

Operational Review

Corporates

Special purpose acquisition companies (SPACs)¹

We worked closely with the Stock Exchange of Hong Kong Limited (SEHK) to formulate a SPACs framework for Hong Kong. In December, SEHK published consultation conclusions on proposals for a regulatory regime which provides appropriate investor protection along with the flexibility and incentives needed for the development of a high-quality SPAC market. Listing Rules amendments to implement the new regime took effect on 1 January 2022.

We introduced a new Practice Note 23 in December to provide guidance on the formal application process for waiving the application of Rule 26.1² of the Takeovers Code for de-SPAC transactions.

Listings of overseas issuers

We work closely with SEHK to reform the listing regime for overseas issuers in Hong Kong. In November, SEHK published consultation conclusions on enhancements to the listing regime for overseas issuers which aim

to broaden investment opportunities for investors in Hong Kong and maintain high standards of shareholder protection. The Listing Rules amendments took effect on 1 January 2022, except for those subject to transitional arrangements.

Review of SEHK's work

In December, we published a report on our review of SEHK's performance in its regulation of listing matters during 2019 and 2020. The review covered SEHK's hearings for non-disciplinary matters under the new review regime, its monitoring of newly-listed issuers' disclosures of the use of initial public offering (IPO) proceeds and its handling of reverse takeover transactions under amended rules.

Share schemes

Following the observations in our 2019 review of SEHK's listing function, SEHK reviewed the Listing Rules and consulted the market in October on proposals to improve the disclosure of share schemes and provide more flexibility to issuers to grant new share options and share awards whilst protecting shareholders from excessive dilution. The consultation period ended on 31 December.

¹ A SPAC raises funds through a listing for the purpose of acquiring a business (a de-SPAC target) at a later stage (a de-SPAC transaction) within a pre-defined time period.

² In a de-SPAC transaction, the application of Rule 26.1 of the Takeovers Code, which would result in the owners of the de-SPAC target obtaining 30% or more of the voting rights in a successor company, should normally be waived.

Corporates

Listing applications

Our oversight of listing matters includes the vetting of listing applications. During the quarter, we vetted 40 new listing applications, including two from companies with weighted voting rights structures and one from a pre-profit biotech company. One company achieved a secondary listing on the Main Board under Chapter 19C of the Listing Rules³ in December.

Exercising our powers under the Securities and Futures (Stock Market Listing) Rules, we issued a letter of mindedness to impose conditions on a listing application in line with our approach set out in the May 2021 joint SFC-SEHK statement on IPO-related misconduct. We also

issued a requisition letter directly to a listing applicant out of several concerns, including whether the financial information presented in the applicant's draft prospectus was representative of its financial performance.

Corporate conduct

We conduct daily reviews of corporate announcements to identify potential misconduct and irregularities. During the quarter, we issued section 179⁴ directions to gather additional information in 14 cases and wrote to a listed company detailing our concerns in one case. These concerns included, for example, whether a corporate action or transaction is conducted in a manner which is oppressive or unfairly prejudicial to shareholders.

Listing applications and takeovers activities

	Quarter ended 31.12.2021	Nine months ended 31.12.2021	Nine months ended 31.12.2020	YoY change (%)
Listing applications	40	238	177	34.5
Takeovers and share buy-backs transactions	117	319	347	-8.1

³ Chapter 19C sets out the additional requirements, modifications or exceptions for companies which have, or are seeking, a secondary listing.

⁴ 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.

Intermediaries

Licence applications

In the quarter, we received 1,742 licence applications¹, including 62 corporate applications, a 21% decrease from the last quarter but up 31% compared with the same quarter last year.

As at 31 December, the total number of licensees and registrants slightly increased by 1% to 48,657, of which 3,210 were licensed corporations.

Fully digitalised licensing platform

We launched the next generation, fully-digitalised licensing platform on WINGS² in January 2022, providing a one-stop, comprehensive licensing service for users and new electronic forms for applications and submissions, which will now be required. Paper forms for corporate applications will still be accepted until 31 March 2022. A companion mobile application, WINGS Mobile App, offers key features of the website version. To help the industry understand the new features, a video, user guides and online demo clips are available on the SFC website.

