot floor will be lowered from $2,000 to $1,000 and a board lot ceiling of $50,000 will be introduced. In December 2025, HKEX launched a consultation on the proposed changes, with tentative plans to issue consultation conclusions around mid-2026 and implement the changes within this year.

Reducing trading spreads

After Phase 1 of the minimum spread reduction was implemented in August 2025, HKEX conducted a review on market impact. During the six months following implementation, bid-ask spreads of related stocks narrowed by 38%, and order execution time improved by 26%. Under the SFC's oversight, Phase 2 will proceed to launch around mid-2026, reducing minimum spreads by 50% for applicable securities, subject to market readiness and testing. The initiative is expected to bring the overall spread cost of the Hong Kong market more in line with the levels of advanced markets.

7 A special purpose acquisition company (SPAC) raises funds through a listing for the purpose of acquiring a business (a de-SPAC target) at a later stage (a de-SPAC transaction) within a pre-defined time period.

8 Post-reporting period.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Shortening settlement cycle to T+1

The SFC has been closely supervising HKEX's work to accelerate Hong Kong's securities settlement cycle, including its review of market feedback on the discussion paper. As the next step, we continue to oversee HKEX's formulation of an accelerated settlement model, with details for market consultation in April 2026[9].

Increasing HKEX's interest rebates

The SFC has also worked with HKEX to reduce funding costs for collateral posted by market participants. With the SFC's approval, HKEX has changed the calculation methodology resulting in an increase of its interest rebates for cash collateral at the three on-exchange clearing houses starting October 2025, and OTC Clear beginning January 2026. Charges for the use of non-cash collateral have also been reduced.

Maintaining market trading under severe weather

We have monitored the operation of the severe weather trading arrangement since its implementation in September 2024. The arrangement was activated several times, including a prolonged activation for more than one day in September 2025 due to a super typhoon. During those days, trading and clearing operations of our securities and derivatives markets continued as normal. Broker participation and trading volumes also remained comparable to those on normal trading days.

Preparing for launch of uncertificated securities market (USM) regime

The past year marked a major milestone in our implementation of the USM regime. In March 2026, we set a target launch date of 16 November 2026. Before then, we concluded in June 2025 our consultation on fee limits that will apply to approved securities registrars (ASR) under USM. We also completed our review of the fee changes proposed by Hong Kong Securities Clearing Company Limited, and all USM-related amendments to various rules, procedures and other regulations of the HKEX principal subsidiaries in February 2026. All relevant laws, rules and regulations are now in place, and accessible on the SFC's USM webpage.

USM webpage

Together with HKEX and the Federation of Share Registrars Limited, we also continued to engage with the industry during the year. To provide one-stop access to all useful information on USM, we launched a dedicated webpage in April 2025. The webpage includes relevant USM-related documents and information, as well as frequently asked questions to help listed issuers, market participants and investors better understand the USM regime and its impact on their respective rights and obligations.

We are also at an advanced stage of completing our review of six share registrars' applications under the new ASR regime, which will be launched alongside the USM regime.

Developing advanced trading and post-trade platforms

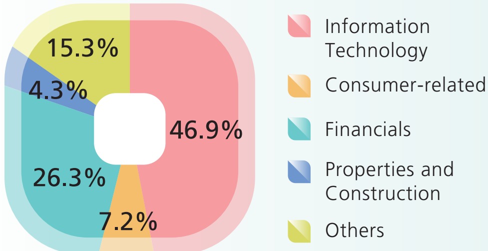
The SFC continued to oversee HKEX's enhancements of market infrastructure through the new Orion Derivatives Platform, which will provide better trading, clearing and risk management capabilities for the derivatives market, supporting extended trading hours as well as introduction of new products and features. We also monitored the Orion Cash Platform's phased rollout for the securities market, which will improve post trade services with real-time processing enhancements. We will discuss with HKEX the next phase of development.

Introducing Hang Seng Biotech Index Futures

We approved HKEX's proposal to launch Hang Seng Biotech Index Futures, which commenced trading in November 2025, complementing HKEX's existing suite of biotech-related offerings and flagship equity index derivatives.

Market capitalisation of Hang Seng Index constituents by sector

As of end-March 2026



9 Post-reporting period.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Strengthening Hong Kong's role as super-connector and offshore renminbi hub

Enhancing connectivity with Middle East and other markets

To bolster international market connectivity and expand our global outreach, the SFC has been actively building closer ties with overseas regulators. During the year, we met with our overseas counterparts, including the Capital Market Authority of Saudi Arabia (Saudi CMA), the Capital Market Authority[10] of the United Arab Emirates (UAE CMA), the Financial Services Authority of Oman and the State Securities Commission of Vietnam, to advance regulatory collaboration, and exchange views on market developments and opportunities in asset management. See the sidebar on page 49 for our cooperation with regulators of various overseas markets.

Led by the SFC's CEO Ms Julia Leung (ninth from left) and the Saudi CMA Chairman His Excellency Mr Mohammed bin Abdullah Elkuwaiz (eighth from right), senior executives of the SFC and the Saudi CMA met in a bilateral meeting in Hong Kong

To extend Hong Kong asset managers' global footprints and foster cross-market industry collaborations, we hosted or organised industry roundtables and seminars for asset managers in partnership with overseas regulators. They included: the Saudi CMA, the UAE CMA, the Financial Services Regulatory Authority (FSRA) of ADGM[11], the Ontario Securities Commission (OSC) of Ontario and the Autorité des marchés financiers (AMF) of Québec of Canada. These events enabled Hong Kong and overseas asset managers to not only explore overseas market opportunities and potential partnership, but also gain insights on different regulatory landscapes and cross-border fund distribution.

The SFC and the UAE CMA co-hosted high-level roundtable on asset management in Hong Kong in January 2026

On the product side, Hong Kong witnessed the landmark listing of Asia's first government sukuk (ie, Islamic bond) exchange-traded fund (ETF) in May 2025. The ETF further widens the choice of Middle East-themed products in our market, being the world's first ETF outside of Saudi Arabia primarily investing in Saudi Arabian Riyal-denominated sukuk. As at end-March 2026, the market capitalisation of this ETF had almost doubled since its listing.

HKSAR Financial Secretary Mr Paul Chan (right, seventh) and senior executives of the Saudi CMA and the SFC witnessed the listing of the first sukuk ETF in Hong Kong

10 Formerly known as the Securities and Commodities Authority.

11 ADGM is the international financial centre of the capital city of the UAE.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Weaving a new cross-border network of fund market and supervisory cooperation

To strengthen Hong Kong's role as a global asset management hub, we signed six Memoranda of Understanding (MoUs) with financial regulators from various overseas markets during the past year: two on Mutual Recognition of Funds (MRF) and four on exchange of supervisory information.

The MRF MoU with the Central Bank of Ireland streamlines cross-border distribution of eligible Hong Kong and Irish public funds in each other's market. Another milestone was our first MRF arrangement with a Middle East market, ie, the UAE, which enables, for the first time, unlisted foreign funds to be offered directly to UAE retail investors^. This was also the UAE's first MRF arrangement with a jurisdiction outside the Middle East.

Moreover, to further supervisory cooperation, we entered into four other MoUs respectively with Middle East and Canadian regulators: the FSRA of ADGM, the Dubai Financial Services Authority of the Dubai International Financial Centre, the OSC and the AMF of Canada. We agreed to enhance information exchange for the supervision of cross-border investment management activities. This will boost information transparency and facilitate cross-market industry collaborations.

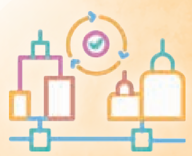
^ By virtue of new regulations issued by the UAE CMA in 2023, unlisted foreign funds are no longer permitted to be promoted to retail investors in the UAE.

Stock Connect a pillar of Hong Kong market trading

During the year up to March 2026, Stock Connect saw southbound net inflows surge to an annual record high of $1.19 trillion. Since its launch, cumulative net inflows reached $5.3 trillion and RMB1.47 trillion for southbound and northbound trading links, respectively. Average daily southbound trading increased 84% year-on-year to $124.1 billion, accounting for 24% of Hong Kong's market turnover. This percentage was up from 20% in the previous year and marked an annual record high. During the same period, average northbound trading accounted for 6.3% of the Mainland market turnover.

ETF Connect driving turnover growth

ETF Connect between the Mainland and Hong Kong markets continued to show strong momentum during the year following the enhancement[12]. As of 31 March 2026, a total of 365 Mainland ETFs and 23 Hong Kong ETFs were eligible for trading under the scheme. The average daily turnovers of eligible Hong Kong and Mainland ETFs in March 2026 achieved year-on-year increases of 140% and 52%, respectively. During the year, southbound ETF trading contributed 6.8% of the eligible Hong Kong ETFs' total turnover.



Stock Connect southbound trading

Up to 24%

of market turnover

ETF Connect — Southbound trading and fund flow of eligible Hong Kong ETFs ^

12 months ended	Number of eligible Hong Kong ETFs as at period end	Market capitalisation as at period end ($ million)	Southbound trading average daily turnover ($ million)	As % of eligible Hong Kong ETFs' total turnover (%)	Fund inflow/ (outflow) of eligible Hong Kong ETFs ($ million)
31.3.2026	**23**	**334,809.7**	**4,524.7**	**6.8**	**18,236.8**
31.3.2025	17	306,402.3	3,064.9	7.3	(16,402.0)
31.3.2024	8	196,196.9	2,685.6	12.2	22,773.4

^ Based on data from HKEX.

12 ETF Connect was enhanced in July 2024 with the minimum fund size requirement lowered and the weighting requirements relaxed for the underlying index tracked by an ETF.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Programme trading reporting guidelines for northbound Stock Connect

To further strengthen Stock Connect, the Mainland exchanges introduced northbound programme trading reporting guidelines in July 2025, which came into effect in January 2026. Recognising the unique features and operational requirements of northbound Stock Connect trading, the guidelines were formulated following a mutual agreement between the SFC and the CSRC to implement customised reporting standards for northbound programme trading activities. Additionally, HKEX and the Mainland exchanges collaborated closely to finalise these guidelines to address the needs of market participants and requirements of regulatory authorities.

Mainland-Hong Kong Mutual Recognition of Funds

As of 31 March 2026, a total of 46 Hong Kong funds were approved by the CSRC and 40 Mainland funds were authorised by the SFC under MRF. During the year, Hong Kong funds and Mainland funds recorded net redemptions of about RMB35.4 billion and RMB202.7 million, respectively. The aggregate cumulative net subscriptions for both Hong Kong and Mainland funds was about RMB116.5 billion as of 31 March 2026.

Enhancing Wealth Management Connect

The Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area continued to grow, with the number of Mainland investors engaging in the Scheme increasing by 28% from 97,800 as of 31 March 2025 to 124,800 as of 31 March 2026. The two-way remittance amount also surged by 25% during the year. We issued a circular in November 2025 on enhancements to promotion and sales arrangements as well as issuance of research reports to improve client communication and information access.

Swap Connect enhanced; trading at new high

Offshore investors' participation in Swap Connect has grown steadily since its launch in mid-2023. The daily trading quota rose from RMB20 billion to RMB45 billion in October 2025. As of 31 March 2026, 95 offshore investors, mainly international banks and asset management firms, had executed over RMB11.6 trillion in renminbi (RMB) interest rate swap transactions, representing a daily average of about RMB16.7 billion. In March 2026, Swap Connect's monthly turnover reached a record high of RMB821 billion.

Record-high Swap Connect's turnover

RMB821billion

in March 2026

To provide additional tools for overseas investors to manage exposures to long-term RMB fixed income investments, Swap Connect was further enhanced in 2025. In June, we accepted the clearing of northbound swaps referencing SHIBOR 3-month and 7-day repo rates with tenors of up to 30 years. In September, northbound swaps referencing the Mainland one-year Loan Prime Rate were added, giving international investors even more options for managing RMB interest rate risk.

