

Operational Review

Corporates

Listing applications

Our oversight of listing matters includes vetting of listing applications. During the quarter, 36 applications were submitted for vetting, including one from a company with a weighted voting rights structure under Chapter 8A of the Listing Rules, four from pre-profit biotech companies and two special purpose acquisition companies. One company achieved secondary listing on the Main Board under Chapter 19C of the Listing Rules. Two overseas listed companies achieved dual-primary listing on the Main Board.

Exercising our powers under the Securities and Futures (Stock Market Listing) Rules, we issued two requisition letters directly to two listing applicants during the quarter. Amongst our concerns were the genuineness of the business and financial information of the listing applicants.

Specialist technology companies

After discussion with the SFC, the Stock Exchange of Hong Kong Limited (SEHK) launched a public consultation in October on proposals to introduce a new regime to facilitate the listing of specialist technology companies which cannot meet the current revenue or profit track record requirements. SEHK initially identified five target specialist technology industries: (i) next-generation information technology; (ii) advanced hardware; (iii) advanced materials; (iv) new energy and environmental

protection and (v) new food and agriculture technologies. The consultation ended in December and we are working closely with SEHK to formulate a regulatory framework suitable for Hong Kong, taking into account market feedback.

Paperless initiative

We work closely with SEHK on its initiatives to reduce the use of paper in listing applications and the post-listing corporate communications of issuers. In December, SEHK published a consultation paper on proposals to expand the paperless listing regime. The consultation period ended on 28 February 2023.

Corporate conduct

We conduct daily reviews of corporate announcements to identify potential misconduct and irregularities. During the quarter, we issued section 179¹ directions to gather additional information in 11 cases.

Takeovers matters

The Takeovers Executive publicly criticised Gold Dragon Worldwide Asset Management Limited in October for failing to disclose multiple dealings in the shares of Shanghai Dongzheng Automotive Finance Co., Limited during an offer period, breaching the dealing disclosure requirements under the Takeovers Code.

In November, we published a new practice note 24 regarding the appointment of receivers and liquidators and when to commence offer periods.

¹ 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.

Corporates

Listing applications and takeovers activities

	Quarter ended 31.12.2022	Nine months ended 31.12.2022	Nine months ended 31.12.2021	YoY change (%)
Listing applications	36	134	238	-43.7
Takeovers and share buy-backs transactions	81	241	319	-24.5

Intermediaries

Licence applications

In the quarter, we received 1,470 licence applications¹ comprising 1,427 individuals and 43 corporations, down 23% from the previous quarter and 16% from the same quarter last year.

As at 31 December, there were 48,678 licensees and registrants, of which 3,253 were licensed corporations and 111 were registered institutions. During the quarter, the number of new licensees and registrants totaled 2,652², amongst which 2,619 were individuals and 33 were licensed corporations and registered institutions. Of the 59 licensed corporation applications approved during the quarter, Type 9 (asset management) regulated activity³ (RA) accounted for 46% and Type 4 (advising on securities) for 39%. The number of firms licensed for Type 9 regulated activity (asset management) increased by six to 2,069.

Risk management guidelines for licensed futures brokers

In November, we launched a consultation on proposed risk management guidelines for licensed persons dealing in futures contracts. The consultation set out our expected risk management standards to help futures brokers better manage the risks relating to their business. Before drafting the guidelines, we conducted a fact-finding exercise in late 2021 to collect up-to-date business information from more than 40 futures brokers of different sizes to understand their turnover data, client bases and margining and other risk management practices. In the guidelines, we also made reference to regulations in other jurisdictions and discussed key proposals with a wide spectrum of industry practitioners to gauge the challenges to implementation. The consultation ended in January 2023 and we are analysing the responses.

Revised Business and Risk Management Questionnaire

To enhance the effectiveness of our risk-based supervision, we issued a revised Business and Risk Management Questionnaire⁴ in December to collect additional data and information about a variety of functions and business activities of licensed corporations and associated entities. For example, more granular client and transaction data will be collected to help us identify and analyse money laundering and terrorist financing risk exposures of licensed corporations and associated entities. Licensed corporations and associated entities are required to complete the revised questionnaire for financial years ending on or after 30 November 2023.

