



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會



Quarterly Report
April - June 2025



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This first Quarterly Report of the Securities and Futures Commission for financial year 2025-26 covers the period from 1 April to 30 June 2025.

Highlights

Maintaining market resilience and mitigating harm



Ensuring market resilience

We monitored market operations closely during extreme volatility, notably on 7 April when the Hang Seng Index saw its largest single-day percentage drop in almost three decades. No systemic risk arose on that day, as the exchanges maintained normal operations and all exchange participants met settlement obligations. The market showed strong resilience and rebounded significantly when trade tensions eased.



Strengthening intermediaries' internal controls

To ensure the regulatory compliance and operational resilience of licensed intermediaries, we commenced 62 on-site inspections in the quarter. In April, we launched a thematic inspection to assess securities brokers' compliance when engaging financial influencers (influencers) and digital platforms in marketing.

Combating suspicious activities and investment scams

We supported the International Organization of Securities Commissions' (IOSCO) call on online platform providers to collaborate with regulators in curbing online scams.

To tackle the increase in unauthorised trading incidents at licensed corporations (LCs), we provided guidance to them on preventing and handling these incidents in critical areas. We also guided LCs on our expected standards for phishing detection and prevention.

Recognising the global phenomenon of unlawful activities of influencers and the need for international cooperation, we also joined regulators worldwide to participate in IOSCO's "Global Week of Action Against Unlawful Finfluencers" in June.



Investor alerts and anti-scam education

Alert List

During the quarter, we added 14 entities onto our Alert List to warn the public of suspicious websites and unlicensed entities.

We extended the publicity of our "Don't Be Sucker" anti-scam campaign through commercials and a TV infotainment programme, which had garnered more than 1.6 million views up to end-June.



Cracking down on misconduct

During the quarter, we fined two licensed corporations for a total of \$6.2 million. We disciplined eight individuals by suspending their licences or prohibiting them from re-entering the industry for periods of five months to three years.



We initiated 14 new enquiries into listed company affairs, and 62 new investigations into different forms of misconduct.

We monitor the announcements and disclosures of listed companies to identify potential misconduct and irregularities. In nine cases, we issued directions to gather additional information.

Enhancing regulatory regimes

We launched a two-month consultation in June on proposals to further restrict the use of certain names to avoid misleading investors.

Besides, we launched a joint consultation with the Hong Kong Monetary Authority on the annual update to the list of financial services providers under the over-the-counter derivatives clearing regime. Consultation conclusions were issued in June.

International standard setting

Our Chief Executive Officer (CEO) Ms Julia Leung and senior executives attended the IOSCO Annual Meeting in Doha, Qatar, in May. Ms Leung also chaired the IOSCO Asia-Pacific Regional Committee meeting and had bilateral discussions with various overseas regulators to foster collaboration and discuss emerging topics.

Enhancing Hong Kong market competitiveness



Hong Kong as a premier listing platform

The past quarter saw 27 initial public offerings (IPOs), raising a total of \$88 billion, which increased more than 900% from a year ago. Among these was the world's largest IPO so far in 2025 by Contemporary Amperex Technology Co.

In the quarter:

27 IPOs
\$88 billion raised
▲900+% YoY



In May, we and the Stock Exchange of Hong Kong Limited (SEHK) jointly announced the launch of a dedicated Technology Enterprises Channel and a new confidential filing option to facilitate the listings of specialist technology and biotech companies.

Gatekeeping listing applications

During the quarter, we processed 121 new listing applications, including 11 from pre-profit biotech companies, 11 from specialist technology companies and one from an investment company.

Under the enhanced timeframe for new listing applications, up to 30 June, we cleared 53 listing applications received after the joint statement by the SFC and SEHK, 100% of which were cleared by the SFC within 40 business days.

Cumulative southbound net inflows under Stock Connect:

\$4.4 trillion



Hong Kong as super-connector

During the first half of 2025, Stock Connect saw southbound net inflows of \$731.2 billion. Average daily southbound trading accounted for 23.1% of market turnover in Hong Kong.