Mainland-Hong Kong MRF scheme — fund flows[a] (RMB million)

	12 months to 31.3.2026			12 months to 31.3.2025		
	Subscription	Redemption	Net subscription/ (redemption)[b]	Subscription	Redemption	Net subscription/ (redemption)[b]
Hong Kong funds	78,751	114,138	(35,387)	151,606	26,026	125,580
Mainland funds	197	400	(203)	120	231	(111)

a Based on data from the State Administration of Foreign Exchange.

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

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Diversifying Hong Kong markets through FIC

The SFC and the Hong Kong Monetary Authority (HKMA) jointly launched the Roadmap for the Development of Fixed Income and Currency (FIC) Markets in September 2025. Developed in close consultation with industry stakeholders, the roadmap outlines Hong Kong's vision to become a leading global FIC hub and strengthen its role as the premier offshore RMB centre.

Key initiatives include broadening the usage of RMB financial instruments, enhancing Connect schemes, and introducing new risk and liquidity management tools to deepen RMB market participation — both offshore and onshore. These support RMB internationalisation and align with Hong Kong's ambitions to maintain its leadership as an offshore RMB and risk management hub.

To unveil the roadmap, the SFC and HKMA also co-organised the Hong Kong FIC Forum with over 500 participants. This forum further strengthened dialogue on Hong Kong's policies for the FIC sector and the latest developments in Asia-Pacific FIC markets.

FIC Roadmap

Expanding RMB counter trading

Following the SFC's approval, the HKEX implemented the Single Tranche Multiple Counter settlement model in June 2025 and the Hong Kong securities market has attained the technical capability to accommodate RMB counters under southbound Stock Connect. Under our supervision, HKEX and Mainland exchanges continue to undertake preparatory work to ensure all market participants and relevant systems are adequately equipped for the eventual inclusion of RMB counters.

Preparing for Treasury bond futures launch

To implement the initiatives in the Roadmap for the Development of Fixed Income and Currency Markets unveiled in September 2025, we have been working closely with HKEX and Mainland authorities to prepare for the launch of China Treasury bond futures in Hong Kong. These futures contracts will provide an effective tool for international investors to hedge their onshore Treasury bond exposure. The CSRC and the People's Bank of China (PBoC) have indicated their support for this initiative. HKEX will announce the details once ready.

Accepting China government bonds as collateral

The use of China government bonds (CGBs) as collateral for clearing transactions continued to expand since early 2025. As of 31 March 2026, onshore bonds with a total value of around RMB3.5 billion had been lodged as collateral with OTC Clear, representing about 14% of OTC Clear's total margin collateral. This resulted from: (i) our acceptance of onshore bonds issued by the Ministry of Finance and Mainland policy banks held under northbound Bond Connect as eligible margin collateral for clearing Swap Connect transactions; and (ii) our further approval for clearing members of OTC Clear to use these onshore bonds as collateral for clearing all transactions at OTC Clear.

Building risk management hub

Supporting growth of Hong Kong's OTC derivatives market

The continued development of Hong Kong's over-the-counter (OTC) equity derivatives market bolsters its role as an international hub for managing Asian investment risk exposures. International asset managers, securities firms and product issuers held US$1 trillion in OTC positions[13] for Asian securities as of end-March 2026, up about 70% from the previous year.

13 Hong Kong Trade Repository data.

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The SFC and HKMA jointly consulted from January to February 2026 on standardising calculation periods under Hong Kong's OTC mandatory clearing regime, effective 1 March 2027. The proposal provides greater regulatory certainty to derivative dealers in identifying future calculation periods to ensure compliance.

Prior to that, in September 2025, the two regulators also jointly implemented the proposals to mandate the use of Unique Transaction Identifier, Unique Product Identifier and the reporting of Critical Data Elements, and to adopt ISO 20022 message standard for the OTC derivatives reporting regime. The enhancements ensure Hong Kong's OTC derivatives reporting regime keeps up with international developments and facilitates the analysis of OTC derivatives transactions.

Enhancing financial resources rules for intermediaries

To implement a set of internationally comparable capital requirements for licensed corporations (LCs) engaging in OTC derivative activities, we consulted on draft amendments to the Securities and Futures (Financial Resources) Rules (FRR) and related guidelines in the second half of 2025. We also proposed other FRR changes to support the business development and diversification of LCs.

In addition, to advance Hong Kong's position as a FIC hub, we proposed exempting the capital requirements for repurchase transactions cleared through SFC-approved central counterparties. To facilitate participants' preparation for the launch of the OTC derivatives licensing regime, we will organise briefings on the transitional arrangements for the regime.

Exempting non-centrally cleared equity options from margin requirements

We issued a circular in December 2025 to exempt non-centrally cleared equity options from the SFC's margin requirements from early 2026 until further notice. This will align with the approaches in the European Union and the UK and prevent regulatory arbitrage. Among the exempted options were non-centrally cleared single-stock options, equity basket options and equity index options.

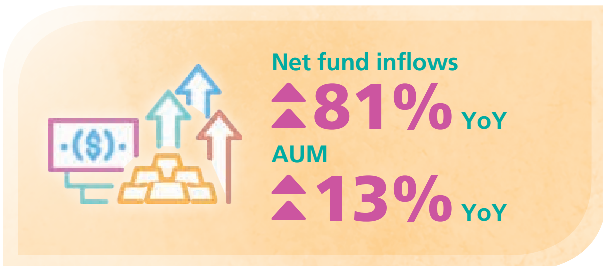
Increasing position limits for derivatives

To promote liquidity and efficiency of Hong Kong's derivatives and broader markets, we raised the position limits for the futures and options contracts of Hang Seng Index, Hang Seng China Enterprises Index and Hang Seng TECH Index in July 2025. These limits were up by 50%, 108% and 43% to 15,000, 25,000 and 30,000 position delta, respectively, which enhances market participants' flexibility in meeting their trading needs.

Reinforcing Hong Kong's position as asset and wealth management hub

Survey reaffirming Hong Kong's asset management leadership

We published in July 2025 our annual *Asset and Wealth Management Activities Survey,* highlighting Hong Kong's strong growth as a pre-eminent international asset and wealth management hub. Assets under management (AUM) grew 13% year-on-year to $35.1 trillion (US$4.53 trillion) as of end-2024, supported by the 81% surge in net fund inflows to $705 billion (US$91 billion).



Leveraging their global investment management expertise, Hong Kong's asset managers allocated 59% of assets outside the Mainland and Hong Kong from 2020 to 2024. Their non-equity investment increased by 13 percentage points to 59%, reflecting more diversified strategies amidst rapidly changing global conditions.

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Off-exchange product sales at new high: survey

The SFC and HKMA published in September 2025 a report on our annual joint survey on the sale of non-exchange-traded investment products, showing record sales and market participation in 2024. The total transaction amount of these products jumped 40% year-on-year to a record $6.07 trillion. The number of firms engaged in product sales rose 9% to a new high of 414, while the number of participating clients also increased 28% to a record of over 1.2 million.

Consultation on UT Code amendments

We launched a public consultation from October 2025 to January 2026 on proposed amendments to the Code on Unit Trusts and Mutual Funds (UT Code)[14]. We strive to keep Hong Kong's regulatory regime for SFC-authorised funds aligned with international standards and evolving market developments. Key proposals included allowing an alternative approach for managing derivative investments in retail funds, updating the requirements for fund liquidity risk management and strengthening those for money market funds. We aim to publish the consultation conclusions together with the revised UT Code in 2026.

Fast-tracking authorisation of simple funds from other markets

We formally adopted the Fund Authorisation Simple Track (FASTrack) in May 2025 following a six-month pilot period. Under FASTrack, we pledge a 15-day timeframe for authorising simple funds from jurisdictions which have mutual recognition of funds arrangement with Hong Kong (ie, MRF Jurisdictions). During the year, we authorised 51 FASTrack-eligible funds within this timeframe, while reducing average processing time by more than 50% compared to 2024-25 before FASTrack was launched[15].

Facilitating new real estate investment trust (REIT) offerings

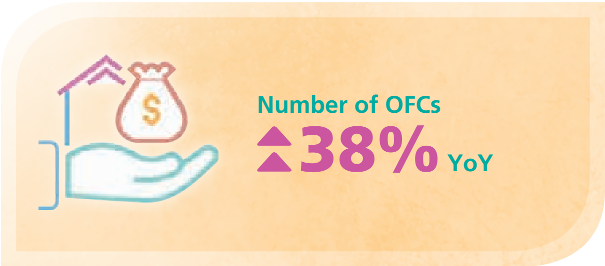
To support REIT market growth, we launched a new REIT Channel and streamlined the authorisation process for REITs in October 2025. The dedicated channel enables REIT applicants to consult the SFC on a confidential basis to facilitate their listing preparation and enhance efficiency. Under the streamlined process, we anticipate that a new REIT authorisation application can be decided on within four weeks from take-up under normal circumstances. In addition, we also streamlined the documentary requirements for REIT secondary offerings to facilitate fundraising by existing REITs.

Enhancing regulatory regime for CIS and REITs

We have been working with the Government on legislative amendments to enhance the market conduct regime for listed collective investment schemes (CIS) under the Securities and Futures Ordinance and introduce a statutory scheme of arrangement and compulsory acquisition mechanism for REITs, with a bill targeted for introduction into the Legislative Council in 2026.

Grant scheme for open-ended funds (OFCs) and REITs

To enable more participants to benefit from the scheme, the funding terms of the Government's grant scheme for OFCs and REITs were updated with effect from April 2025. Interest in establishing OFCs in Hong Kong remained strong and the number of registered OFCs increased 38% year-on-year to 715 as of March 2026.



14 Consequential amendments were also proposed to the Code on Pooled Retirement Funds, the SFC Code on MPF Products, the Code on Investment-Linked Assurance Schemes and the Code on Real Estate Investment Trusts.

15 Compared to the average processing time for standard applications for simple funds from MRF Jurisdictions in 2024/25 prior to the introduction of FASTrack.

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Continued growth in OFC registrations

During the year, we registered 203 OFCs, including one re-domiciled OFC, and approved 539 OFC sub-funds, comprising 30 SFC-authorised funds. Amongst these, there were 17 ETFs with a total market capitalisation of over $4,213 million (US$537 million). Of the 715 OFCs registered as of 31 March 2026, 13 were corporate funds redomiciled in Hong Kong as private OFCs.

Driving Integrated Fund Platform (IFP) development

The SFC has been working closely with HKEX and other parties to implement the new infrastructure of IFP to facilitate retail fund distribution in Hong Kong. As of 31 March 2026, a total of 53 firms including fund distributors, asset managers and transfer agents had joined the IFP.

The IFP's Order Routing Service[16] — the second phase — was launched in July 2025 to increase fund distribution efficiency[17]. The next phase, which will introduce the provision of Platform and Nominee Services, is expected to be launched in 2026. Meanwhile, the SFC continued to support the HKEX's engagement efforts to raise the industry awareness of the IFP.

Further streamlined measures for EU-regulated retail funds

We introduced a series of streamlined measures for SFC-authorised UCITS funds[18] to facilitate their implementation of post-authorisation changes that comply with their home regulations. With these measures coming into effect by end-November 2025, scheme change applications by UCITS funds are estimated to drop by about 50%.

Expanding ETF and L&I product market

The Hong Kong ETF and leveraged and inverse (L&I) product market expanded significantly over the past year. A total of 213 SFC-authorised ETFs and 29 SFC-authorised L&I products were listed on SEHK, which was up 15.2% from a year ago in aggregate. Their total market capitalisation of $651.2 billion (US$83.5 billion) was up 25.2% from the previous year. In particular, single stock L&I products showed strong growth momentum, with a market capitalisation of $21.7 billion (US$2.8 billion), increasing more than 60-fold since launch in March 2025.