Virtual assets

In November, we granted a licence under the Securities and Futures Ordinance (SFO) to a second virtual asset trading platform operator in Hong Kong. In December, the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 was passed by the Legislative Council, enabling the new licensing regime for virtual asset service providers to take effect on 1 June 2023. During the quarter, we hosted about 15 soft consultation meetings with more than 30 stakeholders in preparation for a public consultation on the proposed regulatory requirements for the new regime.

We issued a statement in December reminding investors of the significant risks associated with virtual asset platforms offering virtual asset “deposits”, “savings”, “earnings” or “staking” services to investors in Hong Kong. The statement also reminded the industry of the potential legal requirements when offering these virtual asset arrangements.

Restriction notice

In November, we issued a restriction notice to Goldride Securities Limited owing to a managerial vacuum caused by the decease of its sole shareholder. We consider it desirable in the interest of Goldride’s clients and the investing public to subject the company to the prohibitions imposed by the restriction notice.

¹ The figure does not include applications for provisional licences.

² Including provisional licensed representatives.

³ Each licensed corporation may have multiple RA licences.

⁴ All licensed corporations and associated entities are required to submit the completed questionnaire to the SFC under section 156 of the Securities and Futures Ordinance.

Intermediaries

Licenses and registrants

	As at 31.12.2022	As at 31.3.2022	Change (%)	As at 31.12.2021	YoY change (%)
Licensed corporations	3,253	3,231	0.7	3,210	1.3
Registered institutions	111	111	0	111	0
Licensed individuals	45,314	45,059	0.6	45,336	0
Total	48,678	48,401	0.6	48,657	0

Licensing applications

	Quarter ended 31.12.2022	Nine months ended 31.12.2022	Nine months ended 31.12.2021	YoY change (%)
Applications to conduct new regulated activity	5,059	12,571	19,338	-35
Applications for SFC licences [^]	3,367	3,367	5,502	-38.8

[^] Figures do not include applications for provisional licences. During the quarter, we received 844 provisional licence applications compared with 1,219 in the same quarter last year.

Inspections of licensed corporations

	Quarter ended 31.12.2022	Nine months ended 31.12.2022	Nine months ended 31.12.2021	YoY change (%)
On-site inspections commenced [^]	54	167	198	-15.7

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

Products

Virtual asset futures ETFs

We authorised the first two virtual asset (VA) futures ETFs in Hong Kong during the quarter¹. The ETFs, which were listed on the Stock Exchange of Hong Kong on 16 December, are actively managed and primarily invest through either Bitcoin futures or Ether futures traded on the Chicago Mercantile Exchange. We also worked closely with the Investor and Financial Education Council to publish investor education materials on the key features and risks of VA futures ETFs.

Authorisations

During the quarter, we authorised 58 unit trusts and mutual funds (including 33 Hong Kong-domiciled funds), one investment-linked assurance scheme (ILAS), one mandatory provident fund (MPF) pooled investment fund and 54 unlisted structured investment products for public offering in Hong Kong.

OFC registrations

As of 31 December, there were 112 registered open-ended fund companies (OFCs), of which 12² were newly registered during the quarter.

Revised Code on Pooled Retirement Funds

The 12-month transition period for the implementation of the revised Code on Pooled Retirement Funds ended on 30 November.

Hong Kong-domiciled funds

As at 31 December, the assets under management of Hong Kong-domiciled funds increased 11% from the previous quarter to US\$165.2 billion. During the quarter, net fund inflows of about US\$3.6 billion were recorded.

Mutual recognition of funds (MRF)

Under the Mainland-Hong Kong MRF scheme, we had authorised a total of 47 Mainland funds (including two umbrella funds) as of 31 December, whilst the China Securities Regulatory Commission (CSRC) had approved 37 Hong Kong funds.