In June, we held the 16th Mainland and Hong Kong Regulatory High-level Meeting with the China Securities Regulatory Commission (CSRC) in Beijing. We also visited top officials of the CSRC, People's Bank of China and State Administration of Foreign Exchange in Beijing.

Enhancing market infrastructure

We increased the position limits for exchange-traded derivatives based on the three major stock indices, after receiving strong market support during our consultation (concluded in April). The increases took effect from 2 July.

We remain on track to launch the Uncertificated Securities Market (USM) regime in 2026, subject to market readiness. In June, we concluded our earlier consultation on the limits on fees that an approved securities registrar may charge under the USM.

Gatekeeping securities industry

During the quarter, we received 2,246 licence applications, up 7% from the previous quarter and 16% from a year ago. As at end-June, both the total numbers of licensed corporations and licensed individuals increased about 1% from the previous quarter and about 3% from a year ago.

Hong Kong as asset and wealth management hub

To enhance cross-border cooperation, we signed three Memoranda of Understanding (MoU) in May, with the Central Bank of Ireland, the Ontario Securities Commission, Canada, and the Financial Services Regulatory Authority of Abu Dhabi Global Market, respectively.

During the quarter, we met with Saudi Arabia's Capital Market Authority (CMA) in Hong Kong, and co-hosted with the CMA a Saudi-Hong Kong asset management roundtable. In addition, we witnessed the landmark listing of Asia's first government Sukuk exchange-traded fund (ETF) in Hong Kong.

Applications for SFC licences

▲ 16% YoY

Authorising investment products

During the quarter, we authorised 33 unit trusts and mutual funds (including 26 Hong Kong-domiciled funds), one investment-linked assurance scheme, four mandatory provident fund pooled investment funds and 52 unlisted structured investment products for public offering in Hong Kong.



Transforming markets via technology and ESG



Driving digital asset ecosystem development

We launched a joint consultation with the Financial Services and the Treasury Bureau in June to introduce regulatory regimes for virtual asset (VA) dealing and custodian service providers. Under the proposed regimes, the SFC will license and supervise VA dealers and custodians.



As at 30 June, the SFC had licensed 11 VA trading platforms (VATPs) and was reviewing the licence applications of 10 VATP applicants, four of which were deemed-to-be-licensed applicants.

We provided guidance in April to licensed VATPs on their provision of staking services and also to SFC-authorised funds with VA exposure on their engagement in staking. Subsequently, the SFC permitted two licensed VATPs to provide staking services, and also became the first in Asia Pacific to allow staking for VA spot ETFs through licensed VATPs.

6 VA spot ETFs



Market capitalisation

Average daily turnover

▲ **73%** ▲ **13%**
since launch

Total of licensed VATPs

11

Reviewing licence applications

10

As at end-June, market capitalisation and average daily turnover of Asia's first batch of six SFC-authorised VA spot ETFs were up 73% and 13% respectively since launch. We further authorised three new VA spot ETFs investing directly in Bitcoin and Ether in July¹.

Advancing sustainable finance

In April, we co-organised the inaugural International Carbon Markets Summit with Hong Kong Exchanges and Clearing Limited, which was attended by over 200 industry participants.

We co-led efforts to enhance the greenhouse gas (GHG) emissions calculation tool, with new features introduced in April to enable more accurate GHG emissions calculation.

¹ Post-reporting period.

Enhancing SFC's resilience and efficiency



Upholding effective corporate governance

Mr Tony Tang Xiaodong was appointed Non-Executive Director (NED) for two years, effective 24 April, and Mr Michael Wong Yick-kam, SBS, MH, JP, was reappointed NED for two years, effective 1 April. Mr Nicky Lo Kar-chun, SBS, JP, stepped down as NED on 23 April.