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. The new requirements will become effective on 5 August 2022.

Operational resilience

To help intermediaries maintain operational resilience amidst the COVID-19 pandemic and other disruptions, we issued a circular and report in October to set out regulatory standards and measures for preventing and responding to disruptions and managing the risks of remote working.

SFC-HKMA joint product survey

Also in October, we and the Hong Kong Monetary Authority (HKMA) published the report of our first joint annual survey on the sale of non-exchange traded investment products. A total of 308 licensed corporations and 64 registered institutions reported selling investment products with an aggregate transaction amount of \$5,700 billion during 2020, with the participation of over 700,000 investors. Structured products (\$2,764 billion) accounted for the largest share of the aggregate transaction amount, followed by collective investment schemes (\$1,425 billion) and debt securities (\$1,058 billion). The survey findings help us better understand market trends, identify risks and coordinate responses to address areas of common concern.

Spread charges

In another October circular, we shared key observations from a thematic review of intermediaries' spread charges and related practices as well as their disclosure of transaction-related information. We also set out our expected standards of conduct. The thematic review was carried out concurrently by us and the HKMA in 2020-21.

Virtual assets

In January 2022, the SFC and HKMA published a joint circular to provide guidance for intermediaries which wish to distribute virtual asset-related products and engage in virtual asset dealing and advisory services.

Scheme for quarantine-free travel to the Mainland

To assist the Government's proposed scheme for quarantine-free travel to the Mainland, we set out in a December circular the eligibility criteria and pre-registration procedures for executives of licensed corporations to participate in the scheme.

¹ The figure does not include applications for provisional licences. See the table on licensing applications on page 8 for details.

² WINGS is a web-based platform for SFC electronic forms and online submission services launched in January 2019.

Intermediaries

Licensees and registrants

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Licensed corporations	3,210	3,159	1.6	3,122	2.8
Registered institutions	111	115	-3.5	112	-0.9
Licensed individuals	45,336	43,904	3.3	43,983	3.1
Total	48,657	47,178	3.1	47,217	3

Licensing applications

	Quarter ended 31.12.2021	Nine months ended 31.12.2021	Nine months ended 31.12.2020	YoY change (%)
Applications to conduct new regulated activity	6,066	19,338	13,303	45.4
Applications for SFC licences [^]	1,742	5,502	3,914	40.6

[^] Figures do not include applications for provisional licences. During the quarter, we received 1,219 provisional licence applications compared with 880 in the same quarter last year.

Intermediary inspections

	Quarter ended 31.12.2021	Quarter ended 30.9.2021	Change (%)	Quarter ended 31.12.2020	YoY change (%)
On-site inspections conducted [^]	61	66	-7.6	74	-17.6

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

Products

Authorisations

During the quarter ended 31 December, we authorised 45 unit trusts and mutual funds (including 27 Hong Kong-domiciled funds), four mandatory provident fund (MPF) pooled investment funds and 48 unlisted structured investment products for public offering in Hong Kong.

OFC registrations

As of 31 December, we registered 48 open-ended fund companies (OFCs), of which 21¹ were new OFCs registered during the quarter.

Retail unlisted equity-linked investments (ELIs)

During the quarter, we authorised the first retail ELIs linked to stocks listed on US exchanges. We also published frequently asked questions to provide guidance to the industry on the acceptability and use of these stocks as reference assets for SFC-authorised unlisted structured investment products.

Hong Kong-domiciled funds

Despite volatility in the local equity market, the assets under management of Hong Kong-domiciled funds increased year-on-year by 3.9% to US\$192 billion as at the end of the quarter and recorded net fund inflows of about US\$15.6 billion for the 12 months ended 31 December. During the same period, the number of firms licensed for Type 9 regulated activity increased 5.4% to 1,979.

Wealth Management Connect (WMC)

The Cross-boundary WMC Pilot Scheme was launched on 19 October with 19 banks in Hong Kong initially eligible to provide WMC services. Since the pilot scheme was announced in June 2020, we worked closely with the People's Bank of China, Hong Kong Monetary Authority (HKMA) and other authorities and provided input on the scheme's design and operations, including the product scope and conduct-related matters. We also worked with the Investor and Financial Education Council on investor education materials. We provided input to the frequently asked questions on WMC enhancements published by HKMA in December to clarify that lists of eligible products may be provided upon investor request and explain the permissible promotional activities.