The cumulative net subscription amounted to about RMB1.02 billion for Mainland funds and about RMB11.54 billion for Hong Kong funds as of 31 December. During the quarter, Mainland funds recorded a net redemption of about RMB26.28 million, compared to a net subscription of about RMB7.69 million in the previous quarter. Hong Kong funds recorded a net subscription of about RMB93.75 million this quarter, down from RMB172.93 million in the last quarter.

We issued updated Frequently Asked Questions in November to clarify the requirements for Approved Pooled Investment Funds (APIF) which are authorised by the SFC for public offering in Hong Kong to apply for registration with the CSRC under the Mainland-Hong Kong MRF scheme.

¹ A circular was issued on 31 October to set out our requirements for authorising VA futures ETFs.

² This figure includes nine private OFCs.

Products

Authorised collective investment schemes

	As at 31.12.2022	As at 31.3.2022	Change (%)	As at 31.12.2021	YoY change (%)
Unit trusts and mutual funds – Hong Kong-domiciled	911 ^a	866	5.2	865	5.3
Unit trusts and mutual funds – non-Hong Kong-domiciled	1,413	1,381	2.3	1,375	2.8
ILAS	302	300	0.7	300	0.7
Pooled retirement funds	32	32	0	32	0
MPF schemes	26	26	0	26	0
MPF pooled investment funds	220	219	0.5	217	1.4
Others	25 ^b	25	0	24	4.2
Total	2,929	2,849	2.8	2,839	3.2

a This figure includes 111 approved pooled investment funds (retail APIFs) which MPFs may invest in and may also be offered to the public in Hong Kong.

b Comprising 14 paper gold schemes and 11 real estate investment trusts (REITs).

Registered OFCs

	As at 31.12.2022	As at 31.3.2022	Change (%)	As at 31.12.2021	YoY change (%)
OFCs	112 [^]	62	80.6	48	133.3

[^] This figure includes 94 private OFCs.

Authorised unlisted structured investment products

	As at 31.12.2022	As at 31.3.2022	Change (%)	As at 31.12.2021	YoY change (%)
Unlisted structured investment products [^]	234	187	25.1	176	33

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

Products

SFC-authorized renminbi (RMB) investment products

	As at 31.12.2022
Unlisted products	
Unlisted funds primarily investing in onshore Mainland securities markets ^a or offshore RMB bonds, fixed-income instruments or other securities	61
Unlisted funds (non-RMB denominated) with RMB share classes	377
Paper gold schemes with RMB features	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	47
Unlisted structured investment products issued in RMB ^b	233
Listed products	
ETFs primarily investing in onshore Mainland securities markets ^a or offshore RMB bonds, fixed-income instruments or other securities	52
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	14
RMB leveraged and inverse products	3
RMB gold ETFs ^c	1
RMB 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 RMB.

Markets

Investor identification

We have been preparing for the launch of the investor identification regime at the trading level for the securities market in Hong Kong. During the quarter, market rehearsals for intermediaries to assess their system readiness were successfully completed. We also conducted a third round of survey to assess intermediaries' operational readiness for the regime. The survey results indicated that significant progress was made to prepare for the regime's implementation, but some intermediaries may need more time to obtain consent from individual clients and update client identification data (CID) as required by the regime.

In December, we issued a press release and a circular to announce the regime's launch on 20 March 2023. Intermediaries began submitting Broker-to-Client Assigned Numbers¹ and CIDs to the Stock Exchange of Hong Kong Limited (SEHK) on 19 December.

OTC Derivatives

As part of a global exercise to harmonise over-the-counter (OTC) derivatives trade reporting data, we launched the enhancements to OTC derivatives reporting templates in December to prepare for the launch of the Unique Transaction Identifier², address market feedback and cater to regulatory needs.

Stock Connect

We issued a joint announcement with the China Securities Regulatory Commission on 19 December on our in-principle approval for the further expansion of eligible stocks for both northbound trading and southbound trading under Stock Connect.

