

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.