ETF Connect

In December, the Mainland and Hong Kong exchanges and clearing houses jointly announced their agreement on arrangements to include eligible exchange-traded funds (ETFs) in Stock Connect. We are working closely with the China Securities Regulatory Commission (CSRC), Hong Kong Exchanges and Clearing Limited, Mainland stock exchanges and other stakeholders on the details, including the business and technical preparations, which are expected to take about six months to complete.

Mutual Recognition of Funds (MRF)

Under the Mainland-Hong Kong MRF scheme, as of 31 December, we authorised a total of 47 Mainland funds (including two umbrella funds) whilst the CSRC approved 38 Hong Kong funds.

As of 31 December, the cumulative net subscription was about RMB1 billion for Mainland funds and about RMB14.3 billion for Hong Kong funds. During the quarter, Mainland funds recorded a net subscription of about RMB83.3 million, down from RMB172.31 million in the previous quarter. Hong Kong funds recorded a net redemption of about RMB1.61 billion this quarter, up from a net redemption of about RMB 539.11 million last quarter.

Investment-linked assurance schemes (ILAS)

To achieve better investor outcomes, we issued a circular in November to provide enhanced guidance and requirements for ILAS product design. A transition period of 18 months was provided for existing ILAS products to comply with the enhanced requirements. We also enhanced our ILAS authorisation process to reduce the approval time for simpler and more standard applications and held a workshop to brief the industry on the new product requirements and authorisation process.

¹ This figure includes 20 OFCs which are not authorised under section 104 of the Securities and Futures Ordinance (SFO) and hence may not be offered to the public in Hong Kong unless an exemption under the SFO applies.

Products

Pooled retirement funds (PRFs)²

In October, we released consultation conclusions on proposed amendments to the Code on Pooled Retirement Funds (PRF Code) to strengthen investor protection and ensure our regulations governing PRFs are up-to-date and fit for purpose. Key amendments include enhancing

requirements for the operation of PRFs and clarifying the obligations of key operators. The amendments took effect on 1 December. A 12-month transitional period will generally be provided for existing PRFs and their underlying investment portfolios and key operators.

Authorised collective investment schemes

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Unit trusts and mutual funds – Hong Kong-domiciled	865 ^a	835	3.6	810	6.8
Unit trusts and mutual funds – non-Hong Kong-domiciled	1,375	1,382	-0.5	1,384	-0.7
ILAS	300	298	0.7	300	0
Pooled retirement funds	32	33	-3	33	-3
MPF schemes	26	27	-3.7	27	-3.7
MPF pooled investment funds	217	212	2.4	210	3.3
Others	24 ^b	25	-4	25	-4
Total	2,839	2,812	1	2,789	1.8

a This figure includes 110 approved pooled investment funds (retail APIFs) which MPFs may invest into and may also be offered to the public in Hong Kong.

b Comprising 13 paper gold schemes and 11 real estate investment trusts (REITs).

Registered OFCs

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
OFCs	48 [^]	13	269.2	8	500

[^] This figure includes 41 OFCs which are not authorised under section 104 of the SFO and hence may not be offered to the public in Hong Kong unless an exemption under the SFO applies.

Authorised unlisted structured investment products

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Unlisted structured investment products [^]	176	146	20.5	145	21.4

[^] On a "one product per key facts statement" basis, including equity-linked investments and deposits.

² Pooled retirement funds are only available to occupational retirement schemes in Hong Kong as defined under the Occupational Retirement Schemes Ordinance.

Products

SFC-authorised renminbi investment products

As at 31.12.2021	
Unlisted products	
Unlisted funds primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed-income instruments or other securities	53
Unlisted funds (non-renminbi denominated) with renminbi share classes	330
Paper gold schemes with renminbi features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	47
Unlisted structured investment products issued in renminbi ^b	175
Listed products	
ETFs primarily investing in the onshore Mainland securities markets ^a or offshore renminbi bonds, fixed-income instruments or other securities	51
ETFs (non-renminbi denominated) with renminbi trading counters	10
Renminbi leveraged and inverse products	2
Renminbi gold ETFs ^c	1
Renminbi REITs	1

a Refers to onshore Mainland investments through the Qualified Foreign Investor scheme, Stock Connect, Bond Connect and the China Interbank Bond Market.

b The number is on a "one product per key facts statement" basis.

c Only includes gold ETFs denominated in renminbi.