Stocks eligible for northbound trading will include (i) constituent stocks of the Shanghai Stock Exchange (SSE) A Share Index and the Shenzhen Stock Exchange (SZSE) Composite Index with a market capitalisation of RMB5 billion or above which meet certain liquidity criteria, etc; and (ii) SSE/SZSE-listed stocks of companies which have issued both A shares and H shares. For southbound trading, the scope of eligible stocks will be expanded

to include stocks of foreign companies primary-listed in Hong Kong which are constituents of Hang Seng Composite Indices and meet relevant criteria³. In addition, the scope of southbound eligible stocks under Shanghai-Hong Kong Stock Connect will align with that under Shenzhen-Hong Kong Stock Connect, ie, to include constituents of the Hang Seng Composite SmallCap Index with a market capitalisation of \$5 billion or above.

The Mainland and Hong Kong exchanges and clearing houses have been preparing for the expansion to take effect approximately three months from the date of the joint announcement. The official launch date will be announced in due course.

Position limit regime

In November, we published consultation conclusions on some of the proposals discussed in our April 2022 consultation on the position limit regime, and began a further consultation on proposed changes to the regime.

We concluded to proceed with some of the proposals to better align the regime with our regulatory policies and objectives in light of recent developments in Hong Kong's derivatives market. These proposals included expanding the list of specified contracts and introducing an excess position limit regime for clearing participants.

Moreover, we further consulted the public on additional amendments related to the application of position limits and reporting requirements for funds and revisions to the position limits for some contracts, including stock futures and options. The further consultation ended in December and our conclusions will be published in due course.

SEHK's trading charges

In October, we approved HKEX's proposal to enhance the trading fee structure in the stock market. Under the new structure, which took effect from 1 January 2023, the trading tariff of \$0.50 payable on each trade was removed and the trading fee per side of the consideration of a trade was adjusted to 0.00565% from the current 0.005%.

¹ Broker-to-Client Assigned Number is an internal code assigned by brokers and banks to each of their clients. When placing a securities order, brokers and banks must input their own central entity number and their client's Broker-to-Client Assigned Number.

² The unique transaction identifier is a unique and paired code for identifying a transaction.

³ Including constituents of the Hang Seng Composite LargeCap Index and Hang Seng Composite MidCap Index as well as Hang Seng Composite SmallCap Index constituents with a market capitalisation of \$5 billion or above.

Markets

Automated trading services

As of 31 December, the number of automated trading services (ATS) providers⁴ authorised under Part III of the

Securities and Futures Ordinance (SFO) was 51, whilst 27 corporations, including 13 dark pool operators, were licensed under Part V of the SFO to provide ATS.

ATS providers

	As at 31.12.2022	As at 31.3.2022	Change (%)	As at 31.12.2021	YoY change (%)
Under Part III	51	53	-3.8	52	-1.9
Under Part V	27	25	8	25	8

⁴ 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

We obtained from the Court of First Instance (CFI) an order under section 214 of the Securities and Futures Ordinance (SFO) against Wen Yibo, chairman and executive director of Sound Global Ltd., to purchase shares held by the other shareholders of the company after he was found to have orchestrated a scheme to falsify the company's bank balances and fabricated relevant bank statements and balance confirmations. Wen was also disqualified from serving as a director or taking part in the management of any corporation in Hong Kong for 12 years.

The CFI also granted an order under section 213 of the SFO against Hong Kong Wan Kiu Investment Company Limited (Wan Kiu), its sole director and shareholder, Sham Khi Rose Connie, and Sham & Partners Limited, a company owned by Connie's son, to compensate Wan Kiu's clients for misappropriating client assets.

The Eastern Magistrates' Court:

- sentenced Fung Kwong Shing Danny, a former account executive of Fulbright Securities Limited, to two-and-a-half-months' imprisonment following his conviction of the offences of engaging in fraud or deception in transactions involving securities;

- sentenced Wong King Hoi to two-weeks' imprisonment following his conviction of obstructing employees of the SFC in the execution of a search warrant; and
- convicted Lau Chi Ho of illegal short selling in the securities of two Hong Kong-listed companies. Lau was fined \$20,000 and ordered to pay the SFC's investigation costs.

