

Highlights

Regulatory enhancements

Management and disclosure of climate-related risks by fund managers: We concluded a consultation on amendments to the Fund Manager Code of Conduct to require fund managers managing collective investment schemes to take climate-related risks into consideration in their investment and risk management processes and provide investors with appropriate disclosures.

Anti-money laundering: We issued consultation conclusions on proposed amendments to our anti-money laundering and counter-financing of terrorism (AML/CFT) guidelines to align them with the Financial Action Task Force's standards and provide additional guidance for the implementation of risk-based AML/CFT measures.

Investor identification: We concluded a consultation on an investor identification regime for the securities market in Hong Kong and an over-the-counter securities transactions reporting regime for shares listed on the Stock Exchange of Hong Kong.

Listing regulation

Listing applications: We vetted 78 new listing applications, including three from companies with weighted voting rights structures and 15 from pre-profit biotech companies.

Corporate conduct: As part of our review of corporate disclosures, we issued section 179¹ directions to gather additional information in six cases and wrote to listed issuers detailing our concerns in one case.

Takeovers: We publicly censured BIT Mining Limited² for breaching the rules on special deals under the Code on Takeovers and Mergers when it issued new shares to a director and shareholder during a general offer.

Intermediaries

Licensing: As at 30 September, the total number of licensees and registrants remained stable at 48,364, of which 3,180 were licensed corporations.

Supervision: We conducted 66 on-site inspections of licensed corporations to review their compliance with regulatory requirements.

¹ Section 179 of the Securities and Futures Ordinance gives the SFC the power to compel the production of records and documents from persons related to a listed company.

² Formerly known as 500.com Limited.

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Products

Product authorisations and registrations: We authorised 31 unit trusts and mutual funds (including 20 Hong Kong-domiciled funds), four mandatory provident fund pooled investment funds and 73 unlisted structured investment products for public offering in Hong Kong. We registered 12 new open-ended fund companies.

Asset and Wealth Management Activities Survey: Hong Kong's asset and wealth management business recorded a 21% year-on-year increase in assets under management (AUM) to \$34,931 billion as at the end of 2020 and net fund inflows of \$2,035 billion during 2020, accounting for 33% of the year-on-year increase.

Fund flows: Hong Kong-domiciled SFC-authorized funds reported overall net inflows of US\$7,131 million in the six months to 30 September.

Derivatives contracts: We approved three derivatives contracts proposed by Hong Kong Exchanges and Clearing Limited, namely Hang Seng Index Futures Options, Hang Seng China Enterprises Index Futures Options and MSCI China A50 Connect Index Futures.

Wealth Management Connect: On 10 September, the People's Bank of China, Hong Kong Monetary Authority and Monetary Authority of Macao announced the launch of the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area.

Enforcement

Disciplinary actions: We disciplined two licensed corporations and five individuals during the quarter, resulting in total fines of \$11.95 million.

Market surveillance: We made 2,733 requests for trading and account records triggered by untoward price and turnover movements.

Unregulated virtual asset platforms: We issued a statement to clarify that no entity in the Binance group is licensed or registered to conduct regulated activities in Hong Kong and investors should exercise extreme caution if they plan to invest in stock tokens offered on unregulated platforms.

Joint operations with the Police and ICAC: In our separate joint operations with the Police and the Independent Commission Against Corruption (ICAC) involving listed companies, the Police arrested two persons for suspected conspiracy to defraud, theft and money-laundering and the ICAC arrested six persons for suspected corruption offences.

Regulatory engagement

International: In September, our Chief Executive Officer Mr Ashley Alder chaired a special meeting of the Board of the International Organization of Securities Commissions which discussed liquidity risks in open-ended funds and the resilience of money market funds.

Green and sustainable finance: The Hong Kong Green and Sustainable Finance Cross-Agency Steering Group, co-chaired by the SFC and the Hong Kong Monetary Authority, announced the next steps to advance its collaborative strategy to help transition the financial ecosystem towards carbon neutrality.

Stakeholders

New alert list: We introduced a new feature on our website to warn the public about unauthorised investment arrangements suspected to be collective investment schemes, which may not be offered to the public in Hong Kong without the SFC's authorisation.

Regulatory forum: We hosted the fourth SFC Regulatory Forum in November to exchange views with senior policymakers, professionals and industry participants on Hong Kong's future development as China's international financial centre.