Unit trusts and mutual funds authorisation — processing time by fund application streams

	12 months to 31.3.2026	
Fund Application Streams^	**No. of funds authorised during the year**	**Processing time**
FASTrack	**51**	12.6 business days (ie, 0.6 month)
Standard	**62**	1.5 months
Non-standard	**89**	2.4 months
Total	**202**	

^ New fund applications are processed under three different application streams. The SFC aims to grant authorisation for application, if successful, within the following target timeframe for the respective application streams: (i) FASTrack: within 15 business days; (ii) Standard: within 1-2 months; and (iii) Non-standard: within 2-3 months.

16 This service enhances connectivity between fund distributors and transfer agents on the IFP, improving the process for order placements including fund subscriptions and redemptions.

17 The first phase launched in December 2024 was Fund Repository, an online database providing information on SFC-authorised funds, enabling distributors and investors to easily access and compare fund offerings.

18 UCITS funds mean (i) Undertakings for Collective Investment in Transferable Securities (UCITS) domiciled in France, Luxembourg, Ireland and the Netherlands, and (ii) collective investment schemes domiciled in the United Kingdom authorised as UK UCITS.

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During the year, these ETFs and L&I products recorded net inflows of $117.0 billion (US$15.0 billion), with $68.5 billion (US$8.8 billion) in net inflows during January to March 2026. Their average daily turnover increased 35.6% from previous quarter to $45.1 billion (US$5.8 billion) and 50.6% year-on-year to $38.1 billion (US$4.9 billion), equivalent to 16.3% of the turnover of Hong Kong's stock market.

In particular, we facilitated the first cross-listing in Hong Kong of an active ETF in July 2025, leveraging a master-feeder structure under the SFC's streamlined requirements. The ETF has significantly grown in size and provides local investors with exposure to the world's leading active ETF strategy. The cross-listing highlights Hong Kong's strength in attracting overseas ETFs.

Authorising investment products

During the year, we authorised 211 CIS, comprising 202 unit trusts and mutual funds (including 132 Hong Kong-domiciled funds), one investment-linked assurance scheme (ILAS), one paper gold scheme and seven mandatory provident fund (MPF) pooled investment funds. Among these CIS, there were 213 ETFs and 29 L&I products listed on SEHK. A total of 3,119 SFC-authorised CIS were offered to the public. We also authorised 440 unlisted structured investment products for public offering during the year.

Number of Hong Kong-domiciled funds

▲9.2% YoY

AUM

▲19.4% YoY

Authorised ETFs and L&I products

Market capitalisation

$651.2 billion

▲25.2% YoY

Average daily turnover

▲50.6% YoY

Single stock L&I products

Market capitalisation

$21.7 billion

▲ over 60-fold

since launch

Rising net inflows driving growth of local domiciled funds

As of 31 March 2026, there were 1,066 Hong Kong-domiciled funds with AUM of US$297,796 million, up 19.4% from a year ago. Overall net inflows of US$30.7 billion were recorded during the year.

Growing issuance of unlisted structured investment products

As of 31 March 2026, there were 440 unlisted structured investment products. An issuance amount of $201 billion was recorded during the year, up 103% from the previous year.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

SFC-authorised ETFs and L&I products[a,b]

	As at 31.3.2026	As at 31.3.2025	Change (%)	As at 31.3.2024	Change (%)
Number of SFC-authorised ETFs and L&I products[c]	**242**	210	15.2	179	17.3
Market capitalisation[d] ($ billion)	**651.2**	520.3	25.2	386.4	34.7
	12 months ended 31.3.2026	12 months ended 31.3.2025	Change (%)	12 months ended 31.3.2024	Change (%)
Average daily turnover ($ billion)	**38.1**	25.3	50.6	13.7	84.7
Net fund flow[d] ($ billion) — Net inflow (outflow)	**117.0**	12.3	N/A	73.4	N/A

a Based on data from HKEX.

b The statistics only cover authorised ETFs and L&I products listed and traded on HKEX's securities market.

c Multiple counters of an ETF and L&I product are counted as one product.

d Market capitalisation and fund flow statistics are calculated based on units/shares of all authorised ETFs and L&I products held in Hong Kong.

Authorised unlisted structured investment products^

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Unlisted structured investment products	**440**	391	311

^ On a "one product per key facts statement" basis, including equity-linked investments and deposits.

Registered open-ended fund companies (OFCs)

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
OFCs	**715^**	520	302

^ As of 31 March 2026, this figure included 670 private OFCs.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Authorised CIS

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Unit trusts and mutual funds — Hong Kong-domiciled	**1,066**	976	926
Unit trusts and mutual funds — non-Hong Kong-domiciled	**1,458**	1,445	1,425
ILAS	**319**	319	319
Pooled retirement funds	**31**	32	32
MPF schemes	**23**	25	26
MPF pooled investment funds	**195**	198	197
Paper gold schemes	**16**	15	15
REITs	**11**	11	11
Total	**3,119**	3,021	2,951

Authorised unit trusts and mutual funds domiciled in Hong Kong — fund flows by type[a] (US$ million)

Hong Kong-domiciled funds reported overall net inflows of $240.6 billion (US$30.7 billion), which was primarily attributed to money market funds and index funds.

	12 months to 31.3.2026			12 months to 31.3.2025		
	Subscription	Redemption	Net subscription/ (redemption)[b]	Subscription	Redemption	Net subscription/ (redemption)[b]
Bond	**22,152**	**27,074**	**(4,922)**	33,959	14,936	19,022
Equity	**28,437**	**23,010**	**5,427**	15,713	20,821	(5,108)
Mixed	**13,694**	**10,400**	**3,293**	5,866	7,245	(1,379)
Money market	**319,279**	**303,738**	**15,541**	161,397	130,917	30,479
Feeder funds[c]	**67**	**34**	**33**	75	15	60
Index[d]	**154,621**	**143,984**	**10,637**	114,491	113,626	865
Guaranteed	**19**	**5**	**14**	–	4	(4)
Commodity and virtual asset	**1,188**	**502**	**686**	915	774	141
Total[b]	**539,457**	**508,747**	**30,709[e]**	332,415	288,338	44,077

a Based on data reported by funds domiciled in Hong Kong.

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

c The subscription and redemption amounts of feeder funds whose master funds are authorised by the SFC have been excluded to better reflect the total fund flows.

d Including equity and fixed income index tracking funds, ETFs and L&I products.

e This figure includes net fund outflows of $24.1 billion (US$3.1 billion) reported by retail approved pooled investment funds which MPFs may invest in and may also be offered to the public in Hong Kong.

SFC-authorised RMB investment products

A total of 59 SFC-authorised unlisted funds[19] and 45 ETFs[20] primarily invested in the onshore Mainland securities markets[21] or offshore RMB bonds, fixed income instruments or other securities.

Unlisted products	As at 31.3.2026
Unlisted funds primarily investing in onshore Mainland securities markets or offshore RMB bonds, fixed-income instruments or other securities	59
Unlisted funds (non-RMB denominated) with RMB share classes	513
Paper gold schemes denominated in RMB	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	40
Unlisted structured investment products issued in RMB[a]	439
ILAS with policy currency in RMB	8
Listed products	
ETFs primarily investing in the onshore Mainland securities markets or offshore RMB bonds, fixed-income instruments or other securities	45
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	72
RMB L&I products	1
RMB gold ETFs[b]	1
RMB REITs	1

a The number is on a "one product per key facts statement" basis.

b Only includes gold ETFs denominated in RMB.

Facilitating intermediaries' business development

Increasing number of licensees under SFO

The number of SFC licensees and registrants totalled 51,033 as of 31 March 2026, amid the continuous expansion of the financial market. Among them, 280 licensed firms carried out regulated business in virtual banking, VA-related activities and multi-family offices.

The number of LCs in Hong Kong increased to around 3,500 as of 31 March 2026. Approximately 14% of the LCs were controlled by foreign financial groups, mainly from Japan, Singapore, the US, the UK and the European Union. In addition, a number of overseas-based managers of pension funds and private equity funds have established operations in Hong Kong over the past few years. The number of licensed individuals increased to around 47,500, and about 34% of them were employed by foreign-controlled LCs.

19 Excluding recognised Mainland funds under the Mainland-Hong Kong MRF arrangement.

20 Refers to unlisted funds or ETFs which are denominated in RMB.

21 Refers to onshore Mainland investments through the Qualified Foreign Investor scheme, Stock Connect, Bond Connect and the China Interbank Bond Market.

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Licence applications under the SFO on the rise

During the year, we received about 9,700 new licence applications, comprising around 9,400 individuals and 306 corporations. Compared to the previous year, the number of new corporate licence applications surged 18%.

We approved 250 new corporate licence applications and around 9,200 individual licence applications. The total number of approved applications rose 14% from the previous year. Amongst the newly approved corporate applications, 87% of them applied for Type 9 (asset management) regulated activity (RA) and 65% applied for Type 4 (advising on securities) RA. As of 31 March 2026, the number of firms licensed for Type 9 RA increased by 7% to 2,407.

Approved licence applications
▲14% YoY
Approved 250 new corporate licence applications

Reviewing securities industry performance

In our Financial Review of the Securities Industry for 2025 (released in March 2026), we summarised financial performance data and statistics on securities dealers and securities margin financiers in Hong Kong. The securities industry recorded strong financial performance in 2025. Total net profits increased by 62% year-on-year to $71.7 billion, alongside a 52% rise in total value of transactions to $219.0 trillion. Revenue growth in double digits was noted across major business lines, including trading-related activities, asset management, as well as underwriting and placing services.

Securities industry's total net profits
▲62% YoY
Total value of securities transactions
▲52% YoY to $219 trillion

Licensees under the SFO

	Corporations^		Representatives		Responsible Officers		Total^		
	As at 31.3.2026	As at 31.3.2025	**As at 31.3.2026**	As at 31.3.2025	**As at 31.3.2026**	As at 31.3.2025	**As at 31.3.2026**	As at 31.3.2025	Change
Stock exchange participants	**487**	515	**11,426**	11,174	**1,875**	1,943	**13,788**	13,632	1.1%
Futures exchange participants	**74**	81	**276**	259	**98**	105	**448**	445	0.7%
Stock exchange and futures exchange participants	**73**	72	**5,590**	5,215	**648**	623	**6,311**	5,910	6.8%
Non-stock/non-futures exchange participants	**2,836**	2,660	**20,099**	18,961	**7,442**	7,109	**30,377**	28,730	5.7%
Total	**3,470**	3,328	**37,391**	35,609	**10,063**	9,780	**50,924**	48,717	4.5%

^ These figures exclude 108 registered institutions as at 31 March 2025 and 109 as at 31 March 2026.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Extending work period for visiting professionals

We extended in July 2025 the period for itinerant professionals to conduct SFC-regulated activities in Hong Kong from 30 days to 45 days in each calendar year. The enhanced facilitative measure offers more flexibility to these professionals in serving the licensed corporations that they are accredited to.

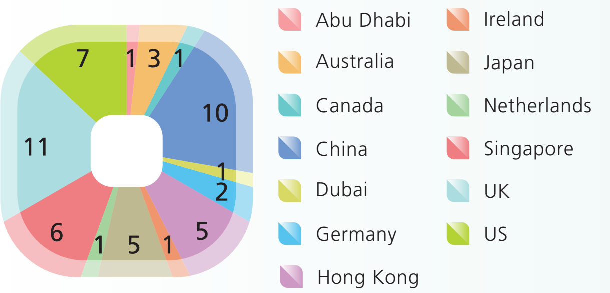
Facilitating intermediaries' account opening for clients

In order to facilitate intermediaries' non-face-to-face client onboarding, we updated acceptable account opening approaches in June 2025. These updates made it easier for intermediaries to use certification services to verify the identities of overseas investors, as well as to adopt iAM Smart for client identity verification. 15 eligible jurisdictions were added for the remote onboarding of overseas individual clients.