Following an earlier joint operation by the SFC and the Police, a suspected mastermind¹ of a sophisticated ramp and dump syndicate was charged with various criminal offences including offences under section 300 of the SFO. The case was adjourned to April 2023 for mention.

Disciplinary actions

We disciplined three licensed corporations and five individuals during the quarter, resulting in total fines² of \$7.61 million.

Internal control deficiencies

Company/Name	Breaches	Action
Swiss-Asia Asset Management (HK) Limited	Internal control deficiencies and regulatory breaches relating to monitoring trading activities in discretionary accounts and record keeping	Reprimanded and fined \$3 million
Tang Shiyi	Breached her former employer's staff dealing policy	Banned from re-entering the industry for 10 months
Sun Yiding	Breached her former employer's employee trading policy	Banned from re-entering the industry for eight months
Chung Tung Sau	Failed to avoid conflicts of interest between himself and a client in share trading	Suspended for seven months and fined \$60,000

¹ 13 other suspects were charged in connection with the case earlier.

² Fines paid by intermediaries in disciplinary actions go into the general revenue of the Government.

Enforcement

Other regulatory breaches

Company/Name	Breaches	Action
Guosen Securities (HK) Brokerage Company, Limited	Regulatory breaches relating to handling client assets and providing client account statements	Reprimanded and fined \$2.8 million
Asia Research & Capital Management Limited	Failed to comply with the European Union's short selling reporting requirements and promptly notify material regulatory breaches to the SFC	Reprimanded and fined \$1.75 million
Wong Yim Chi Billy	Failed to discharge his duties as a Manager-In-Charge (Compliance) and a member of senior management of Asia Research & Capital Management Limited	Banned from re-entering the industry for two months
Wang Pei Yi	Made false declarations in the account opening forms of three corporate clients	Suspended for 10 months

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 suspected corruption offences. More than 120 SFC officers and 70 ICAC officers searched 50 premises in two days. Eight individuals, including a suspected ringleader of a sophisticated ramp and dump syndicate, were arrested. Our investigations are ongoing.

Warning against scams

During the quarter, we organised a two-day community outreach campaign jointly with the Anti-Deception Coordination Centre of the Hong Kong Police Force in major shopping areas to raise public awareness of the common tactics of social media ramp and dump scams.

Enforcement cooperation with CSRC

During the quarter, we held the 13th high-level meeting on enforcement cooperation with the China Securities Regulatory Commission (CSRC). We reached an important consensus with the CSRC on further exploring enforcement cooperation and enhancing efficiency.

In addition, the two enforcement units resumed their training and exchange programme for enforcement officers, which had been suspended due to the pandemic.³

Market surveillance

Our surveillance of untoward price and turnover movements resulted in 1,366 requests for trading and account records from intermediaries in the quarter.

³ See Regulatory Engagement on pages 18-19.

Enforcement

Enforcement activities

	Quarter ended 31.12.2022	Nine months ended 31.12.2022	Nine months ended 31.12.2021	YoY change (%)
S179 ^a inquiries commenced	9	26	45	-42.2
S181 ^b inquiries commenced (number of letters sent)	47 (1,366)	133 (4,687)	172 (6,336)	-26
S182 ^c directions issued	34	97	173	-43.9
Investigations started	34	101	178	-43.3
Investigations completed	62	145	91	59.3
Individuals and corporations charged in criminal proceedings	1	8	4	100
Criminal charges laid	15	95	28	239.3
Notices of Proposed Disciplinary Action ^d issued	7	19	32	-40.6
Notices of Decision ^e issued	10	22	33	-33.3
Individuals and corporations subject to ongoing civil proceedings ^f	167	167	173	-3.5
Compliance advice letters issued	42	85	129	-34.1
Cases with search warrants executed	6	26	36	-27.8

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.