Markets

Derivatives products

In November, we approved the MSCI China (USD) Index and MSCI China Net Total Return (USD) Index futures contracts to replace the MSCI China Free (USD) Index and MSCI China Free Net Total Return (USD) Index futures contracts in light of MSCI's plans to terminate the MSCI China Free Indexes in 2022.

OTC derivatives

In December, we issued a joint consultation with the Hong Kong Monetary Authority on adding eight new calculation periods under the Clearing Rules¹ for the over-the-counter (OTC) derivatives regulatory regime.

OTC Clear

We approved proposals by OTC Clear to adopt the 2021 Interest Rate Derivatives Definitions published by the International Swaps and Derivatives Association and update certain maturities for the London Interbank Offered Rate interest rate benchmarks.

ATS providers

	As at 31.12.2021	As at 31.3.2021	Change (%)	As at 31.12.2020	YoY change (%)
Under Part III	53	51	3.9	52	1.9
Under Part V	25	24	4.2	24	4.2

Investor identification

In October, the SFC and Hong Kong Exchanges and Clearing Limited co-hosted two industry webinars to introduce the Hong Kong investor identification regime and over-the-counter securities transactions reporting regime. Frequently asked questions about the regimes were published to provide further guidance. We also worked with the Investor and Financial Education Council to promote investors' awareness and understanding of the regimes.

Automated trading services

As of 31 December, the number of automated trading services (ATS) providers² authorised under Part III of the Securities and Futures Ordinance (SFO) was 53, whilst 25 corporations, including 13 dark pool operators, were licensed under Part V of the SFO to provide ATS.

1 The Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules.

2 Under the SFO, two regimes regulate ATS providers. Typically, those that offer facilities similar to those of a traditional exchange or a clearing house are authorised under Part III of the SFO. Intermediaries which provide dealing services with ATS as an added facility are licensed under Part V of the SFO.

Enforcement

Court proceedings

The Court of First Instance (CFI) found that Yik Fong Fong, Wei Juan and Huang Yi engaged in insider dealing in the shares of TeleEye Holdings Limited. In February 2022, the CFI ordered that illicit profits of \$12,949,875 made by Wei and Huang, who are associates of Yik, be paid to 63 affected investors.

The CFI dismissed the appeal of Law Sai Hung, a director of Brilliance Capital Management Limited, against his conviction of unlicensed activities.

The Eastern Magistrates' Court convicted Wai Chun Holdings Group Limited and its director, Lam Ching Kui, of failing to make timely disclosures of the acquisition of their interests in Chinese Strategic Holdings Limited, contravening Part XV of the Securities and Futures Ordinance (SFO). They were fined and ordered to pay the SFC's investigation costs.

Disciplinary actions

We disciplined five licensed corporations and nine individuals during the quarter, resulting in total fines¹ of over \$23 million.

Sponsor failures

Company/Name	Breaches	Action
Ample Capital Limited	Failed to discharge its duties as the sponsor in the listing application of COCCI International Limited	Reprimanded and fined \$5.5 million
Howard Tang Ho Wai	Failed to discharge his duties as a sponsor principal and a responsible officer of Ample Capital Limited	Suspended for 17 months
Yi Shun Da Capital Limited	Failed to discharge its duties as the sponsor in the listing application of Imperial Sierra Group Holdings Limited	Reprimanded and fined \$3 million ²

Anti-money laundering regulatory breaches

Company/Name	Breaches	Action
Grand International Futures Co., Limited	Failed to comply with anti-money laundering, counter-terrorist financing and other regulatory requirements	Reprimanded and fined \$8 million
Liang Benyou	Failed to discharge his duties as a responsible officer and a member of senior management of Grand International Futures Co., Limited	Suspended for eight months
Mason Securities Limited ³	Failed to ensure proper certification of client identities for account opening and put in place controls to identify third-party deposits	Reprimanded and fined \$3.6 million