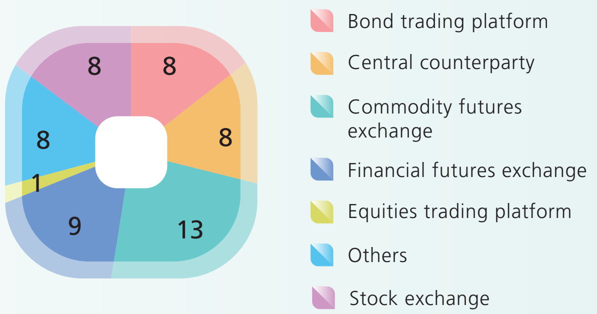
Regulating automated trading services (ATS)

During the year, products traded or cleared through ATS providers ranged from benchmark index futures and options, commodity futures, bonds and equities to ETFs and OTC derivatives. The average daily trading volume of futures contracts originating from Hong Kong was about 777,000 contracts for the 12 months ended 31 March 2026. We authorised one Part III application during the year.

ATS providers under Part III (By jurisdiction)



ATS providers under Part III (By type)



ATS providers

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Under Part III	**54**	53	54
Under Part V	**38**	36	29

Enhancing the global competitiveness and appeal of Hong Kong capital markets

Driving regulatory collaboration globally, regionally and with Mainland

We foster close working relationships with our overseas regulatory counterparts to develop global regulatory initiatives, contribute to international standard-setting, and promote cross-border cooperation and capacity building. Our leadership roles in the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) enable us to shape international policies. During the year, we held a number of memoranda of understanding meetings with relevant authorities to explore opportunities to strengthen cooperation with the SFC.

IOSCO

CEO Ms Julia Leung chaired IOSCO's Asia-Pacific Regional Committee (APRC) Plenary meeting in Sydney, Australia, in March 2026. APRC members from 20 jurisdictions discussed topics of common interest including online harms and investor protection, technology and innovation (focusing on tokenisation, artificial intelligence and digital market infrastructure), supervisory and enforcement priorities, public and private markets, and capacity building.

Ms Leung (eleventh from right) as Chair of the IOSCO APRC with the Heads of Delegation at the APRC meeting in Sydney in March 2026

We participated in the APRC Supervisory Directors' Meeting and the APRC Enforcement Directors' Meeting in March 2026, to share experiences on supervisory challenges, evolving enforcement priorities, cyber resilience, regulatory simplification and cross-border enforcement and supervisory cooperation.

Ms Leung also chaired the APRC Plenary meeting in May 2025 at the sidelines of the IOSCO Annual Meeting in Doha, Qatar.

Ms Christina Choi, in her former capacity of Executive Director of Investment Products[22], chaired IOSCO's Committee on Investment Management. She led the Committee's work on publishing the revised recommendations for Liquidity Risk Management for Collective Investment Schemes, the complementary guidance and the consultation report on valuing CIS. From 2026 onwards, the SFC co-leads efforts on open-ended fund liquidity data and continues to shape international standards.

Ms Choi (third from right) at the IOSCO Annual Meeting in Doha in May 2025

We hosted the IOSCO Committee on Emerging Risks meeting in February 2026, where participants discussed the global risk outlook for the coming year and held a roundtable with industry stakeholders to identify and explore emerging risks in global capital markets.

We hosted the IOSCO Committee 2 Plenary meeting in Hong Kong in April 2026[23]. We also participate in the CPMI[24]-IOSCO Steering Group and Policy Standing Group for the oversight and supervision of financial market infrastructures, including central counterparties (CCPs).

22 Ms Choi assumed the new role of Executive Director of Corporate Finance from 1 November 2025.

23 Post-reporting period.

24 Committee on Payments and Market Infrastructures.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

FSB

Ms Leung participated in FSB Steering Committee meetings to provide market perspectives on non-bank financial intermediation and resilience of the financial markets. Mr Rico Leung, our Executive Director of Supervision of Markets, participated in meetings of the FSB Regional Consultative Group for Asia and the FSB Standing Committee on Standards Implementation, which supports the implementation of international financial standards, and carries out peer and thematic reviews.

As a member of the FSB Cross-Border Crisis Management Group for Financial Market Infrastructures, the SFC contributes to the policymaking process regarding CCP resolution and keeps abreast of global regulatory developments, thus enhancing our supervision of CCPs in Hong Kong.

Other international regulatory engagements

We met with European authorities[25] in June 2025 to discuss HKFE Clearing Corporation Limited's resolution plan. In September 2025, the Bank of England extended the Temporary Recognition Regime for non-UK central counterparties to 31 December 2027, enabling HKEX's clearing houses in Hong Kong to continue to provide services.

Participating in overseas supervisory colleges

During the year, we strengthened our global engagement by participating in more supervisory colleges across America, Asia, Oceania and Europe, which focused on recovery and resolution planning, supervisory risk assessments, and capital and liquidity strategies. We also continued to deepen collaboration with international and domestic regulators through supervisory colleges, joint reviews, and enhanced exchange of supervisory information to strengthen intermediaries' risk management.

Regulatory collaboration with Mainland

To consolidate Hong Kong's role as a leading international financial centre and a capital gateway between the Mainland and global markets, we work closely with our Mainland counterparts and relevant authorities to enhance mutual market access schemes as well as cross-boundary cooperation on supervision and enforcement.

The 17th Mainland and Hong Kong Regulatory High-level Meeting in Ningbo in February

At the 16th and the 17th Mainland and Hong Kong Regulatory High-level Meetings held in June 2025 and February 2026, the SFC and CSRC exchanged views on various cross-boundary market development initiatives and regulatory cooperation issues. Both sides agreed to further enhance and expand the Mainland-Hong Kong mutual market access schemes, and explore new cooperation opportunities under the current geopolitical landscape.

25 French Autorité de Contrôle Prudentiel et de Résolution and the European Union Single Resolution Board.

Enhancing the global competitiveness and appeal of Hong Kong capital markets

To ensure resilience against evolving challenges, we maintained frequent high-level communications with relevant Mainland authorities during the year, including top management of the CSRC, the PBoC, the National Financial Regulatory Administration (NFRA), Ministry of Finance and the State Administration of Foreign Exchange to exchange views on market and economic landscapes, review implementation progress of Mainland-Hong Kong market initiatives, and discuss ways to strengthen cross-boundary regulatory cooperation.

SFC Chairman Dr Kelvin Wong (second from right) and CEO Ms Leung (right) joined the Financial Secretary's visit to Beijing in March 2026 and met with CSRC Chairman Mr Wu Qing

During the year, we maintained close communications with relevant Mainland authorities to follow up on implementation details of cross-boundary cooperation initiatives. We also engaged actively with Mainland ministries and institutions to deepen mutual understanding and strengthen ties. We organised training programmes for senior CSRC executives to meet with our operational divisions, local regulators, and industry associations in Hong Kong. We delivered a sharing session for the CSRC on technological advancements in the regulatory sector. We also received delegations from the PBoC, NFRA and other Mainland ministries.

Locally, we continued to support HKSAR Government-led initiatives on Mainland-Hong Kong financial cooperation: contributing to cooperation frameworks, joining the meeting of the Shenzhen-Hong Kong Financial Co-operation Committee and providing input on market developments and collaborative initiatives.

We participated in the 6th Mainland-Hong Kong-Macao AML/CFT[26] Tripartite Meeting in December 2025, discussing money laundering and terrorist financing trends, regulatory developments and preparations for the upcoming mutual evaluation. We also met the Financial Supervisory Commission of Taiwan, China, in November 2025 and held a regulatory meeting. During the meeting, we discussed recent developments in futures products and regulatory regimes in both markets.

Requests for regulatory assistance

	2025/26		2024/25		2023/24	
	Received	**Made**	Received	Made	Received	Made
Enforcement-related requests for assistance	**83**	**91**	69	84	73	79
Licensing-related requests for assistance	**94**	**4**	98	15	168	8
Information and meeting requests	**209^**	**1**	223	0	143	0

^ This total comprises in-person delegations, study visits, technical assistance enquiries, and bilateral meetings.

26 Anti-money laundering and counter-financing of terrorism.

Leading financial market transformation through technology and ESG

We embrace innovation and sustainability, which are essential to serving the needs of the rapidly-evolving real economy of Hong Kong and the Mainland. By advancing the Fintech ecosystem and aligning with global sustainability disclosure standards, we build robust and future-ready markets that reinforce Hong Kong's role as a global financial hub and a bridge between emerging and developed markets.

Driving digital asset ecosystem development under A-S-P-I-Re

During the year, we continued to advance the security, innovation and growth of Hong Kong's digital asset market by pursuing a range of initiatives under the five pillars of our **ASPIRe** roadmap[1]. These pillars are: **A**ccess, **S**afeguards, **P**roducts, **I**nfrastructure and **Re**lationships.

Access

Completing puzzle for VA regulatory frameworks

- Launched and concluded a joint consultation with the Financial Services and the Treasury Bureau (FSTB) in 2025 on proposed licensing regimes for virtual asset (VA) dealing and custodian service providers, which received broad market support. The regimes will set the standards for these providers and ensure robust investor protection based on the "same business, same risks, same rules" principle.
- Launched a further consultation with the FSTB in late 2025 to extend the proposed licensing framework towards VA advisory and management service providers, modelled on existing securities regulations. The SFC and the FSTB are finalising the legislative proposals for the new regimes and plan to introduce a bill into the Legislative Council in 2026.

Increasing market accessibility and tapping global liquidity

- Issued guidance to SFC-licensed virtual asset trading platforms (VATPs) in November 2025, allowing them to combine orders with those of their overseas affiliates in a shared order book. With this key step to attract global platforms, order flows and liquidity providers, Hong Kong investors stand to benefit from enhanced liquidity and more competitive pricing under robust safeguards.
- Permitted affiliates of licensed VATPs to act as market makers on the platforms, giving VATPs an additional avenue for liquidity.
- Licensed a total of 12 VATPs as of March 2026; also reviewing licence applications of seven VATP applicants, including four deemed applicants under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).

Licensees under the AMLO

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Licensed providers	**12**	10	0
Licensed individuals	**141**	104	0
Total	**153**	114	0

Licensing applications under the AMLO

	2025/26	2024/25	2023/24
Applications for SFC licences	**80**	158	35

1 The SFC's **ASPIRe** roadmap was launched in February 2025.

Leading financial market transformation through technology and ESG

Safeguards

Fostering security and resilience for long-term development

- Ensured adequate investor safeguards are built into all new digital asset-related initiatives within the year, including new VA regulatory frameworks, further integration with global liquidity, as well as new product and service offerings allowed (eg, staking, margin financing, high-level leveraged product framework).
- Provided further clarification to VATPs on the minimum requirements for the safe custody of client VAs, which covers governance responsibilities, cold wallet infrastructure, use of third-party solutions and real-time threat monitoring.

Products

Expanding VA product and service offerings

- Brought the total number of SFC-authorised VA spot exchange-traded funds (ETFs) to 11, after authorising five more in the year, including the Asia's first Solana spot ETF.
- Provided guidance to licensed VATPs on providing staking services and to SFC-authorised funds with VA exposure on engaging in staking.
- Became the first in the Asia-Pacific to allow staking for VA spot ETFs through licensed VATPs for yield enhancement; permitted three ETFs to engage in staking, and two licensed VATPs to provide staking services as of March 2026.
- Allowed VA brokers to offer VA financing to securities margin clients to enable margin clients with strong credit profiles and collateral to participate more actively in VA trading, subject to the sufficiency of collateral and robust investor safeguards.
- Issued additional guidance jointly with the Hong Kong Monetary Authority (HKMA) to further allow intermediaries to use off-platform VA trading services of VATPs and clarify requirements on clients' subscriptions and redemptions of investment products using VAs.
- Allowed VATPs to offer trading in VAs without a 12-month track record for professional investors and for HKMA-licensed stablecoins, as well as distribute tokenised securities and digital asset-related investment products; enabled associated entities of SFC-licensed VATPs to provide custody services for VAs or tokenised securities not traded on their platforms.
- Set out a high-level framework to guide VATPs in developing proposals for VA-related leveraged products to support professional investors' risk management and deepen spot market liquidity.