Sustainable Finance

Supporting global alignment

We are working closely with the Stock Exchange of Hong Kong Limited (SEHK) to develop a climate reporting framework for listed companies in Hong Kong which aligns with the global baseline being developed by the International Sustainability Standards Board (ISSB). In addition, we have engaged with the China Securities Regulatory Commission (CSRC) to ensure that our approach considers the pace of regulatory developments on the Mainland.

During the quarter, we participated in IOSCO's Sustainable Finance Task Force workstreams which continued to engage with the ISSB, support the development of a sustainability-related assurance framework and consider issues related to the digital reporting of sustainability information.

Local policy initiatives

In November, new requirements took effect for all fund managers to consider climate-related risks in their governance, investment and risk management processes and make related disclosures. Large fund managers also need to comply with enhanced standards.

The Green and Sustainable Finance Cross-Agency Steering Group (CASG)¹, which we co-chair with the Hong Kong Monetary Authority, launched the Sustainable Finance

Internship Initiative in October to promote opportunities for students to develop skills in this area and build the industry's capacity. We also issued a letter to encourage licensed intermediaries to join this initiative and launched our own Sustainable Finance Internship Programme. We have also been assisting with the administration of the Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme, which launched in December.

To contribute to the Mainland and Hong Kong's carbon neutrality goals, a Carbon Market Workstream, co-chaired by us and Hong Kong Exchanges and Clearing Limited (HKEX), was set up under the CASG to explore the development of carbon markets in the Guangdong-Hong Kong-Macao Greater Bay Area. Over the past year, we have been working closely with HKEX to develop a voluntary carbon market in Hong Kong. In October, HKEX launched Core Climate, a new platform to trade verified carbon credits.

In a keynote speech at Eco Expo Asia 2022 in December, Ms Julia Leung outlined the key pillars for developing Hong Kong as a leading sustainable finance hub, including world-class regulation, data and technology, the development of carbon markets, product innovation and collaboration with Mainland and global markets.

¹ Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority and the SFC. Members include the Environment and Ecology Bureau, the Financial Services and the Treasury Bureau, HKEX, the Insurance Authority and the Mandatory Provident Fund Schemes Authority.

Regulatory Engagement

Global regulatory participation

We contribute to all eight policy committees of the International Organization of Securities Commissions (IOSCO) and hold leadership positions in the Committee on Investment Management, as well as the Committee on Enforcement and the Exchange of Information¹. We also participate in the Committee on Emerging Risks, the Assessment Committee and the Asia-Pacific Regional Committee, in which we lead the Sustainable Finance Working Group².

Appointed in 2021, Ms Christina Choi, our Executive Director of Investment Products, is serving her second term as Chair of the IOSCO's Committee on Investment Management up to 2024. During the quarter, the committee worked towards a final report on a set of good practices to supplement IOSCO's 2013 Principles for the Regulation of Exchanged Traded Funds. It also undertook work relating to index providers, conduct risks in the leveraged loan and collateralised loan obligation markets, and leverage measures.

We actively participate in the IOSCO Board and key task forces at the board level. These include the Financial Stability Engagement Group (including its Steering Group), which coordinates IOSCO's role in addressing financial stability matters and liaises with the Financial Stability Board (FSB), the Data Analytics Group, the Fintech Task Force, the Follow-up Group on regulatory and supervisory cooperation covering market fragmentation, the Retail Market Conduct Task Force and the Sustainable Finance Task Force (STF), of which our then Deputy CEO, Ms Julia Leung³, is a vice-chair.

Our senior executives also lead the key work of the Financial Stability Board (FSB), including an FSB supervisory and regulatory cooperation workstream on assessing the effectiveness of the 2017 FSB policy recommendations to address financial stability risks stemming from liquidity mismatches in open-ended funds⁴, and the FSB/IOSCO joint workstream on the analysis of systemic risks using data from trade repositories⁵. We are also actively involved in the work of the Standing Committee on Standards Implementation (SCSI) and the Regional Consultative Group for Asia (RCGA).