Internal control failures

Company/Name	Breaches	Action
Fulbright Securities Limited	Internal control failures relating to its placing activities and recording of client order instructions	Reprimanded and fined \$3.3 million
Eric Liu Chi Ming	Failed to discharge his duties as a responsible officer, director, deputy general manager and manager-in-charge (overall management oversight and key business line) of Fulbright Securities Limited	Suspended for six months

¹ Fines paid by intermediaries in disciplinary actions go into the general revenue of the Government.

² Affirmed by the Securities and Futures Appeals Tribunal in October 2021.

³ Formerly known as GuocoCapital Limited.

Enforcement

Other regulatory breaches and criminal convictions

Name	Breaches/Convictions	Action
Ma Kwok Ho and Gee King Yip	Regulatory breaches relating to their trading practices	Banned from re-entering the industry for two years and 16 months, respectively
Wang Yu Ching	Misrepresented academic qualifications to her former employers	Banned from re-entering the industry for 10 years
Poon Chun Hing	Misappropriated client funds for his personal use	Banned from re-entering the industry for life
Chu Chun Wai	Failed to discharge his duties as a responsible officer and a member of the senior management of Zhonghui International Futures Company Limited	Banned from re-entering the industry for seven months
Lau Tin Yau	Convictions under the Prevention of Bribery Ordinance in May 2018 and the SFO in September 2020	Banned from re-entering the industry for life

Restriction notices

During the quarter, we issued a restriction notice to HF Asset Management Limited, prohibiting it from carrying on any business which constitutes SFC-licensed regulated activities because of doubts over the firm's fitness and properness. We also issued restriction notices to two other brokers⁴, prohibiting them from dealing with or processing certain assets held in 17 trading accounts related to a suspected social media ramp-and-dump scam. Our investigations are ongoing.

Joint operations

We conducted a simultaneous joint operation in December with the Hong Kong Police Force, the Monetary Authority of Singapore and the Singapore Police Force against an active and sophisticated syndicate suspected of operating cross-border ramp-and-dump manipulation schemes in Hong Kong and Singapore. During the operation, more than 190 officers from the four organisations searched 33 premises in Hong Kong and Singapore and arrested 10 persons.

Following our joint operation with the Independent Commission Against Corruption (ICAC) in 2017, four people, including two former executive directors of Convoy Global Holdings Limited, were charged by the ICAC and convicted of conspiracy to defraud at the District Court in October. The defendants were jailed

between four and seven months. The two former executive directors were also disqualified from being company directors for two to three years.

Enforcement cooperation with the CSRC

In November, we held our fifth joint enforcement training with the China Securities Regulatory Commission (CSRC). Conducted virtually for the first time, the training session took place over three consecutive days and was attended by around 550 enforcement officers from both regulators. It focused on ways to crack down on serious securities market violations in both markets and shared case studies of how the CSRC and the SFC collaborated with local enforcement agencies in their jurisdictions.

In December, we held the 12th regular high-level meeting on enforcement cooperation with the CSRC, also in a virtual format. We discussed ways to strengthen our ongoing enforcement cooperation during the pandemic to further safeguard the sound development of the Hong Kong and Mainland capital markets and protect investors' interests. These included enhancing and optimising the cooperation mechanism for collecting and handling evidence, refining the arrangements for providing assistance in urgent, major cross-boundary cases and strengthening exchanges amongst officers from both regulators.

⁴ Emperor Securities Limited and Get Nice Securities Limited.

Enforcement

Market surveillance

Our surveillance of untoward price and turnover movements resulted in 1,284 requests for trading and account records from intermediaries in the quarter.

We published three high shareholding concentration announcements to remind investors to exercise caution when trading shares in companies where a small number of shareholders hold a high concentration of shares.



