

Regulatory engagement

IOSCO

We are actively involved in international policy making. Mr Ashley Alder, the SFC's Chief Executive Officer (CEO), chairs the Board of the International Organization of Securities Commissions (IOSCO). In June, the IOSCO Board meeting discussed IOSCO's priorities for the year including sustainable finance and operational risks arising from the pandemic. Mr Alder also led a leadership sharing session with the IOSCO Affiliate Members Consultative Committee whose members are mainly self-regulatory organisations, industry bodies, national stock exchanges and investor protection and compensation funds.

During the quarter, we participated in meetings of the IOSCO Financial Stability Engagement Group (FSEG), including its Steering Group. The FSEG leads IOSCO's COVID-19 crisis responses related to financial stability issues.

We are a member of IOSCO's Retail Market Conduct Task Force and are involved in the work of the Follow-Up Group on deepening regulatory and supervisory cooperation, the Fintech Network, the Cyber Task Force and the Data Analytics Group.

We participate in all eight IOSCO policy committees, the Committee on Emerging Risks, the Assessment Committee and the Asia-Pacific Regional Committee. Ms Julia Leung, our Deputy CEO and Executive Director, Intermediaries, is a Vice Chair of the IOSCO Sustainable Finance Task Force and co-leads a workstream on sustainability and asset management. In June, the task force issued a final report on corporate sustainability disclosures and a consultation report on proposed recommendations for sustainability-related regulatory and supervisory expectations in asset management.

Mr Alder co-chaired the CPMI¹-IOSCO Steering Group meetings held in May and June. The group is involved in regulatory policy work for the oversight and supervision of central counterparties and the application of the CPMI-IOSCO Principles for Financial Market Infrastructures to global stablecoin arrangements.

Financial Stability Board

In his role as IOSCO Board Chair, Mr Alder participated in Financial Stability Board (FSB) meetings including of the Steering Committee, Plenary, Standing Committee on Supervisory and Regulatory Cooperation and Steering Committee Group on Non-bank Financial Intermediation. The discussions focused on financial stability, climate-related initiatives, asset management and issues arising from COVID-19.

We are also actively involved in the work of the FSB Standing Committee on Standards Implementation.

Green and sustainable finance

In July, the Hong Kong Green and Sustainable Finance Cross-Agency Steering Group², co-chaired by the SFC and the Hong Kong Monetary Authority (HKMA), announced the next steps to advance its collaborative strategy to bolster Hong Kong's position as a leader in green and sustainable finance and help transition the financial ecosystem towards carbon neutrality. As priorities, the steering group will focus on climate change reporting by corporations and financial institutions, carbon market opportunities and capacity building.

We are a member of the European Commission's International Platform on Sustainable Finance and also actively participate in the work of the Network of Central Banks and Supervisors for Greening the Financial System and the United Nations Sustainable Stock Exchanges Initiative Advisory Group.

Mainland China

In June, we held the ninth high-level meeting with the China Securities Regulatory Commission via video conferencing to discuss cross-boundary regulatory cooperation and market development initiatives, including cooperation in the supervision of financial institutions operating on a cross-boundary basis and enhancements to mutual market access schemes.

¹ Committee on Payments and Market Infrastructures.

² Other members of the steering group include the Financial Services and the Treasury Bureau, Environment Bureau, Hong Kong Exchanges and Clearing Limited, Insurance Authority and Mandatory Provident Fund Schemes Authority.

Regulatory engagement

During the quarter, we worked closely with Mainland authorities to prepare for various initiatives set out in the Greater Bay Area Development Plan, such as Wealth Management Connect and Hong Kong-based financial institutions' business access to the Greater Bay Area. We also cooperated with Mainland authorities to prepare for the implementation of southbound trading under Bond Connect.

Other engagement

Mr Alder participated in interviews and engaged with industry associations and other stakeholders including the Investment Company Institute, International Swaps and Derivatives Association and the Official Monetary and Financial Institutions Forum to discuss recent regulatory issues.

We joined supervisory colleges hosted in May and June by the Federal Reserve Bank of New York and Swiss Financial Market Supervisory Authority to discuss the regulation of global financial institutions in the challenging business environment.

We also had meetings with overseas regulators and bodies, including the Australian Securities and Investments Commission, the US Securities and Exchange Commission, the US Commodity Futures Trading Commission, Abu Dhabi Global Market Financial Services Regulatory Authority, the UK Financial Conduct Authority and the Bank of England, to exchange views on emerging regulatory developments.