We participated in the annual meeting of the IOSCO in October, when our then Chief Executive Officer (CEO) Mr Ashley Alder completed his third and final term as Chair of the IOSCO Board. The IOSCO Board meeting, chaired by Mr Alder, focused on global market risk identification, non-bank financial intermediation, sustainable finance and virtual assets.

Mainland China cooperation

At the 12th High-level Meeting with the China Securities Regulatory Commission (CSRC) in December, we discussed cross-boundary regulatory cooperation and market development initiatives, including enhancements to the mutual market access schemes, as well as collaboration on cross-boundary enforcement, trading mechanisms, intermediary supervision and asset management.

We also held the 13th High-level Meeting on Enforcement Cooperation with the CSRC via video conference in November. We and the CSRC briefed each other on enforcement cooperation during 2022, expressed appreciation for our mutual assistance with investigations, and recognised the existing cross-boundary enforcement cooperation and exchange mechanism. In addition, we reached an important consensus with the CSRC on further exploring enforcement cooperation and enhancing efficiency while maintaining and refining the existing cooperation mechanism to meet future challenges and opportunities.

In December, we and the CSRC jointly announced plans to expand the scope of eligible stocks for both northbound and southbound trading under Stock Connect. After the expansion, the stocks covered by Stock Connect are expected to account for more than 80% of the equity trading in each market. This will strengthen mutual access between the Mainland and Hong Kong stock markets and boost liquidity for both.

We continued to work with Mainland authorities on the Guangdong-Hong Kong-Macao Greater Bay Area development initiatives as well as enhancements to the Wealth Management Connect pilot scheme.

1 Our Director of Enforcement, Mr Kenneth Lai, is vice-chair.

2 The group is led by Ms Christine Kung, our Senior Director and Head of International Affairs and Sustainable Finance.

3 Ms Julia Leung was appointed as the SFC's CEO with effect from 1 January 2023.

4 Ms Christina Choi is co-chair.

5 Our Executive Director of Supervision of Markets, Mr Rico Leung, is co-chair.

Regulatory Engagement

Training with CSRC

The SFC and CSRC co-hosted in December a two-day online training for the senior management of Mainland securities brokers and fund managers and their licensed subsidiaries in Hong Kong, where Mr Li Chao, CSRC Vice Chairman, gave opening remarks. During the event, the SFC and CSRC shared their key regulatory requirements and observations on risk management, cybersecurity, sponsors, anti-money laundering and other subjects.

In addition, the two enforcement units resumed their training and exchange programme for enforcement officers, which had been suspended due to the pandemic. The CSRC's enforcement officers participated in the two-month training programme in Hong Kong, deepening the understanding of each other's enforcement systems for both sides' investigators and enhancing the efficiency of mutual investigation assistance.

Other regulatory engagement

In view of market volatility and the financial risks faced by licensed corporations, including global systemically important financial institutions, we actively participated in supervisory colleges with other global regulators to collaborate on regulatory priorities, firm-specific issues and forward-looking supervision.

In December, we held our 14th Bilateral Regulatory Meeting with the Taiwan Financial Supervisory Commission where we exchanged views on ESG disclosure and assurance requirements for listed companies, the global development of sustainability reporting, adoption of the ISSB standards and the sustainable development of the securities sector.

Education and Communications

Education

To raise public awareness about online ramp and dump scams, the SFC organised a community outreach event with the Anti-Deception Coordination Centre (ADCC) of the Hong Kong Police Force in December. Leaflets and souvenirs were distributed to the public to provide information about these scams.

In addition, the SFC's wholly-owned subsidiary, the Investor and Financial Education Council (IFEC), launched an online anti-financial-scam game for the public and a new round of education programmes for seniors to help reinforce our efforts to combat financial scams.

During the quarter, the IFEC also provided educational resources on virtual assets, the new Hong Kong investor identification regime and updates on investment products.

At its 10th anniversary multi-media campaign held in October and November, the IFEC launched new activities to help the public develop good financial management and our Chairman Mr Tim Lui shared his personal investment and financial management experience at the IFEC's anniversary education seminar.

