

Highlights

Regulatory enhancements

- **Risk management guidelines:** We launched a consultation on proposed risk management guidelines for licensed persons dealing in futures contracts.
- **Position limit regime:** We published consultation conclusions on proposed changes to the position limit regime and began a further consultation on additional amendments related to position limits and reporting requirements for funds.

Listing regulation

- **Listing applications:** Thirty-six applications were submitted for vetting, including one from a company with a weighted voting rights structure, four from pre-profit biotech companies and two special purpose acquisition companies.
- **Corporate conduct:** As part of our review of corporate disclosures, we issued section 179 directions to gather additional information in 11 cases.
- **Specialist technology companies:** After discussion with the SFC, the Stock Exchange of Hong Kong Limited launched a public consultation on proposals to introduce a new listing regime for specialist technology companies which cannot meet the current revenue or profit track record requirements.

Intermediaries

- **Licensing:** We received 1,470 licence applications¹, comprising 1,427 individuals and 43 corporations, and approved 59 corporate applications, of which 46% were Type 9 (asset management) and 39% were Type 4 (advising on securities)². The number of firms licensed for Type 9 regulated activity (asset management) increased by six to 2,069.
- **Supervision:** We commenced 54 on-site inspections of licensed corporations to review their compliance with regulatory requirements.

¹ The figure does not include applications for provisional licences.

² Each licensed corporation may have licences for multiple regulated activities.

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Products

- **Product authorisations and registrations:** We authorised the first two virtual asset futures exchange-traded funds (ETFs) in Hong Kong during the quarter. We also authorised 58 unit trusts and mutual funds (including 33 Hong Kong-domiciled funds), one investment-linked assurance scheme, one mandatory provident fund pooled investment fund and 54 unlisted structured investment products for public offering in Hong Kong. We registered 12 new open-ended fund companies.
- **Fund flows:** As at 31 December, the assets under management of Hong Kong-domiciled funds increased 11% from the previous quarter to US\$165.2 billion. Net fund inflows of about US\$3.6 billion were recorded during the quarter.

Markets

- **Investor identification:** We issued a press release and a circular to announce that the investor identification regime for the securities market in Hong Kong will be launched on 20 March 2023.
- **Stock Connect:** We announced jointly with the China Securities Regulatory Commission (CSRC) our in-principle approval for the expansion of eligible stocks for both northbound trading and southbound trading under Stock Connect.
- **OTC derivatives:** We introduced enhancements to our over-the-counter (OTC) derivatives reporting templates as part of a global exercise to harmonise OTC derivatives trade reporting data.

Enforcement

- **Disciplinary actions:** We disciplined three licensed corporations and five individuals during the quarter, resulting in total fines of \$7.61 million.
- **Market surveillance:** We made 1,366 requests for trading and account records triggered by untoward price and turnover movements.
- **Cooperation with the CSRC:** We held a high-level enforcement cooperation meeting with the CSRC in November.
- **Joint operation with ICAC:** We conducted a joint operation with the Independent Commission Against Corruption (ICAC) concerning suspected ramp and dump schemes involving the stocks of six Hong Kong-listed companies, other market misconduct and corruption offences. Eight individuals were arrested.

Regulatory engagement

- **International:** We participated in the annual meeting of the International Organization of Securities Commissions (IOSCO) in October, when our then Chief Executive Officer Mr Ashley Alder completed his third and final term as Chair of the IOSCO Board.
- **Mainland:** We held the 12th High-level Meeting with the CSRC, where we discussed cross-boundary regulatory cooperation and market development initiatives.

Highlights

Virtual assets

- **Virtual asset futures ETFs:** We issued a circular setting out our requirements for authorising ETFs which obtain exposure to virtual assets through futures.
- **Risk alert:** We issued a statement to alert investors about the significant risks associated with trading platforms offering virtual asset “deposits”, “savings”, “earnings” or “staking” services and to remind the industry of the potential legal requirements when offering these arrangements.

Sustainable finance

- **Internship initiative:** The Green and Sustainable Finance Cross-Agency Steering Group, which we co-chair with the Hong Kong Monetary Authority, launched the Sustainable Finance Internship Initiative to promote opportunities for students to develop skills in this area and build the industry’s capacity.
- **Climate-related risks:** In November, new requirements for all fund managers to consider climate-related risks in their governance, investment and risk management processes and make related disclosures took full effect.

Communications

- **Compliance Forum:** The SFC Compliance Forum 2022 was held for senior market participants to discuss the future of Hong Kong as an international financial centre and other topical issues.
- **Community outreach:** We organised a community outreach event with the Anti-Deception Coordination Centre to raise public awareness about online ramp and dump scams.
- **Market outreach:** We co-organised Hong Kong FinTech Week 2022, where our Deputy Chief Executive Officer was a keynote speaker. Our senior executives spoke at 38 local and international events to provide regulatory updates on a wide range of topics.
- **Publications:** We issued 36 press releases, statements and announcements, 15 circulars and 53 social media posts during the quarter. We also launched a dedicated webpage featuring our latest sustainable finance initiatives.