As of 31 March 2026:

11 VA spot ETFs

Market capitalisation

$4.3 billion

▲90% since launch in April 2024

Driving tokenised products

- Worked with the Government to drive a breakthrough in stamp duty waiver for tokenised ETFs to support their secondary trading; the Government confirmed the waiver for the transfers of Hong Kong-listed ETFs also applies to tokenised ETFs.
- Authorised eight tokenised retail money market funds[2] and one gold ETF with a tokenised class during the year.

2 These include the introduction of tokenised classes to existing SFC-authorised money market funds.

Leading financial market transformation through technology and ESG

Infrastructure

Tokenisation to increase industry efficiency

- Co-led tokenisation initiatives for the asset management sector with the HKMA under Project Ensemble, providing regulatory guidance to Sandbox participants which completed their experiments in 2025 with diverse tokenisation use cases across various themes.
- Project Ensemble progressed in November 2025 to its pilot phase, Ensemble^{TX}, enabling real-value transactions involving tokenised deposits and digital assets in a controlled environment.
- Collaborated with the HKMA and the industry to bring tokenisation use cases to life on payment and asset management; several banks have launched live tokenised deposits.

Enhancing cross-border collaboration

- Signed a memorandum of understanding with the Capital Market Authority of the United Arab Emirates in January 2026 — the SFC's first agreement with an overseas regulator dedicated to supervisory collaboration on regulated digital asset entities.

As of 31 March 2026:

13 tokenised retail products

AUM

$10.8 billion

▲**594%** YoY

Relationships

Empowering the industry through engagement

- Continued our active engagement with the industry and the wider public through co-organising or participating in various local and international conferences, seminars, interviews, webinars, training sessions and events.
- Engaged in ongoing dialogue with VATPs through meetings of the Digital Asset Consultative Panel to understand the latest market developments and assist us in formulating regulatory policies.
- Supported market initiatives to raise the digital asset sector's awareness towards regulatory compliance standards; for instance, we spoke at a seminar organised by the Association of Fund Administrators of Hong Kong and the Greater Bay Area (AFA seminar).

Executive Director of Intermediaries Dr Eric Yip at AFA seminar

Director of Intermediaries and Head of Fintech unit Ms Elizabeth Wong at Finternet Conference 2025

ASPIRe roadmap

Fostering responsible AI innovation across financial sector

Taking a bold leap in advancing artificial intelligence (AI) innovation, the SFC, together with the HKMA, Insurance Authority and Mandatory Provident Fund Schemes Authority, launched the Generative Artificial Intelligence (GenAI) Sandbox++ initiative in March 2026 to accelerate responsible AI adoption across Hong Kong's financial ecosystem. It also fosters collaboration across regulators, financial institutions and technology firms to unlock AI's potential to boost efficiency, resilience and growth.

Debuting as the GenAI Sandbox in 2024, the GenAI Sandbox++ has expanded to cover banking, securities and capital markets, asset and wealth management, insurance, mandatory provident funds and stored value facilities, while continuing to explore "AI vs. AI" strategies by leveraging AI to manage the risks associated with AI adoption.

Launched in collaboration with Hong Kong Cyberport Management Company Limited (Cyberport), the new initiative provides a risk-controlled environment for participants to develop their GenAI solutions across risk management, anti-fraud measures and customer experience. Participants will receive targeted supervisory guidance and technical support, as well as access to computing resources at Cyberport's AI Supercomputing Centre.

Promoting sustainable development for markets

Advancing Hong Kong's leading role in sustainable finance

Hong Kong remains at the forefront of sustainable finance as a premier international financial centre, underpinned by robust regulatory frameworks to help drive transition to the low-carbon economy. The SFC chairs the Sustainable Finance Working Group under the International Organization of Securities Commissions' (IOSCO) Asia-Pacific Regional Committee (APRC), exerting our influence in shaping regional sustainable finance policies. See "Sustainability" on pages 100-106 for details.

During the year, we contributed to two major IOSCO publications: first, the *IOSCO Sustainable Bonds Report* published in May 2025, which identifies the key characteristics and trends associated with the sustainable bond market; second, the *IOSCO Final Report on ESG Indices as Benchmarks* published in November 2025, which discusses the unique characteristics and market trends of ESG benchmarks.

Locally, we co-chair the Green and Sustainable Finance Cross-Agency Steering Group[3] (Steering Group) with the HKMA and participate in all its working groups. Key initiatives in the past year included:

- Implementing the Roadmap on Sustainability Disclosure in Hong Kong
- Developing the regulatory framework for sustainability assurance in Hong Kong
- Publishing the Hong Kong Green Fintech Map
- Enhancing the free climate data tools, including the greenhouse gas emissions calculator and estimation tool, and the non-listed company sustainability reporting questionnaire
- Developing the Hong Kong Taxonomy for Sustainable Finance Phase 2A and the transition finance sectoral guidance

3 Established in May 2020, the Steering Group is co-chaired by the SFC and HKMA, and also includes the FSTB, Environment and Ecology Bureau, Insurance Authority, Mandatory Provident Fund Schemes Authority, Accounting and Financial Reporting Council and Hong Kong Exchanges and Clearing Limited.

Leading financial market transformation through technology and ESG

Steering Group 2026-28 Strategic Priorities

Pillar I — Strengthen Sustainable Finance and Disclosure Ecosystem

- Enhance sustainability disclosure
- Deepen sustainable finance markets
- Strengthen external engagement
- Support talent development

Pillar II — Develop Strengths in Transition and Adaptation Finance

- Scale transition finance
- Support adaptation finance

To enhance Hong Kong's position as a competitive and future-ready sustainable finance hub, the Steering Group published its 2026-2028 strategic priorities in January 2026. It aims to strengthen the sustainable finance and disclosure ecosystem and also further develop transition and adaptation finance. See "Sustainability" on pages 100-106 for details on the Steering Group's upcoming initiatives.

Adopting global sustainability disclosure standards

As an international sustainable finance centre, Hong Kong aligns with international standards and regulatory approaches to enable clear, consistent and comparable sustainability-related disclosures for investors' decision making.

Through collaboration among local authorities and regulators, Hong Kong became one of the first jurisdictions recognised by the IFRS[4] Foundation with a commitment to "fully adopting" the IFRS Sustainability Disclosure Standards (ISSB Standards). The recognition was based on the Roadmap on Sustainability Disclosure in Hong Kong[5]. The city was among the first batch of jurisdictional profiles issued by the foundation in June 2025.

To share Hong Kong's experience in adopting the ISSB Standards, Chief Executive Officer (CEO) Ms Julia Leung spoke at the 2025 Beijing International Sustainability Conference last June. She highlighted the critical importance of adopting the ISSB Standards as a global baseline for Hong Kong's role as an international financial centre in facilitating cross-border capital flows. In addition, she emphasised Hong Kong's coordinated, cross-agency implementation approach to address shared challenges and to scale sustainable finance solutions.

CEO Ms Julia Leung (right) spoke at the 2025 Beijing International Sustainability Conference

4 International Financial Reporting Standards.

5 In December 2024, the HKSAR Government published the Roadmap on Sustainability Disclosure in Hong Kong, which sets out a clear pathway for large Publicly Accountable Entities to fully adopt the ISSB Standards no later than 2028.

Leading financial market transformation through technology and ESG

Stakeholder engagement and capacity building

We work with the Investor and Financial Education Council (IFEC), an SFC subsidiary dedicated to improving financial literacy in Hong Kong, to raise public awareness and understanding of sustainable finance through mass communication and public outreach initiatives.

During the year, the SFC's senior executives continued to take part in local, regional and international forums to share insights, facilitate knowledge exchange, and introduce our regulatory initiatives on sustainable finance.

We co-organised the inaugural International Carbon Markets Summit with Hong Kong Exchanges and Clearing Limited in April 2025, gathering over 200 participants representing local and overseas regulators, carbon trading venues, corporates and investors. Discussion topics included harmonising international standards and best practices in carbon credit issuance and secondary trading, expanding cross-border transactions, and deploying technology to facilitate linkages. On the sidelines of the event, CEO Ms Leung chaired a regulatory roundtable to discuss scaling of voluntary carbon markets with local and international stakeholders from both the public and private sectors.

Chairman Dr Kelvin Wong (third from right) and CEO Ms Leung (second from right) at the International Carbon Markets Summit

Our Director of Supervision of Markets Mr Ryan Ko spoke at the ASEAN Capital Markets Forum International Conference 2025 in Kuala Lumpur, Malaysia, in November 2025. He updated the development of Hong Kong's voluntary carbon market (VCM) and shared his views on the credibility and connectivity of VCMs.

In addition, we contributed to the creation of the Hong Kong Green Fintech Map 2025 officially launched in June 2025. Developed in partnership with Cyberport and InvestHK, the map serves as a comprehensive directory featuring more than 60 firms that provide green and sustainable financial technology solutions in Hong Kong.

Hong Kong Green Fintech Map 2025

Nurturing sustainable finance talent

We continue to support talent development in sustainable finance through our capacity building initiatives. We organised a student-focused seminar titled "Building the Future: How Green Fintech is Transforming Financial Services" in July 2025 for over 100 participants to explore the pivotal role of green Fintech applications in the financial services sector. In addition to examining these real-world applications, the event highlighted how technologies drive sustainable development and enhance market efficiency.

We administer the HKSAR Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme with the HKMA and the Insurance Authority. The scheme provides subsidies to market practitioners who undertake green and sustainable finance-related training and professional qualifications. We also offer university students exposure to sustainable finance policy development through our Sustainable Finance Internship Programme, which has been running since 2022.

Gatekeeping ESG funds

Gatekeeping against greenwashing remains one of the SFC's priorities. As of 31 March 2026, there were 190 SFC-authorised ESG funds with total AUM of $1,090.4 billion (US$139.1 billion).

Uniting stakeholders for sustainability in Hong Kong Green Week

During the Hong Kong Green Week held in September 2025, the SFC co-hosted three events and spearheaded discussions on climate and transition finance, reinforcing Hong Kong's leading role in these areas.

At the Forum on Sustainability Disclosures we jointly hosted with the FSTB, SFC Chairman Dr Kelvin Wong emphasised the critical importance of adopting global sustainability disclosure standards for both corporates and investors. Attended by over 200 policymakers and industry leaders, the forum examined the adoption of the ISSB Standards and how disclosures can drive sustainable development and climate financing. In a fireside chat alongside senior regulators from the United Arab Emirates, CEO Ms Leung highlighted regulators' role in facilitating access to climate and sustainability related information, and underscored the significance of connecting financial markets across the Asia-Pacific and the Middle East.

As part of our commitment to regional collaboration, we co-hosted a roundtable under the ADBI[a]-ADB[b] Asian Climate Finance Dialogue to exchange views on developing sustainability-themed financial instruments to advance sustainable finance across Asia-Pacific capital markets. Frameworks and mechanisms to facilitate the use of these instruments and mobilise transition finance were also discussed.

a Asian Development Bank Institute.

b Asian Development Bank.

Chairman Dr Wong spoke at the Forum on Sustainability Disclosures

In partnership with the International Transition Plan Network, we convened an industry roundtable for leaders from local, regional and international markets to engage in a strategic dialogue on transition finance. They discussed best practices for credible corporate transition plans and examined how enhanced disclosures can effectively mobilise transition finance in Hong Kong and across the region.

Enhancing institutional resilience and operational efficiency

To effectively gatekeep and develop Hong Kong's capital markets, we strive to build our own institutional resilience and improve operational efficiency. Alongside robust budgeting and internal controls, we are committed to enhancing processes and stepping up public communications.

Driving operational efficiency via technology and process streamlining

During the year, we accelerated our digital evolution to strengthen market oversight and operational resilience across the SFC.

Ramping up regulatory efficiency with AI

Several generative and traditional artificial intelligence (AI) solutions were launched during the year to strengthen our monitoring capabilities (eg, risk monitoring) and facilitate our investigations. To optimise operational efficiency in day-to-day work, we enhanced our generative AI (GenAI) solution with advanced reasoning capabilities for improved problem-solving.