Community and market outreach

Events

At the SFC Compliance Forum 2022 held in October, senior market participants discussed the development of Hong Kong as an international financial centre, opportunities and challenges for Hong Kong as an Asian

equities hub, the role of Hong Kong as a sustainable finance centre, money laundering risks, operational challenges and risk issues of online platforms and the regulatory landscape for virtual assets. More than 2,500 market participants joined the event.

We co-organised Hong Kong FinTech Week 2022, held from 31 October to 4 November, where our Deputy Chief Executive Officer (Deputy CEO) Ms Julia Leung¹ provided an update on the SFC's latest policies on virtual assets, including the new regime for the authorisation of exchange-traded funds with virtual asset futures as underlying and security token offerings. Together with the Financial Services and the Treasury Bureau and InvestHK, we held a meeting with virtual asset industry representatives to discuss the new licensing regime for virtual asset service providers.

Local training

During the quarter, we hosted two webinars for about 1,800 management and compliance personnel from licensed corporations to provide an update on the latest money laundering threats and vulnerabilities in the securities sector as well as to share regulatory developments and recent inspection observations on anti-money laundering and counter-financing of terrorism. In addition, we provided virtual training sessions to two industry associations to introduce the digitalised licensing function and electronic submissions of financial resources returns, the enhanced competency framework and business email compromise risk.



Deputy CEO Ms Julia Leung (first from left) at the SFC Compliance Forum 2022

¹ Ms Julia Leung was appointed as the SFC's CEO with effect from 1 January 2023.

Education and Communications

Speaking engagements

During the quarter, our senior executives spoke at 38 local and international events to provide regulatory updates on a wide range of topics including sustainable finance, virtual assets and asset management. Mr Tim Lui delivered speeches at the Sustainable Investing and ESG² Conference 2022 hosted by the World Green Organisation and the United Nations, Regulation Asia's ESG Risk and Investment Asia Conference 2022 and the Hong Kong Quality Assurance Agency's International Symposium – Sustainable Finance and Climate Resilience 2022. Ms Julia Leung spoke at the Tech and Ops Conference organised by the Asia Securities Industry Forum 2022 and Financial Markets Association and the Institutional Digital Assets and Crypto Regulation Symposium.

Our senior executives attended the Global Financial Leaders' Investment Summit in November. In addition, we supported seven industry events during the quarter.

Our executives also attended the October and December meetings of the Panel on Financial Affairs to discuss the development of sustainable finance and the proposed enhancements to the position limit regime for the derivatives market in Hong Kong.

Publications and other communications

We proactively engage with a wide range of stakeholders to provide them with regulatory updates and explain our work.

We released the following publications in the quarter:

- The SFC's *July-September 2022 Quarterly Report* summarised our key regulatory work, corporate developments and financial information.
- The December issue of the *Takeovers Bulletin* highlighted the Takeovers Panel's decisions in relation to an investment manager's share dealings during an offer period³.

We also issued 15 circulars providing guidance on a variety of matters, including the investor identification regime, mutual recognition of funds and anti-money laundering and counter-financing of terrorism.

In October, we launched an SFC webpage on sustainable finance featuring our latest Agenda for Green and Sustainable Finance as well as local, regional and international regulatory initiatives. We also published 53 posts on the SFC's social media platforms during the quarter to promote awareness on a range of matters, including investor alerts and virtual asset seminars as well as the sustainable finance internship programme and capacity building support scheme.



Community outreach with ADCC

² Environmental, social and governance.

³ See Corporates on pages 5-6.

Education and Communications

Publications and other communications

	Quarter ended 31.12.2022	Nine months ended 31.12.2022
Press releases	34	87
Policy statements and announcements	2	6
Consultation papers	2	5
Consultation conclusions	1	3
Industry-related publications	1	7
Codes and guidelines ^a	0	4
Circulars to industry	15	40
Corporate website average daily page views ^b	57,829	62,666
General enquiries	454	1,486

a Includes updates to previous versions.

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