Driving institutional efficiency via technology

In the quarter, we launched an advanced risk-monitoring solution which improves risk identification and assessment to strengthen our oversight of LCs.

We also introduced new system features to enhance our investigative work, enabling efficient analyses of large volumes of communications and fund flow data to uncover hidden connections more effectively.



Proactive industry communications

During the quarter, our senior executives spoke at over 20 local and international events on topics including asset and wealth management, Fintech, mutual market access, corporate governance and sustainability.

We hosted a broker forum in June with a strong turnout of about 700 industry representatives. Speakers engaged in dialogues on industry development and challenges, supervisory observations and regulatory updates.

Publications and other communications

During the quarter, we issued 55 press releases and 114 social media posts to promote public awareness of various matters, such as alerts against scams and suspicious investment products, meetings and other forms of collaboration with regulatory counterparts and updates on policy initiatives.





Maintaining market resilience and mitigating serious harm to our markets



Resilience is crucial to fortifying our financial markets against volatilities and driving sustainable growth. We are committed to upholding the markets' integrity, resilience and investor protection to maintain Hong Kong's status as a premier international financial centre and risk management hub.

Managing systemic risks to ensure market stability

Ensuring market resilience amid volatility

We actively monitor the markets to ensure smooth trading, clearing and settlement. We maintained close oversight on 7 April when the Hang Seng Index plummeted 3,021 points (13.2%) – its largest single-day drop in history in terms of index points – following heightened global trade tensions. Under the highly volatile markets, the exchanges maintained normal operations, with all exchange participants meeting settlement obligations, including ad-hoc margin calls. No systemic risks, excessive leverage, position concentration, or irregularities were observed. Selling pressure was offset by active buying, and trading spreads remained tight. The market showed strong resilience and rebounded significantly when trade tensions eased subsequently, outperforming other major markets.

Enhancing HKEX oversight and risk management

In the quarter, the SFC continued to engage in discussions with Hong Kong Exchanges and Clearing Limited (HKEX) on various initiatives to enhance its risk management capabilities. Following our approval, HKEX implemented scheduled intra-day margin calls for the derivatives market in June to improve the predictability of intra-day margin calls and hence enable clearing participants to effectively plan their funding arrangement.

Strengthening intermediaries' resilience and internal controls

To ensure the regulatory compliance and operational resilience of licensed intermediaries, we commenced 62 on-site inspections in the quarter.

We commenced a thematic inspection in April to assess securities brokers' compliance with applicable regulatory requirements when engaging financial influencers (finfluencers) and digital platforms to market financial products and services. The inspection included reviewing selected securities brokers' due diligence and evaluating their monitoring of finfluencers and digital platforms.

Inspections of licensed corporations

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
On-site inspections commenced	62	65	-4.6	65	-4.6

We issued a circular to highlight observations from our review of securities brokers' control measures for protecting client assets. It also set out the regulatory standards in areas such as amendments to client particulars, handling of email requests and transactions involving third parties, operation of bank accounts, as well as identification and monitoring of dormant accounts.

Combatting suspicious activities and investment scams

Supporting global call to combat online scams

We supported the International Organization of Securities Commissions' (IOSCO¹) call on online platform providers to collaborate with regulators in curbing sophisticated online scams targeting retail investors. These scams, particularly impersonation scams, have surged globally and in Hong Kong. We also encouraged these platform providers to utilise alerts posted on our website and IOSCO's revamped I-SCAN network² to more effectively block illegal investment offerings, issue warnings, and prevent flagged firms from advertising.

This echoed the IOSCO's statement issued in May, which urged online platform providers to promptly remove fraudulent content and adopt robust anti-scam measures, such as user verification and pre-vetting mechanisms.

Joining global efforts to curb illegal finfluencer practices

Recognising the global phenomenon of unlawful activities of finfluencers and the need for international cooperation to counter this problem,

we joined regulators from around the globe to participate in IOSCO's campaign "Global Week of Action Against Unlawful Finfluencers" in June.