To bolster listing market quality, we leveraged an analytics tool powered by GenAI to help us more effectively monitor listed companies and conduct risk assessment on them. The tool streamlines data extraction from corporate announcements. By integrating these extracted insights with existing databases, connections across multiple sources can be visualised and analysed efficiently.

In addition, to tackle the rise in financial scams, we launched SENSOR, a social media monitoring tool powered by GenAI, to scan targeted social media channels.[1]

Another AI solution implemented in the year enhances our investigative processes by expediting the review and analysis of large volumes of photographic evidence. It enables faster identification of relevant images and enhances the accuracy of case reviews. We also introduced new system features that enable more efficient analysis of large volumes of communications and fund flow data, as well as uncovering hidden connections.

To enhance our oversight of licensed corporations (LCs), we are adopting an advanced risk-monitoring solution that helps identify business risks to LCs and evaluate the impact on their key functions and business areas. The solution also facilitates our work to identify LCs with higher risk profiles or potential money-laundering activities.

Increasing digital system capabilities and improving workflows

During the year, we drove further digital transformation across the SFC. We broadened the scope of digital submissions on our WINGS[2] system and enhanced it for greater efficiency. In January 2026, the e-IP[3] system was upgraded with revised forms and optimised application workflows to support the streamlined authorisation process and simplified documentation requirements for real estate investment trusts.

Additionally, WINGS was enhanced to facilitate electronic submissions under the company re-domiciliation and itinerant professional regimes, as well as to meet record-keeping requirements for virtual asset trading platforms (VATPs). This upgrade not only improves operational efficiency by streamlining application processes but also strengthens regulatory oversight of VATP operators.

1 See "Maintaining market resilience and mitigating serious harm to our markets" on pages 30-43 for details.

2 Web-based INteGrated Service.

3 e-IP is a one-stop online portal that digitalises all processes related to investment products administered by the SFC's Investment Products Division.

Enhancing institutional resilience and operational efficiency

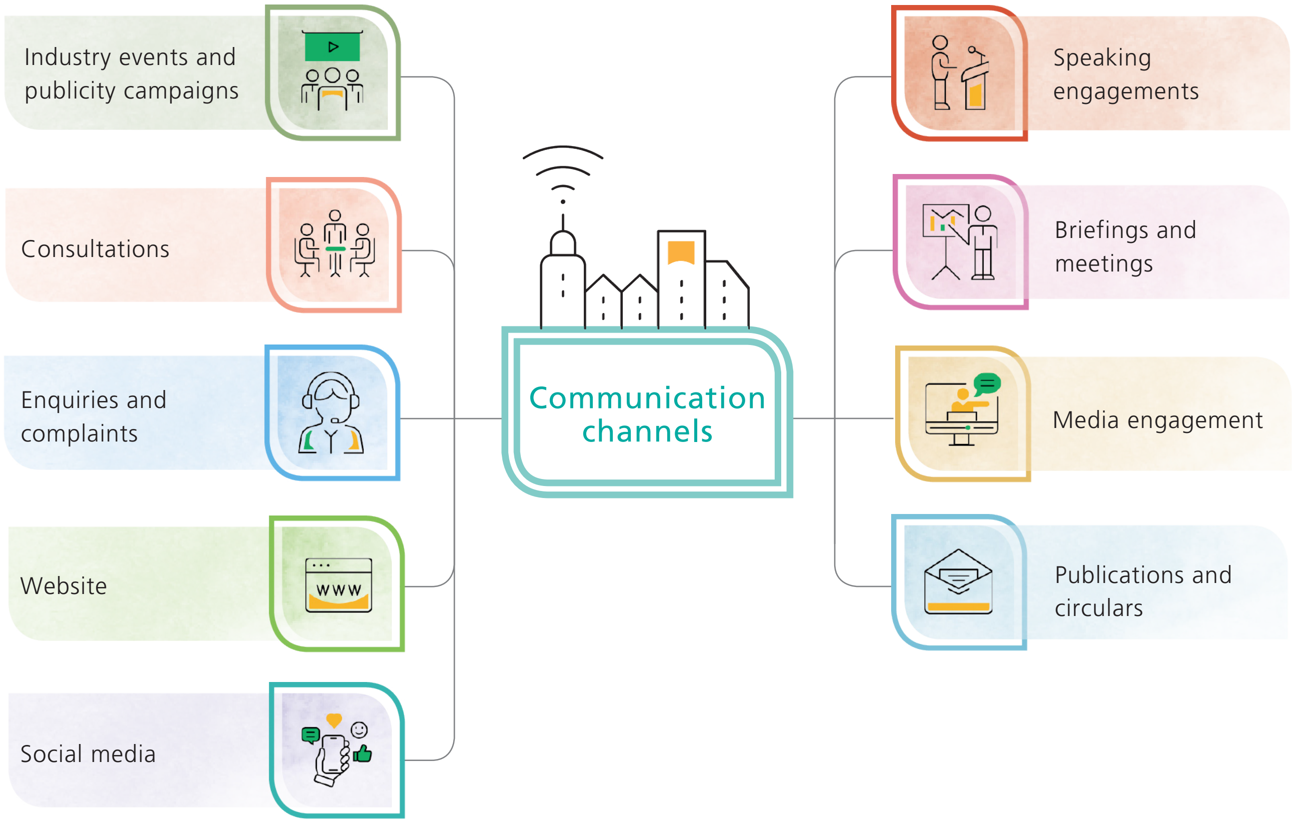
To collect hedge fund data biannually from licensed firms holding the SFC's Type 9 Regulated Activity (asset management) licence, the Financial Return Form was expanded in July 2025 to streamline data submission.

In addition, we rolled out more digital initiatives in the year to strengthen auditability, reduce manual errors, and improve information security. These initiatives further streamline approval processes, eliminate paper-based approvals, and enable automatic checks.

For example, the investigation platform was enhanced with the introduction of the E-Approval system and Bank Notice Generator. Electronic approvals and e-signatures are now adopted for issuance of regulatory notices and requests to external parties, as well as for internal approval. Data and document requests to banks are now electronically generated through internal systems and sent to banks via WINGS, and banks would submit structured returns through dedicated accounts. This improves evidence-filing standard, consistency and information security.

Proactive communications to facilitate effective regulation

To promote a deeper understanding of our work and ensure timely and effective dissemination of regulatory updates, we proactively engage with the industry and the public through an array of communication channels and educational initiatives.



Enhancing institutional resilience and operational efficiency

Fostering open dialogue with industry

To keep the industry informed of regulatory developments, we organise regular meetings, briefing sessions and workshops. We supported 15 seminars and events organised by industry bodies in the year.

To foster direct communications with the sponsor community, we held the IPO[4] Sponsor Forum in July 2025, which was attended by senior management from sponsor firms. We explained our proactive IPO vetting approach and process, and collected feedback from market participants on the enhanced timeframe for the new listing application process.

We also actively engaged with securities brokers by hosting two broker forums in June 2025 and February 2026, attended by over 1,000 participants in total. The forums facilitated the exchange of insights on the latest industry developments and opportunities, as well as sharing of supervisory updates.

In November 2025, we organised two anti-money laundering and counter-financing of terrorism (AML/CFT) webinars for over 1,650 senior management and compliance personnel from licensed firms. We shared our supervisory observations and regulatory responses concerning the securities and digital asset sectors in Hong Kong.

Effective communication as cornerstone of effective regulation

At over 150 local and international events during the year, our Chairman Dr Kelvin Wong, Chief Executive Officer (CEO) Ms Julia Leung and other senior executives explained our major policy initiatives and spoke on a wide range of topics, including effective regulation, corporate governance, global landscape and market trends, Fintech and sustainable finance.

Senior executives spoke at **150+** events

The SFC and the Hong Kong Monetary Authority (HKMA) jointly hosted the Hong Kong Fixed Income and Currency (FIC) Forum in September 2025, which was attended by over 500 participants. The event brought together senior Hong Kong and Mainland officials, regulators and senior business leaders to exchange insights on opportunities, challenges and emerging trends in the global FIC landscape. At the event, Dr Wong highlighted the vital role of FIC markets in strengthening risk management, building resilience, and creating growth opportunities for issuers, investors and intermediaries. Ms Leung shared the SFC's vision to develop Hong Kong's RMB fixed income business by promoting more offerings and liquidity, upgrading infrastructure and enhancing market connectivity.

In November 2025, we co-hosted the Conversations with Global Investors forum — the concluding event of the three-day 2025 Global Financial Leaders' Investment Summit — with the HKMA and Hong Kong Academy of Finance. In his welcome remarks, Dr Wong highlighted the importance of diversification amid today's market shifts, and reaffirmed the regulator's dual commitments to robust regulation and sustainable development. He also invited global investors to capitalise on the city's role as a China gateway.

Chairman Dr Kelvin Wong spoke at the Conversations with Global Investors forum

4 Initial public offering.

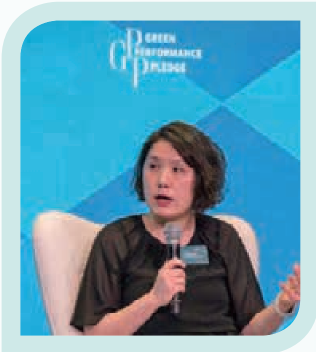
Enhancing institutional resilience and operational efficiency

Also at the Global Financial Leaders' Investment Summit, Ms Leung moderated a panel where leaders from investment banking and asset management examined global financial market trends, risks and opportunities. She facilitated an insightful discussion on the sustainability of market trends among panellists, who exchanged valuable views on asset diversification and strategies to navigate headwinds.

CEO Ms Julia Leung moderated a panel at the Global Financial Leaders' Investment Summit

At Hong Kong FinTech Week in November 2025, our Executive Director of Intermediaries Dr Eric Yip presented the SFC's vision for digital asset regulation and market development, encouraging the Fintech community to collaborate closer with the SFC by embracing innovation responsibly and efficiently in a dynamic market landscape.

During the year, Executive Director of Supervision of Markets Mr Rico Leung spoke at Futures & Options World (FOW) Trading Asia conference 2025 in September 2025, and International Swaps and Derivatives Association's Derivatives Trading Forum Hong Kong in November 2025. He highlighted the importance of regulatory development to ensure resilient growth for Hong Kong's over-the-counter and listed derivatives markets.



Executive Director of Legal Services Ms Lisa Chen at the GPP Forum 2025 panel discussion

Executive Director of Supervision of Markets Mr Rico Leung at FOW Trading Asia conference 2025

At the Hong Kong Web3 Festival in April 2025, Ms Christina Choi, then Executive Director of Investment Products^, spoke about the SFC's commitment to fostering a supportive ecosystem for digital asset by balancing innovation with investor protection and sustainable growth.

At the annual Green Performance Pledge (GPP) Forum organised by Swire Properties, Executive Director of Legal Services Ms Lisa Chen joined the event's panel discussion on how to navigate the shifting sentiment towards sustainability, and to embrace a collaborative mindset to drive transparency, efficiency and results despite the ongoing challenges and risks, such as climate change.

^ Ms Choi assumed the new role of Executive Director of Corporate Finance from 1 November 2025.

Enhancing institutional resilience and operational efficiency

Active media engagement

We maintain active and open communication with the media through a variety of channels, including press releases, media briefings, interviews and workshops. These efforts serve to facilitate accurate news reporting in today's round-the-clock news cycle, keeping the public well-informed and up-to-date on the SFC's regulatory initiatives, actions and the rationale behind them.

