

Highlights

Regulatory enhancements

Virtual assets

We published consultation conclusions on the regulatory requirements for licensed virtual asset trading platform (VATP) operators and issued guidelines for them. The new licensing regime for VATPs took effect on 1 June 2023.

RA 13 regime

Following the publication of the consultation conclusions on the RA 13 regime and the completion of the legislative process, the new regime will take effect on 2 October 2024 after a transition period.

Position limit regime

We concluded our further consultation on proposed changes to the position limit regime for the derivatives market. Subject to the legislative process, we expect the amended rules to take effect in December 2023.

Takeovers rules

We completed a consultation on amending the Codes on Takeovers and Mergers and Share Buy-backs to clarify some provisions. A conclusions paper will be issued in due course.

Listing regulation

Listing applications

We processed 50 new listing applications, including one from a company with a weighted voting rights structure, five from pre-profit biotech companies and one from a specialist technology company.

Corporate conduct

We issued section 179 directions¹ to request information in 16 cases, as part of our ongoing review of corporate disclosures.



50

new listing applications

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.

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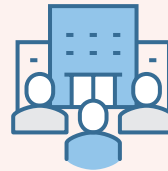
Intermediaries

Licensing

As at 30 June, there were 48,165 licensees and registrants, which included 3,245 licensed corporations. Among the licensed corporations approved during the quarter, Type 9 (asset management) regulated activity (RA) accounted for 51% and Type 4 (advising on securities) for 37%. The number of firms licensed for Type 9 increased by 11 to 2,096.

Supervision

We conducted on-site inspections of 51 licensed corporations to review their compliance with regulatory requirements.



48,165

licensees and registrants

Products

Product authorisations and registrations

During the quarter, we authorised 28 unit trusts and mutual funds (including 12 Hong Kong-domiciled funds), 10 investment-linked assurance schemes, nine mandatory provident fund pooled investment funds and 47 unlisted structured investment products for public offering in Hong Kong. As at 30 June, there were 152 registered open-ended fund companies, of which 21 were newly registered during the quarter.

Fund flows

As at 30 June, assets under management of Hong Kong-domiciled funds decreased 2% from the previous quarter to US\$170.7 billion. During the quarter, net fund inflows of about US\$1.4 billion were recorded.



US\$1.4 billion

net fund inflows

Markets

Stock Connect

The Stock Connect trading calendar was enhanced to enable investors to trade eligible stocks on all trading days when both the Hong Kong and Mainland markets are open.

Swap Connect

Swap Connect, the first Connect programme for financial derivatives products, launched for northbound trading in May. This allows overseas investors from

Hong Kong and other jurisdictions to participate in the Mainland interbank interest rate swap market.

RMB counters

The renminbi (RMB) counters of 24 stocks were launched for trading in June. The dual counter market making programme brings in market makers to ensure liquidity and minimise gaps between Hong Kong dollar (HKD) and RMB share prices. RMB stock prices have closely tracked the corresponding HKD prices.



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Enforcement

Disciplinary actions

We disciplined three corporations and two individuals during the quarter, resulting in total fines of \$9.2 million.

Market surveillance

We made 1,227 requests for trading and account records triggered by untoward price and turnover movements.

Cooperation with the CSRC

We held the 14th high-level meeting on enforcement cooperation with the China Securities Regulatory Commission (CSRC).

Joint operation with the Police

We conducted a joint operation with the Police against fraudulent activities in securities transactions and illegal short selling.

Regulatory engagement

International

Our Chief Executive Officer (CEO) Ms Julia Leung and senior executives attended the International Organization of Securities Commissions' (IOSCO) 48th Annual Meeting in Bangkok and participated in discussions on crypto assets, sustainable finance, supervisory cooperation and other topics.

Mainland

We joined the Financial Secretary of the HKSAR's visit to Beijing and met senior Mainland officials to enhance financial sector cooperation. We also held the 13th high-level meeting with the CSRC on cross-boundary cooperation.

Sustainability


Carbon neutrality

We announced our commitment to become a carbon-neutral organisation by 2050, in line with the HKSAR Government's climate strategy. Our interim target is to reduce 50% of our total carbon emissions by 2030.

Climate-related disclosures

Following discussion with the SFC, the Stock Exchange of Hong Kong Limited in April launched a three-month consultation on climate-related reporting requirements for listed companies in Hong Kong. The Green and Sustainable Finance Cross-Agency Steering Group welcomed the International Sustainability Standards Board's new standards.



50% 
in our total
carbon emissions
by 2030

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Communications

Virtual asset-related outreach

We helped the industry better understand the new VATP licensing regime through TV infotainment programmes, publications, our dedicated webpage and extensive outreach. Jointly with the Hong Kong Monetary Authority, we held two roundtables to facilitate communication between banks and the virtual asset sector. Partnering with Investor and Financial Education Council, we issued a series of materials to warn the public against trading on unregulated platforms.

Industry outreach

Our senior executives engaged our stakeholders through major industry bodies and associations to communicate our priorities and strategies, and listen to their views. During the quarter, they spoke at over 35 local and international events on virtual assets, sustainable finance, asset management and other topics.