This initiative brought together regulators worldwide to use supervisory and enforcement powers to disrupt illegal activities of finfluencers. It was combined with education and consumer awareness programmes to remind investors of the risk of acting on misleading content from finfluencers.

Strengthening prevention of phishing and unauthorised trading

Noting an increase in unauthorised trading incidents at licensed corporations (LCs), we provided guidance to them on preventing and handling these incidents in critical areas. We urged LCs to sign up for the SMS Sender Registration Scheme to help their clients verify the identity of text message senders and prevent impersonation fraud. We also asked them to raise client awareness by stepping up client engagement, and to enhance procedures and controls for identifying unauthorised access and transactions in client accounts.

Prior to that, we also guided LCs on our expected standards for phishing detection and prevention, in light of reports about phishing attacks that led to unauthorised transactions in their clients' accounts and financial losses for clients. We urged LCs to refrain from sending electronic messages with embedded hyperlinks or requesting sensitive client information via such links, in addition to sending clients regular security alerts and implementing an effective surveillance mechanism.

¹ IOSCO is responsible for developing, implementing and promoting adherence to internationally recognised standards for securities regulation. Its membership regulates more than 95% of the world's securities markets in 130 jurisdictions.

² In March 2025, IOSCO launched the I-SCAN which is a global repository of alerts and warnings about unlicensed firms providing investment services or engaging in illegal financial activities.

Maintaining market resilience and mitigating serious harm to our markets



Our Commission Secretary and Chief Governance Officer, Mr Paul Yeung, warned against common scam tactics and provided tips to avoid them on TVB's infotainment programme "Scoop"

Investor alerts against suspicious entities

We continued to monitor and investigate illegal activities involving or purporting to involve virtual asset trading platforms (VATPs) through our joint working group with the Hong Kong Police Force (Police). Our concerted efforts resulted in the Police swiftly blocking access to the websites of entities involved in suspected virtual asset (VA)-related fraud.

During the quarter, we added 14 entities onto our Alert List on our website to warn the public of suspicious websites and unlicensed entities.

Stepping up anti-scam investor education

To further raise anti-scam awareness, we extended the publicity of our "Don't Be Sucker" campaign through MTR station commercials and a TV infotainment programme, which had garnered more than 1.6 million views up to end-June by estimation. During the quarter, the campaign's dedicated Instagram account published 26 posts with views by over 480,000 unique Instagram users.

Combatting misconduct of all forms

During the quarter, we fined³ two licensed corporations for a total of \$6.2 million. We disciplined eight individuals by suspending their licences or prohibiting them from re-entering the industry for periods of five months to three years.

Additionally, we initiated 14 new enquiries into listed company affairs under section 179⁴ of the Securities and Futures Ordinance (SFO), and 62 new investigations into different forms of misconduct under section 182⁵ of the SFO.

As part of our front-loaded approach in combatting corporate misconduct, we monitor the announcements and disclosures of listed companies to identify potential misconduct and irregularities, including behaviour that appeared to be unfairly prejudicial to interests of the shareholders and possible false or misleading disclosure. In nine cases, we issued section 179 directions to gather additional information during the quarter.



Eye-catching anti-scam advertisements in MTR stations remind the public to stay vigilant against investment traps

³ Fines paid by intermediaries in disciplinary actions go into the general revenue of the Government.

⁴ 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.

⁵ Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.