Enforcement activities

	Quarter ended 31.12.2021	Nine months ended 31.12.2021	Nine months ended 31.12.2020	YoY change (%)
S179 ^a inquiries commenced	13	45	29	55.2
S181 ^b inquiries commenced (number of letters sent)	43 (1,284)	172 (6,336)	191 (6,940)	-8.7
S182 ^c directions issued	47	173	140	23.6
Investigations started	48	178	151	17.9
Investigations completed	26	91	159	-42.8
Individuals and corporations charged in criminal proceedings	2	4	9	-55.6
Criminal charges laid	10	28	12	133.3
Notices of Proposed Disciplinary Action ^d issued	7	32	18	77.8
Notices of Decision ^e issued	18	33	26	26.9
Individuals and corporations subject to ongoing civil proceedings ^f	173	173	161	7.5
Compliance advice letters issued	36	129	182	-29.1
Cases with search warrants executed	11	36	14	157.1

a Section 179 of the SFO gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

b Section 181 of the SFO gives the SFC the power to require information from intermediaries about trading transactions, including information identifying the ultimate clients, the particulars and instructions relating to the transactions.

c Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.

d A notice issued by the SFC to regulated persons that it proposes to exercise its disciplinary powers, on grounds that they appear to be guilty of misconduct or not fit and proper.

e A notice which sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

f As of the last day of the period.

Regulatory engagement

IOSCO

We are active 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 November, Mr Alder chaired the Presidents Committee meeting of all IOSCO members where he presented his views on IOSCO's priorities and strategy. He also chaired an IOSCO Board meeting which discussed sustainable finance, including the establishment of the International Sustainability Standards Board (ISSB), conduct in corporate bond markets and IOSCO priorities for 2022.

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 and other responses related to financial stability issues.

Ms Julia Leung, our Deputy CEO and Executive Director, 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. The STF published two reports in November setting out regulatory expectations for asset managers and ESG¹ rating and data providers. We participated in the task force's Technical Expert Group which engaged with the IFRS Foundation to develop a climate-related disclosures prototype, published in November, which will be considered by the new ISSB with a view to developing a global baseline for corporate sustainability reporting standards.

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 November, we presented the newly-published STF recommendations for asset managers. We also took part in a December Assessment Committee meeting which discussed the status of the Financial Sector Assessment Program (FSAP)².

Mr Alder co-chairs the CPMI³-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 participates 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. During the quarter, 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

During the period, our senior executives spoke to local and international audiences about the development of green and sustainable finance.

Our Chairman Mr Tim Lui discussed Hong Kong's unique position to emerge as the regional green finance hub in keynote speeches delivered in November at a summit co-hosted by the World Green Organisation and the United Nations Economic and Social Commission for Asia and the Pacific and an industry conference on ESG technology and data.

In November, Mr Alder attended the 26th UN Climate Change Conference of the Parties in Glasgow, Scotland where he spoke about sustainability disclosure and the significance of the establishment of the ISSB and also gave a keynote speech at the UK Government's Green Horizon Summit on pathways to achieving net zero targets. Locally, he delivered a keynote address at the Eco Expo Asia and the Hong Kong Green Finance Association Annual Forum and joined the discussions at the HKEX Green Summit 2021.

Ms Julia Leung, Vice Chair of the IOSCO STF, highlighted the implications of the task force's work on asset managers at the Managed Funds Association's global summit in November.

¹ Environmental, Social and Governance.

² Jointly conducted by the International Monetary Fund and the World Bank, the FSAP provides a framework to help authorities identify financial system vulnerabilities and develop policy responses.

³ Committee on Payments and Market Infrastructures.

Regulatory engagement

At a December meeting, the Hong Kong Green and Sustainable Finance Cross-Agency Steering Group⁴, co-chaired by the SFC and the Hong Kong Monetary Authority, discussed carbon market development, climate-related disclosure, taxonomies⁵, capacity building and climate-related data needs and gaps. The steering group completed a preliminary assessment of carbon market opportunities for Hong Kong and will explore ways for it to grow into a regional carbon trading centre, including the development of a global, high-quality voluntary carbon market. As part of this effort, the steering group will work with other authorities on carbon market opportunities under the Guangdong-Hong Kong-Macao Greater Bay Area cooperation framework.

Mainland China

During the quarter, we worked closely with the Mainland authorities to broaden mutual market access initiatives and held regular discussions with the China Securities Regulatory Commission (CSRC) to enhance cross-boundary regulatory cooperation.

