

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.

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Licenses 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.