

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 September, Mr Alder chaired a special meeting of the IOSCO Board to discuss liquidity risks in open-ended funds and the resilience of money market 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.

Ms Julia Leung, our Deputy CEO and Executive Director of Intermediaries, is a Vice Chair of the IOSCO Sustainable Finance Task Force (STF) and co-leads a workstream on sustainability practices, policies, procedures and disclosure in asset management. We participate in the IOSCO STF Technical Expert Group which engages with the IFRS Foundation on the establishment of an International Sustainability Standards Board with a view to developing a global baseline for corporate sustainability reporting standards.

We are also a member of IOSCO's Retail Market Conduct Task Force, 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 (APRC). At the APRC meeting in September we presented on regulatory developments in sustainable finance in Hong Kong. In July, we participated in a meeting of the Assessment Committee which discussed a thematic review of liquidity risk management.

Mr Alder co-chairs the CPMI¹-IOSCO Steering Group which is involved in the 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 those 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, 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, carbon market opportunities, data and capacity building.

We participate in the International Platform on Sustainable Finance, which aims to harmonise taxonomies³ adopted by mainland China and the EU, as well as the Network of Central Banks and Supervisors for Greening the Financial System and the United Nations Sustainable Stock Exchanges Initiative Advisory Group.

Mainland China

During the quarter, we proactively advanced mutual market access cooperation initiatives with Mainland authorities and held regular discussions with the China Securities Regulatory Commission to enhance cross-boundary regulatory cooperation.

We worked closely with Mainland authorities to prepare for initiatives set out in the Greater Bay Area Development Plan, including Wealth Management Connect and Hong Kong-based financial institutions' business access to the Greater Bay Area. In September, we attended the first Guangdong-Hong Kong Financial Cooperation Seminar co-chaired by the Vice-Governor of Guangdong Province, Mr Zhang Xin, and the Financial Secretary, Mr Paul Chan.

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.

3 Taxonomies provide a common reference point for the definition of investments which are considered to be environmentally sustainable.