



## SFC's Strategic Priorities for 2024-2026

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January 2024

# Introduction

Shifting tides in the global markets, geopolitical tensions and technological advances have brought both unprecedented challenges and opportunities to the financial markets of Hong Kong. We recognise the concerns of industry participants across our markets, as well as the need to work with them to address the risks and harness the opportunities. We will also continue to step up our efforts to combat financial crimes that harm our investors and markets.

The SFC stays committed to its statutory duties and the principles to regulate Hong Kong’s securities and futures markets and protect the investing public. Our statutory objectives are:

- to maintain and promote a fair, efficient, competitive, transparent and orderly securities and futures industry;
- to help the public understand the workings of the securities and futures industry;
- to provide protection for the investing public;
- to minimise crime and misconduct in the industry;
- to reduce systemic risks in the industry; and
- to assist the HKSAR Government in maintaining Hong Kong’s financial stability.

Under that mandate, it is important for us to set strategic priorities in response to changing market conditions and steer market development to guard the city’s reputation as a world-class financial centre.

To this end, we are publishing the SFC’s three-year strategic plan, to be transparent about the SFC’s priorities in capital market regulation and approach to enhance our markets’ competitiveness as part of our drive to enhance Hong Kong as an international financial centre. In the SFC Annual Report, we will set out what we have done and what we plan to do in that financial year to implement the strategic plan.

In the coming three years, the SFC’s top four priorities are:

			
<p><b>Maintaining market resilience and mitigating serious harm to our markets</b></p>	<p><b>Enhancing the global competitiveness and appeal of Hong Kong capital markets</b></p>	<p><b>Leading financial market transformation through technology and ESG</b></p>	<p><b>Enhancing institutional resilience and operational efficiency</b></p>

We are confident that these four priorities will fortify the core strengths of our capital markets, drive their sustainable development, and enhance their competitiveness.

We look forward to the progress in the years to come.

# Strategic Priority 1

## Maintaining market resilience and mitigating serious harm to our markets

In keeping with Hong Kong's position as an international financial centre and risk management hub, the SFC is committed to further strengthening the resilience of the city's financial market and market infrastructure. Maintaining resilience will fortify the foundation for our market to grow further sustainably and safely.



### Market resilience

Maintain financial resilience under the challenging global market environment, geopolitical tensions, cybersecurity and technological risks.

Address emerging risks and elevate the risk management capabilities of our market infrastructure and intermediaries to solidify the foundation for further market development.



### Effective investigation and enforcement

Harness technology to make our investigations and enforcement more effective.

Leverage our surveillance capabilities to spot market misconduct amongst listed companies and intermediaries.

Explore new regulatory tools to monitor and investigate companies with multi-jurisdictional operations.



### Closer collaboration

Continue the close collaboration with regulatory counterparts in Hong Kong, Mainland China and overseas to combat cross-border market misconduct and deliver timely investor protection outcomes.



### Warn and educate the public

Devote additional resources to publicity campaigns and ensure we convey plain, clear and effective messages to the public.

Collaborate with the Hong Kong Police Force and Investor and Financial Education Council to combat investment scams and push forward our efforts to educate the public.

## Strategic Priority 2

### Enhancing the global competitiveness and appeal of Hong Kong capital markets

The macro-economic and political environments have witnessed a sea change both internationally and domestically. Hong Kong needs to stay competitive on multiple fronts, especially by upholding its status as an international asset and wealth management hub and global fund-raising centre, to fully leverage its strengths in supporting Hong Kong's and Mainland China's market development.



Deepen connection with Mainland capital markets by expanding and enhancing mutual market access programmes. Introduce more Mainland-related derivative products in Hong Kong to increase the city's competitiveness in risk management. Strengthen the Mainland's business presence and expand business activities in Hong Kong

Expand overseas networks to broaden Hong Kong's issuer and investor base. Explore with overseas regulators potential cooperation or connect initiatives. Participate actively in international standard setting and take up leadership roles at the International Organization of Securities Commissions (IOSCO) to continue to bolster Hong Kong's international standing

Review the city's positioning to enhance its IPO fund-raising capability as well as market quality and liquidity. Take forward the recommended medium to long term measures in the report by the Taskforce on Enhancing Stock Market Liquidity

## Strategic Priority 3

### Leading financial market transformation through technology and ESG



#### Technology

##### Embrace financial innovation while upholding market integrity:

- ▶ Advance the regulatory regime for virtual asset trading platforms by giving regulatory guidance to new virtual asset activities
- ▶ While embracing tokenisation of traditional products, safeguard investors' interests
- ▶ Foster a responsible and secure fintech ecosystem with blockchain and Web 3 technologies underlying
- ▶ Build closer ties with local and international law enforcement agencies to combat crime amidst fast-evolving technology



#### ESG

##### Bolster Hong Kong's position as a leading sustainable finance hub:

- ▶ Steer the local and regional development of corporate sustainability disclosure standards with a pragmatic approach
- ▶ Be a regional and global leader to bridge the gap between emerging and developed economies
- ▶ Drive growth by bridging the Mainland carbon markets with international investors
- ▶ Support the development of a healthy and integral ESG ecosystem by growing local ESG products and markets
- ▶ Stem greenwashing
- ▶ Nurture sustainable finance talent
- ▶ Reduce the SFC's carbon footprint with our carbon neutrality roadmap

## Strategic Priority 4

### Enhancing institutional resilience and operational efficiency

As a critical infrastructure of Hong Kong’s financial markets, the SFC will tirelessly pursue greater institutional resilience and operational efficiency, and ensure that our financial resources are sufficient for our daily operations through robust budgeting and internal controls.

As a world-class regulator, we are committed to connecting people, functions and technologies for more effective governance, to keep abreast of the ever-changing market and regulatory landscape.