Diverse publicity channels and social media posts

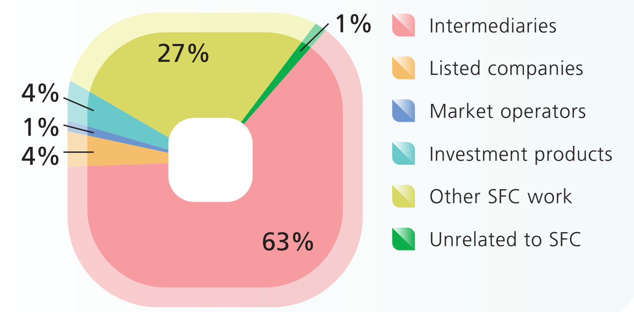
We actively carry out education and outreach initiatives in a variety of formats to increase public awareness of our policy work. Our targeted publicity campaigns help alert the investing public of investment risks including scams (see pages 34-35 on details of our anti-scam investor education). Joint activities with the Investor and Financial Education Council, the SFC's wholly-owned subsidiary, promote public understanding of the features and risks of different types of financial products.

During the year, about 880 posts were published on the SFC's social media platforms, including RedNote, to broaden the reach of our messages and promote public awareness of our policy updates, scam alerts and stakeholder engagement.

Publications and handling enquiries

Our publications keep the industry informed of our regulatory work and other noteworthy developments. During the year, we issued 10 thematic publications, including newsletters, market reviews and surveys.

General enquiries

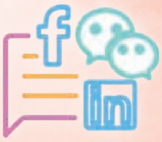


Publications and other communications

	2025/26	2024/25	2023/24
Press releases	**216**	206	186
Policy statements and announcements	**4**	3	6
Consultation papers	**10**	5	6
Consultation conclusions	**5**	7	7
Industry-related publications	**10**	10	16
Codes and guidelines[a]	**5**	8	12
Circulars to industry	**66**	70	63
Social media posts[b]	**880**	404	347
Corporate website average daily page views[c]	**88,446**	68,082	64,941
General enquiries	**5,368**	4,175	3,637

a Includes updates to previous versions.
b Includes posts on the SFC's Facebook, LinkedIn and WeChat pages, and the dedicated anti-scam Instagram page launched in December 2024.
c The average number of webpages browsed per day during the reporting period.

Enhancing institutional resilience and operational efficiency



216 press releases

880 social media posts

Our circulars and frequently asked questions help the industry better understand our regulatory requirements. The 66 circulars we issued during the year provided guidance on various matters, including sponsor work, IPO, virtual asset activities, cybersecurity and AML/CFT.

Additionally, we issued 216 press releases to inform the public of the latest regulatory actions and other SFC news. We also published four policy statements and announcements explaining our regulatory approach to specific issues.

Our annual reports and quarterly reports help our stakeholders and the public understand our key regulatory work and corporate developments. Our *Annual Report 2024-25* won the Silver Prize at the 2025 Hong Kong Management Association's Best Annual Reports Awards, as well as the CG[5] Award at the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance and ESG[6] Awards 2025. On our corporate website, the public can easily obtain up-to-date information about our work and regulations.

We respond verbally or in writing to enquiries from the industry about our rules and regulations, covering licensing, listings and takeovers, product authorisation and short position reporting. Designated email addresses are provided to handle enquiries on specific topics more efficiently. During the year, we received 5,368 general enquiries.

The SFC Fintech Contact Point promotes communication with businesses involved in the development and application of financial technology in conducting regulated activities and digital asset-related activities in Hong Kong. We dedicate a separate mailbox to licensing-related matters regarding virtual asset trading platforms to improve communication. During the year, we received a total of 237 Fintech-related enquiries.

To facilitate public understanding of our enforcement work, we released the *Enforcement Reporter* newsletter in October 2025 and March 2026. The two issues respectively explored emerging trends in financial scams and strategies to tackle them including social media monitoring, and looked into the serious consequences of intermediary misconduct, for which we will pursue both corporate and individual accountability.

Upholding sound financial and resource management

Upholding financial discipline

As a publicly funded organisation, we prepare our annual budget under a disciplined, stringent and prudent framework. We engage an independent firm to conduct internal audits to assess the effectiveness of our operational controls, identify weaknesses and recommend opportunities to strengthen these controls. We also 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 HKSAR 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 11 times since 2009[7]. The annual licensing fee waiver for 2024-25 ended in March 2025, and the collection of annual licensing fees resumed the financial year beginning 1 April 2025.

5 Corporate governance.

6 Environmental, social, and governance.

7 Full waivers were given in 2009-10, 2012-19 and 2020-25, and a 50% discount was provided for 2019-20.

Enhancing institutional resilience and operational efficiency

Income

Total income for the year was $4,052 million, up 57% from $2,574 million in the previous year. Income growth is attributable to the significantly higher average daily turnover (ADT) in Hong Kong's securities market since late 2024. The ADT surged by 53.1% to $239 billion in the year from $156 billion in the previous year. Levy income increased 49% from the previous year to $3,311 million. Our investments recorded a net gain of $452 million for the year, compared to a net gain of $180 million in the prior year, mainly contributed by the performance of our investments in pooled funds.

Expenditure

The costs of our operations totalled $2,270 million. Over the past three years, the proportion of staff costs to total expenses has remained relatively unchanged, while our regulatory work has increased in volume and complexity. The ratio of average expenses to income stood at 80% for the past three years.

For the financial year 2025-26, we recorded a surplus of $1,782 million.

Income breakdown

	2025/26	2024/25	2023/24
Levies	**81.7%**	86.2%	75.8%
Fees and charges	**7.0%**	6.4%	6.2%
Net investment income and others^	**11.3%**	7.4%	18.0%

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

Expenditure breakdown

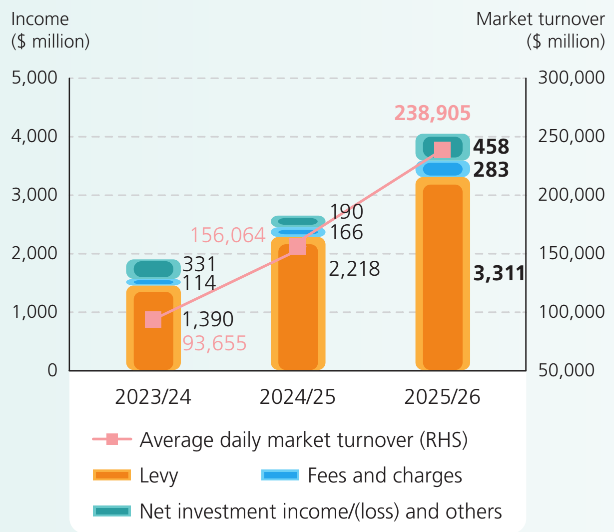
	2025/26	2024/25	2023/24
Staff costs	**75.2%**	74.9%	75.1%
Premises and related expenses	**1.8%**	1.6%	1.7%
Other expenses	**15.0%**	14.8%	12.0%
Depreciation	**8.0%**	8.7%	11.2%

Finance

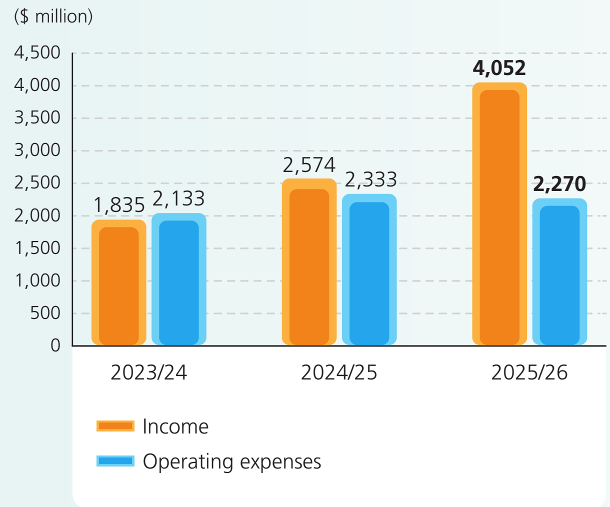
($ million)	**2025/26**	2024/25	2023/24
Income	**4,052**	2,574	1,835
Expenses including depreciation	**2,270**	2,333	2,133
Surplus/(Deficit)	**1,782**	241	(298)

Enhancing institutional resilience and operational efficiency

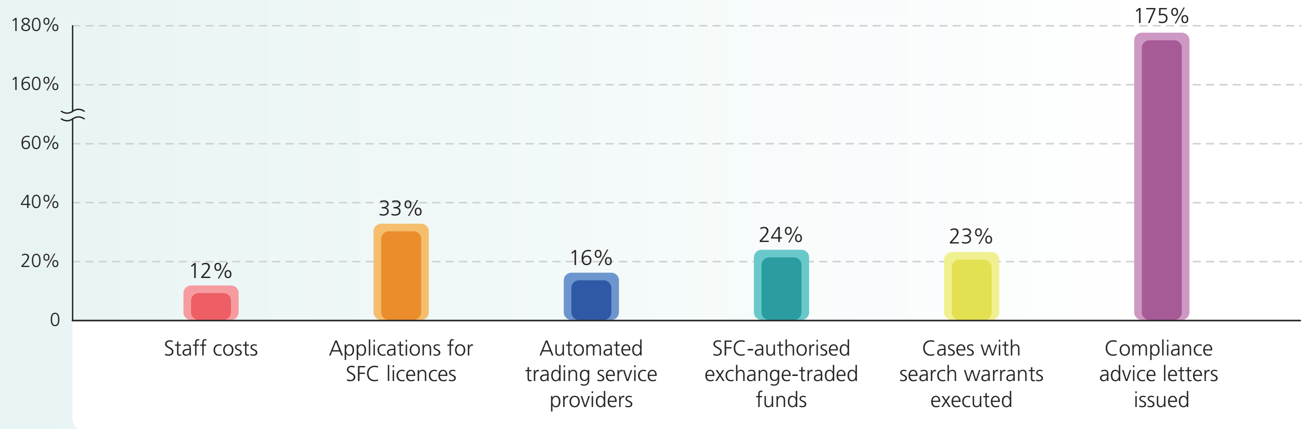
Income vs market turnover (2023/24-2025/26)



Income and operating expenses (2023/24-2025/26)



Three-year change in staff costs vs market statistics (2022/23-2025/26)



Enhancing institutional resilience and operational efficiency

Reserve

We took possession of an additional office floor during the year at an agreed consideration of $0.45 billion pursuant to the Sales and Purchase agreement signed in 2023, and this was self-financed. Of the property acquisition reserve $0.2 billion was utilised for the partial repayment of the bank loan principal in 2025-26. As of 31 March 2026, our total available for use and liquid reserves stood at $4.9 billion, of which $0.6 billion was allocated to the acquisition of two additional floors for the SFC and future principal bank loan repayments.

Effective workplace planning

During the year, we continued our commitment to fostering a more efficient, healthy, and sustainable workplace, with the goal of enhancing operational efficiency and productivity across the SFC. We have implemented a range of initiatives to optimise corporate resource planning and improve our office environment. Notably, our intelligent lighting system has contributed to significant savings in energy consumption, while our advanced air treatment system has helped maintain high air quality in our office. To further support staff wellbeing, each workstation is equipped with height-adjustable desks and monitor arms, encouraging better posture and lowering the risk of strain-related injuries.

Our wellness rooms and communal areas have been designed to address the diverse needs of our staff, providing areas for relaxation, rejuvenation and social interaction. In addition, our multi-function rooms offer a versatile setting for both large-scale staff training and leisure activities, supporting continuous learning and team-building across the SFC.

Prioritising human capital and fostering staff development

Focusing on people

We are committed to making the SFC an employer of choice. For 20 years in a row, the SFC has been named a "Caring Organisation" by the Hong Kong Council of Social Service. The Employees Retraining Board (ERB) has recognised our decade-long commitment to promote staff learning and development with the prestigious "ERB Super Manpower Developer" award for the first time.

Ensuring that all our employees uphold the highest standards of integrity and compliance, we continually refresh and update our staff's knowledge of our code of conduct and conflict of interest management in both their current and post-employment statuses.

Driving professional development

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

We strive to provide staff with meaningful and fulfilling career development opportunities, and continue to refine our merit-based human resources policies to better align our people and culture with the SFC's regulatory objectives, with a view to cultivating a healthy, symbiotic relationship between the two.

Recognising the benefits of broader professional exposure, we offer short-term internal secondments for staff through inter- and intra-exchange programmes.