Counteracting insider dealing and market manipulation

- The Eastern Magistrates' Court has fixed, on a preliminary basis, trial dates beginning on 24 November 2025 for our prosecution against Wong Pak Ming, who has been charged with insider dealing involving the shares of Transmit Entertainment Limited (formerly Pegasus Entertainment Holdings Limited). Wong allegedly counselled or procured another person to trade Pegasus's shares in 2017 when possessing inside information as the firm's controlling shareholder.
- The Eastern Magistrates' Court sentenced Lin Tai Fung and his brother-in-law, Or Chun Nin to 240 hours and 160 hours of community service respectively after they pleaded guilty to the offences of conspiracy to commit false trading in the shares of Pa Shun International Holdings Limited between 2017 and 2018. Lin was also convicted for failing to notify the Stock Exchange of Hong Kong Limited about changes in his interest in Pa Shun.
- We obtained an arrest warrant from the Eastern Magistrates' Court for Liu Shaolin in connection with four charges of false trading in the shares of Pak Wing Group Holdings Limited. Under section 213 of the SFO, we are also seeking an order against Liu in the Court of First Instance (CFI) to restore affected counterparties to their pre-transaction positions.
- The District Court has set the trial date to 14 September 2026 for Stevens Yip Chi Fai, So Lung Ying, Lau Ka Wing and Chan Sin Ying. They are key members of an alleged sophisticated ramp-and-dump syndicate.

Tackling corporate misconduct

We obtained orders in the CFI for a record compensation via special dividends for the public shareholders of Combest Holdings Limited, and to disqualify a shadow director, Ng Kwok Fai, and two former executive directors, Liu Tin Lap and Lee Man To, of the now delisted company for eight to 12 years. The court order was granted following a first-of-its-kind settlement we secured, requiring the trio to pay about \$192 million to independent public shareholders as special dividends.

Our investigation found that the trio orchestrated the acquisition of two subsidiaries that were substantially overvalued in 2016 and 2017. They also arranged payments of fictitious loan interests and fees to entities related to Ng, and grossly inflated Combest's revenue between 2016 and 2019.

During the quarter, we also obtained disqualification orders in the CFI against:

- a former financial manager, Lu Ying, former executive directors, Ren Hai and Peng Guojiang, and a former independent non-executive director, Ting Tit Cheung, of National Agricultural Holdings Limited for periods ranging from two to nine years. The Court found that their misconduct led to the dissipation of approximately \$3 billion of the company's funds from 2015 to 2017; and
- Ho Siu Man, a former executive director of First Credit Finance Group Limited for seven years. Ho admitted to breaching her fiduciary duties to First Credit by failing to disclose Cho Kwai Chee's de facto directorship. As a result, the company published announcements related to certain share placement and rights issuance that contained false and misleading statements regarding the independence of Cho and his brother. She had also failed to consider the dilution impact of the share placement on shareholders before approving it.

The CFI determined the buy-out offer details for Wen Yibo, former chairman and executive director of Sound Global Ltd., requiring him to purchase shares in the company held by minority shareholders. Wen was found to have falsified Sound Global's bank balances and fabricated bank statements and balance confirmations.

Maintaining market resilience and mitigating serious harm to our markets

Acting against intermediary misconduct

- We reprimanded and fined Interactive Brokers Hong Kong Limited \$4.2 million for regulatory breaches in handling client assets. Our investigation revealed that between 2017 and 2020 it relied on the expired standing authority of 7,911 clients to loan their listed securities pursuant to a securities borrowing and lending agreement. It also failed to send clients renewal notices of the standing authority.
- We reprimanded and fined Sino-Rich Securities & Futures Limited \$2 million for failures concerning its margin lending policy and practices. We also suspended the licence of its responsible officer (RO) and manager-in-charge, Budihardjo Wilhelm Soeharsono, for five months and two weeks, for failing to discharge his duties.

