

Intermediaries

Licensing applications

In the quarter, we received 2,695 licence applications¹, including 42 corporate applications, a 19.5% increase from the last quarter and up 60% compared with the same quarter last year.

As at 30 June, the total number of licensees and registrants remained stable at 47,527, of which 3,174 were licensed corporations.

Competency framework

In June, we concluded a consultation on updates to the competency framework for intermediaries and individual practitioners. The industry generally welcomed the proposals which included raising the minimum academic qualification requirements for individuals, broadening the scope of recognised academic qualifications, clarifying the management experience requirements for responsible officers and executive officers and enhancing the competence requirements for individuals advising on matters in relation to the Codes on Takeovers and Mergers and Share Buy-backs.

Post-graduate diplomas and certificates in designated fields will be recognised and we will accept management experience acquired in the financial industry by responsible officer and executive officer applicants. Environmental, social and governance (ESG) will be included as a relevant topic for continuous professional training purposes.

The revised Guidelines on Competence, Guidelines on Continuous Professional Training and Fit and Proper Guidelines will become effective on 1 January 2022.

Licensees and registrants

	As at 30.6.2021	As at 31.3.2021	Change (%)	As at 30.6.2020	YoY change (%)
Licensed corporations	3,174	3,159	0.5	3,109	2.1
Registered institutions	114	115	-0.9	112	1.8
Licensed individuals	44,239	43,904	0.8	43,603	1.5
Total	47,527	47,178	0.7	46,824	1.5

Virtual assets

In May, the Government published consultation conclusions on a legislative proposal for the SFC to regulate centralised virtual asset exchanges under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance. There was broad support for the proposed regime and the Government aims to introduce the amendment bill into the Legislative Council in the next legislative session.

Data standards for order life cycles

In April, we issued a circular to remind securities brokers whose annual trading turnover in SEHK²-listed equities in 2018 or beyond reaches or exceeds 2% of that year's total market trading volume for the first time that they are generally expected to implement system changes and make other arrangements to comply with the data standards for order life cycles within 15 months of that year's calendar end. We also updated the frequently asked questions to provide additional guidance on implementation.

Operation of bank accounts

In June, we issued a circular to remind licensed corporations to implement effective policies, procedures and internal controls for the operation of their bank accounts and set out our expectations regarding their bank account signatory arrangements. These policies and controls will help them properly safeguard client money, promptly discharge their liabilities, ensure the availability of financial resources and comply with the regulatory financial resources requirements.

¹ The figure does not include applications for provisional licences. See the licensing applications table on page 7 for details.

² The Stock Exchange of Hong Kong Limited.

Intermediaries

COVID-19 response

Compulsory quarantine exemption scheme

After arrangements for exemptions from compulsory quarantine were made by the Government, we issued a circular in May setting out that senior executives of licensed corporations or their overseas affiliates who are fully vaccinated and meet eligibility criteria may apply for an exemption when they return or travel to Hong Kong. The circular explained the criteria, application procedures and the consequences of contravening the exemption conditions. We issued another circular in June on updates to the scheme after the Government announced revised quarantine measures.

Business continuity planning

In view of the availability of vaccines under the Government's COVID-19 Vaccination Programme, we issued a circular in June to encourage licensed corporations to consider vaccination as a critical part of operational risk management. Licensed corporations were urged to review their business continuity plans, identify functions which are critical to their business operations and client interests and encourage staff performing these functions to get vaccinated. They were also urged to consider suitable arrangements for critical staff who have not yet been vaccinated, or are unfit for vaccination due to medical conditions, to undergo periodic COVID-19 testing.

Licensing applications

	Quarter ended 30.6.2021	Quarter ended 31.3.2021	Change (%)	Quarter ended 30.6.2020	YoY change (%)
Applications to conduct new regulated activity	5,570	4,648	19.8	3,491	59.6
Applications for SFC licences [^]	1,563	1,359	15	1,043	49.9

[^] Figures do not include applications for provisional licences. During the quarter, we received 1,132 provisional licence applications compared with 639 in the same quarter last year.

Intermediary inspections

	Quarter ended 30.6.2021	Quarter ended 31.3.2021	Change (%)	Quarter ended 30.6.2020	YoY change (%)
On-site inspections conducted [^]	71	76	-6.6	74	-4.1

[^] Including inspections conducted remotely in light of the COVID-19 pandemic.