Study visits to the Mainland

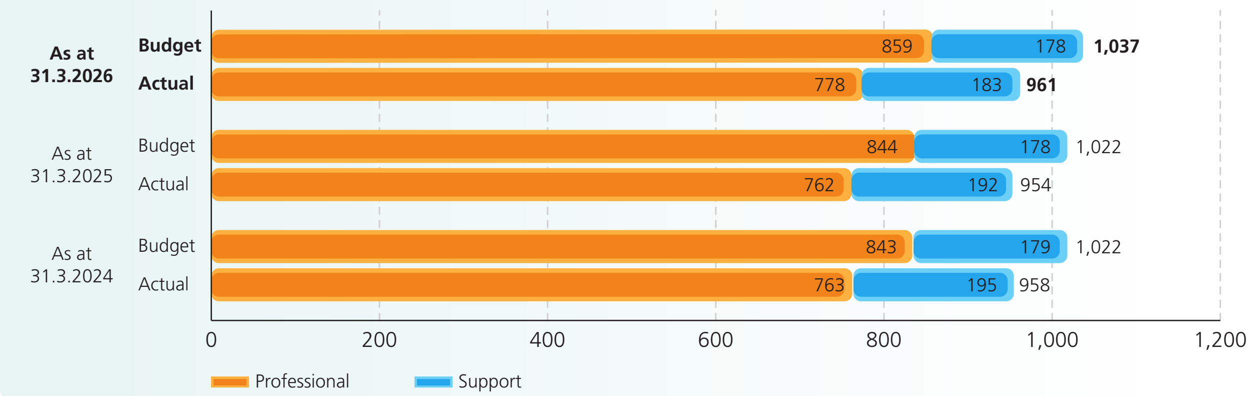
External secondment opportunities are also offered, including those this year with the Financial Services and the Treasury Bureau, the China Securities Regulatory Commission (CSRC) and the International Organization of Securities Commissions. During the year, one staff member from the State Administration of Foreign Exchange, 12 CSRC counterparts, and one staff member from the Capital Market Authority of Saudi Arabia were seconded to the SFC.

In addition, 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 jurisdictions.

To increase staff's work-related exposure and to foster a greater understanding of international developments, we also arranged study visits in Hong Kong as well as to Mainland and overseas counterparts, law enforcement agencies and stock exchanges. These included the HKMA, the Independent Commission Against Corruption, various exchanges in Shanghai and Shenzhen, and the Monetary Authority of Singapore.

During the year, our employees spent an average of 26.7 hours on structured learning courses, including workshops, seminars and training programmes. A total of 83 summer, winter and placement interns were placed across various divisions, including 21 Sustainable Finance Interns. In addition, 10 Executive Trainees were hired under the two-year Executive Trainee Programme.

Employee statistics



	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Male	**343**	337	341
Female	**618**	617	617
Average years of service	**10.6**	10.4	9.8
Female staff at Senior Manager grade or above	**56%**	58%	58%

Training

	2025/26	2024/25	2023/24
Percentage of employees who participated in internal training^	**100%**	100%	99%

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

Enhancing institutional resilience and operational efficiency

Maintaining an engaged workforce

We foster a supportive culture and a positive working environment as part of our core values. Our in-person divisional team building activities aim to promote team bonding and cohesion.

With female colleagues making up nearly two-thirds of our staff, 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 establish a women's group for staff. See sidebar on page 82 on the 10th anniversary of the Women's Network.

Meet our people

As part of the SFC's talent initiatives to nurture future leaders for Hong Kong's financial markets, the two-year Executive Trainee Programme offers cross-divisional rotations, structured training and mentorship to help young professionals build a career with a leading financial regulator.

Winnie Zhong, Assistant Manager of the Corporate Finance Division, deepened her understanding of Hong Kong's IPO market during her first rotation, and later contributed to a public consultation on licensing regimes for virtual asset dealers and custodians in the Intermediaries Division. "The cross-divisional rotation offers me exposure to both traditional and emerging financial sectors. The programme has broadened my view of the SFC's mission, clarified my career direction, and strengthened my appreciation of Hong Kong's dynamic financial markets," she said.

Audrey Li, Assistant Manager, CEO's Office, rotated to her current division in the first year of the programme, where she supported stakeholder engagements and learnt how collaboration with the industry and diverse stakeholders can enhance market resilience. In the following year, she took part in thematic inspections and compliance reviews in the Intermediaries Division. "These experiences taught me to view regulation through both operational and strategic lenses, broadening my understanding of market dynamics and regulatory frameworks," she said.

Executive Trainee Russell Sng, currently in his second year of the programme, described it as an immersive introduction to financial regulation that integrates theory with application. In his first rotation with the Corporate Finance Division, he conducted policy research and post-listing monitoring, which proved valuable in his current work assessing fund applications and overseeing post-authorisation monitoring in the Investment Products Division. "The cross-divisional exposure deepened my appreciation of the SFC's interconnected regulatory functions, preparing me comprehensively for a career at this world-class financial regulator," he said.

Russell Sng (left), Winnie Zhong (middle) and Audrey Li

Diversity powered: a decade strong

Celebrating its 10th anniversary, the SFC Women's Network marks a decade of transformative impact since its launch in 2015 as the first women's group of a financial regulator in Hong Kong. With female colleagues comprising nearly two-thirds of staff, it began as a platform to advance women's professional growth, evolving into a champion for diversity of thought, behaviour and experience across the organisation.

Ten years on, the initial objective of the Women's Network appears to have been met. The male-to-female ratio at the senior management level progressed to be more balanced in 2025. The Women's Network has extended its goals to creating a vibrant working environment that promotes diverse perspectives and decision-making. Furthermore, it is committed to the creation of development opportunities for staff at all levels, with a focus on self-empowerment and women leadership topics.

Key milestones reflect this broadening vision. The Women in Action series features female leaders inspiring colleagues to unlock leadership potential regardless of gender, age or seniority. The Executive Shadow Programme bridged junior and senior staff, fostering interaction and insight. The Mental Health Month promoted mental resilience for all generations, while dragon boat teams for both women and men underscored teamwork beyond gender lines.

Looking ahead, the Women's Network will continue to grow into an even broader platform that champions diversity, encourages open-mindedness and nurtures leadership built on empathy and strength. These differences weave a tapestry of thought and spirit — a core theme amplified over 10 years.

SFC public service recognised at Ombudsman's Awards

In 2025, two SFC staff members from the CEO's Office — Vincent Hui and Helen So — received the Ombudsman's Award for Officers of Public Organisations for their exceptional complaint handling. These awards highlight the SFC's unwavering commitment to professionalism and the pursuit of public service excellence.

Vincent Hui, Manager of the Complaints Team, Secretariat and External, managed over 400 complaints in a year, tackling complex issues such as cryptocurrency fraud, misconduct and unlicensed activities — all demanding careful assessment and timely action. One case involved a complaint about a securities firm's refusal to issue coupon rewards, which he resolved with fairness and patience. "I strive for professionalism in handling complaints, but always with a human touch and empathy," he said. Vincent added that the award is not only a personal honour but also a recognition of the One SFC spirit. "Given the rising volume and complexity of issues we handle, mutual support within the SFC has been crucial in achieving effective complaint resolution," he said.

Helen So (left) and Vincent Hui

Helen So, Manager, Secretariat and External, handled a challenging case where the complainant persistently resubmitted non-material information, alleged staff misconduct and threatened escalation for several years. She drew on cross-divisional collaboration to deliver a comprehensive and transparent response, exemplifying teamwork and fairness. "Taking a coordinated approach, our team quickly leveraged cross-team efforts to ensure an objective, balanced and fair response," she said. "This award is a tremendous boost to all of us as we continue to uphold the highest standards in serving the public."

Enhancing institutional resilience and operational efficiency

Meeting performance pledges

In fulfilling our regulatory roles, we pledge to be responsive to the public, market participants and the intermediaries under our supervision.

		Cases meeting the pledge		
		2025/26	2024/25	2023/24
Applications for subordinated loan or modification/waiver of requirements under the Securities and Futures Ordinance (SFO)				
– Commence review of application upon receipt	2 business days	**100%**	100%	100%
Authorisation/registration of investment products				
– Take-up of applications upon receipt	5 or 2 business days[a]	**100%**	100%	100%
– Preliminary response to applications after take-up for paper gold schemes, private open-ended fund companies, Thai-domiciled funds under the Thai-Hong Kong mutual recognition of funds scheme and Hong Kong-domiciled feeder funds each investing in a single Thai-domiciled master fund that meets the requirements under the scheme	7 business days	**100%**	100%	100%
– Response to applications after take-up for unit trusts and mutual funds processed under FASTrack[b]	10 business days	**100%**	100%	N/A
– Preliminary response to applications after take-up for other products	14 business days	**100%**	100%	100%
General enquiries				
– Preliminary replies	5 business days	**100%**	100%	100%
Processing of licensing applications under the SFO[c]				
– Corporations	15 weeks	**100%**	100%	100%
– Representatives (provisional licences)	7 business days	**100%**	99%	100%
– Representatives (normal licences)	8 weeks	**99%[d]**	99%	99%
– Representatives (responsible officers)	10 weeks	**99%[d]**	99%	99%
– Transfer of accreditation	7 business days	**100%**	99%	99%
Complaints against intermediaries and market activities				
– Preliminary response	2 weeks	**100%**	100%	99.9%

During the year, 100% of takeovers and mergers-related applications and transactions met the performance pledges. Details of the response time are listed in the following table.

Consultations and rulings under sections 6 and 8 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs (Codes)	
Applications for rulings and consultations with the Takeovers Executive	
– All ruling applications and consultations under the Codes (except for those set out below)	5 business days[e]
– Applications for rulings that are conditional on obtaining shareholders' approval in a general meeting	Normally within 5 business days before the relevant general meeting
– Fast track EFM/EPT applications and EFM/EPT annual confirmations[f]	10 business days
– All other EFM/EPT applications	21 business days

Comments and clearance of announcements and documents under Rule 12 of the Takeovers Code	
First draft of firm intention announcement under Rule 3.5 of the Takeovers Code	
– No complex Code issues involved	2 business days
– Complex Code issues involved	3 business days[g]
All other announcements (including revised drafts)	
– No complex Code issues involved	1 business day
– Complex Code issues involved	3 business days[g]
All drafts of shareholders' documents[h]	5 business days

a The pledge of five business days is applicable to the authorisation of the following products:
- Unit trusts and mutual funds
- Mandatory provident fund products (including pooled investment funds)
- Pooled retirement funds
- Real estate investment trusts
- Investment-linked assurance schemes

The pledge of two business days is applicable to the authorisation of other products (which include paper gold schemes) and the registration of private open-ended fund companies.

b Unit trusts and mutual funds processed under FASTrack refer to funds that are domiciled and regulated in jurisdictions which have a mutual recognition of funds arrangement with Hong Kong and meet the criteria set out in the Circular to applicants seeking SFC authorisation of unit trusts and mutual funds – Launch of a new Fund Authorisation Simple Track (FASTrack) dated 21 October 2024, as amended from time to time.

c During the year, we processed 17,030 applications that were subject to performance pledges, 15,310 of which were processed within the applicable period. The completion of the vast majority of the remaining 1,720 applications was delayed for reasons beyond our control. For example:
- unresolved fitness and properness issues;
- outstanding vetting requests;
- outstanding material information from applicants; and
- requests by applicants that we delay finalising their applications.

To more accurately reflect our performance, these applications are not included in the percentages stated.

d The delays were usually short and resulted from unexpected complications, such as abnormal increases in our workflow and resulting resourcing difficulties.

e If the subject matter involves complex Code issues, the time limit will be extended to 21 business days and the applicants will be informed of this.

f EFMs and EPTs refer to exempt fund managers and exempt principal traders as defined under the Codes.

g The parties will be informed of the longer time needed.

h Including offer documents, offeree board circulars, whitewash circulars, scheme documents and share buy-back circulars.