In December, the Mainland and Hong Kong exchanges and clearing houses reached an agreement on arrangements for including eligible exchange traded funds in Stock Connect in accordance with an earlier joint announcement by the SFC and CSRC.

Other regulatory engagement

In December, we held the 13th Bilateral Regulatory Meeting with the Taiwan Financial Supervisory Commission to exchange views on regulatory reforms in the two markets, sustainable finance and enforcement cooperation in tackling online investment scams on social media platforms.

⁴ 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.

⁵ Taxonomies provide a common reference point for the definition of investments which are considered to be environmentally sustainable.

Stakeholders

We engage with a wide range of stakeholders to provide them with up-to-date regulatory information and help them understand our work.

At the fourth SFC Regulatory Forum in November, senior regulators and industry leaders shared insights on Hong Kong's future development as China's international financial centre and other regulatory and topical issues. More than 1,100 senior representatives from the financial industry, listed companies, professional services firms and industry associations attended the full-day event in person and online.

We co-organised Hong Kong Fintech Week 2021, held in November, where our Deputy Chief Executive Officer and Executive Director of Intermediaries Ms Julia Leung spoke on regulation and the development of financial technology.

During the quarter, our senior executives spoke at 40 local and international events including the 26th UN Climate Change Conference of the Parties, UN Climate Finance and Sustainable Investing Conference, Green Horizons Summit, Eco Expo Asia 2021 and Hong Kong Green Finance Association Annual Forum as well as events organised by the Investment Company Institute, Hong Kong Securities and Investment Institute, Institute of International Finance, the US Treasury and the UN Principles for Responsible Investment. We also supported 11 industry events. In interviews with Bloomberg and CNBC, our Chief Executive Officer Mr Ashley Alder discussed green and sustainable finance including the importance of creating global standards around company sustainability reporting.

We hosted webinars for the industry to provide an update on major regulatory developments related to anti-money laundering and counter-terrorist financing, introduce the Hong Kong investor identification regime and over-the-counter securities transactions reporting regime and provide guidance on the implementation of the regulatory requirements for the management and disclosure of climate-related risks by fund managers.

We released the following publications in the quarter:

- *SFC-HKMA¹ Joint Survey on the Sale of Non-exchange Traded Investment Products 2020* reported the findings of the regulators' first joint survey of these selling activities by licensed corporations and registered institutions².
- *Report on Operational Resilience and Remote Working Arrangements* set out regulatory standards to promote the operational resilience of intermediaries and discussed measures to manage the major risks of remote working arrangements such as working from home².
- *Report on the Securities and Futures Commission's Annual Review of the Exchange's Performance in its Regulation of Listing Matters* summarised the SFC's findings and recommendations of its latest review of the Stock Exchange of Hong Kong Limited³.



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¹ Hong Kong Monetary Authority.

² See Intermediaries on page 7.

³ See Corporates on page 5.

Stakeholders

- The December issue of the *Takeovers Bulletin* discussed the interpretation of the Takeovers Code for schemes of arrangement and the application of the Codes on Takeovers, Mergers and Share Buy-backs to a grandfathered Greater China issuer.

We published 29 circulars providing guidance on a range of matters including the distribution of insurance-linked securities and related products, the implementation of the enhanced competency framework for licensees, the findings of a concurrent SFC-HKMA thematic review of spread charges and other practices and updates on anti-money laundering and counter-terrorist financing.

Publications and other communications

	Quarter ended 31.12.2021	Nine months ended 31.12.2021	Nine months ended 31.12.2020	YoY change (%)
Press releases	36	89	99	-10.1
Policy statements and announcements	0	3	8	-62.5
Consultation papers	1	2	7	-71.4
Consultation conclusions	2	6	6	0
Industry-related publications	4	9	8	12.5
Codes and guidelines ^a	1	1	6	-83.3
Circulars to industry	29	54	53	1.9
Corporate website average daily page views ^b	28,231	27,870	36,298	-23.2
General enquiries	644	3,678	5,334	-31

a Includes updates to previous versions.

b The average number of webpages browsed per day during the reporting period.