

Intermediaries

Licence applications

In the quarter, we received 2,197 licence applications¹, including 63 corporate applications, a 18.5% decrease from the last quarter and up 42.9% compared with the same quarter last year.

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

Management and disclosure of climate-related risks

In August, we concluded a consultation on amendments to the Fund Manager Code of Conduct (FMCC) 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. We also issued a circular setting out the expected standards for compliance with the amended FMCC. The requirements will be implemented in phases starting from 20 August 2022.

Conduct standards in capital market transactions

In October, we released consultation conclusions on conduct requirements for capital market transactions in Hong Kong to clarify the roles of intermediaries and set out the standards expected of them in bookbuilding, pricing, allocation and placing activities. Amendments to the Code of Conduct for Persons Licensed by or

Registered with the Securities and Futures Commission and the Guideline to sponsors, underwriters and placing agents involved in the listing and placing of GEM stocks will become effective on 5 August 2022.

Anti-money laundering

We issued consultation conclusions in September on proposed amendments to our anti-money laundering and counter-financing of terrorism (AML/CFT) guidelines. The amendments aim to align the guidelines with the Financial Action Task Force's standards. They include additional guidance to facilitate the implementation of risk-based AML/CFT measures and help firms assess and manage the risks of cross-border correspondent relationships² more effectively. The revised guidelines came into effect on 30 September, except for the new requirements for cross-border correspondent relationships, which will take effect on 30 March 2022.

COVID-19 response

On 1 November, the Government announced that quarantine exemption arrangements would be tightened with effect from 12 November and we issued a circular on the cancellation of the compulsory quarantine exemption scheme for senior executives of licensed corporations, the details of which were set out in circulars we issued in May and June.

Licensees and registrants

	As at 30.9.2021	As at 31.3.2021	Change (%)	As at 30.9.2020	YoY change (%)
Licensed corporations	3,180	3,159	0.7	3,122	1.9
Registered institutions	111	115	-3.5	113	-1.8
Licensed individuals	45,073	43,904	2.7	43,813	2.9
Total	48,364	47,178	2.5	47,048	2.8

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

² Financial institutions will be required to apply additional due diligence and risk mitigating measures for business relationships in the securities sector which are similar to cross-border correspondent banking relationships, eg, in instances where a Hong Kong securities broker executes trades for an overseas broker which acts for its own local customers.

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Licensing applications

	Quarter ended 30.9.2021	Six months ended 30.9.2021	Six months ended 30.9.2020	YoY change (%)
Applications to conduct new regulated activity	7,702	13,272	8,650	53.4
Applications for SFC licences [^]	2,197	3,760	2,581	45.7

[^] Figures do not include applications for provisional licences. During the quarter, we received 1,682 provisional licence applications compared with 1,030 in the same quarter last year.

Intermediary inspections

	Quarter ended 30.9.2021	Six months ended 30.9.2021	Six months ended 30.9.2020	YoY change (%)
On-site inspections conducted [^]	66	137	154	-11

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