Other disciplinary actions

Name	Breach	Action/Fine
PUN Hong Hai	Failed to discharge duties as Freeman Commodities Limited's RO and senior management on using customer supplied systems and monitoring suspicious money movements and trading patterns in client accounts	Suspended for 10 months
LAW Man Wai	Executed a total of 109 matched or wash trades in nine stocks in the accounts of his sister and friend, as well as his own personal account; intentionally concealed his beneficial interests and personal trades in these accounts	Banned from re-entering the industry for three years
Hadiée CHUI Lai Chun	Failed to disclose personal trading account and conducted personal trades through the undisclosed account without her principal's prior approval	Suspended for seven months
WONG Lai Suen	Failed to properly manage credit risks and to identify and report suspicious trading patterns of clients	Banned from re-entering the industry for six months
HO Hin Hang	Failed to discharge duties as Lion Futures Limited's RO and senior management on compliance with anti-money laundering and counter-financing of terrorism (AML/CFT) and other regulatory requirements	Banned from re-entering the industry for five months
MUI Chok Wah	Criminal conviction for theft and delay in notifying the SFC of his criminal charge	Licence revoked and banned from re-entering the industry for two years
KAO Cheng Yung	Failed to discharge duties as CSC Futures (HK) Limited's RO and senior management on compliance with AML/CFT and other regulatory requirements	Banned from re-entering the industry for six months

Other notable cases

- Lai Ka Yi has filed an application with the Court of Final Appeal for leave to appeal against her previous conviction and sentence. The Eastern Magistrates' Courts previously convicted her of holding herself out as carrying on a business in dealing in securities without an SFC licence, sentencing her to two weeks' imprisonment and ordering her to compensate a victim.
- The Eastern Magistrates' Courts set down the pre-trial review of our prosecution case against Chau Pak Yin⁶, a finfluencer, after he pleaded not guilty to advising on securities whilst unlicensed. Chau allegedly carried on a business of advising on securities in Hong Kong through a Telegram chat group without an SFC licence.

Enforcement activities					
	Quarter ended 30.6.2025	Quarter ended 31.3.2025 ^g	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
S179 ^a inquiries commenced	14	14	0	7	100.0
S181 ^b inquiries commenced (number of letters sent)	45(1,446)	56(1,560)	-7.31	42 (1,223)	18.2
S182 ^c directions issued	62	55	12.7	55	12.7
Investigations started	67	56	19.6	55	21.8
Investigations completed	43	51	-15.7	62	-30.6
Individuals and corporations charged in criminal proceedings	0	3	-100	0	0.0
Criminal charges laid	0	6	-100	0	0.0
Notices of Proposed Disciplinary Action ^d issued	9	8	12.5	5	80.0
Notices of Decision ^e issued	12	9	33.3	6	100.0
Individuals and corporations subject to ongoing civil proceedings ^f	265	269	-1.5	203	30.5
Compliance advice letters issued	60	40	50	39	53.8
Cases with search warrants executed	23	6	283.3	9	155.6

a 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 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.

g Figures have been adjusted for the period.

6 Previously known as Chau Kin Hei.

Bolstering surveillance and cross-boundary enforcement cooperation

Our surveillance of untoward price and turnover movements resulted in 1,446 requests for trading and account records from intermediaries during the quarter. In addition, we received and assessed 141 notifications from intermediaries regarding suspicious equity and derivative trading⁷.

During the quarter, we identified high shareholding concentration in one listed company and issued an announcement to alert investors of the potential risks associated with trading in the shares of the company, which were predominantly held by a limited number of shareholders.

We issued restriction notices to two brokers given concerns about their ability to conduct regulated activities competently, honestly and fairly, and hence, their fitness and properness to remain licensed. GA (Int'l) Capital Management Limited and Bloomyears Limited were prohibited from conducting any regulated activities and disposing of or dealing with any relevant property without our prior written consent. Our investigations are ongoing.

During the quarter, we maintained smooth enforcement collaboration with the China Securities Regulatory Commission, as the two sides offered prompt and efficient mutual investigatory assistance that accelerated progress in key cases. This highlights our joint commitment to combatting cross-boundary securities crimes and misconduct and strengthening enforcement coordination to uphold market integrity.

Enhancing regulatory regimes

Restricting use of misleading names by unregulated entities

In June, we launched a two-month consultation on proposals to further restrict the use of certain names to avoid misleading investors. The proposals seek to expand the current list of restricted titles under the SFO to address recent developments, including the SFC's regulatory regime for VATPs and introduce similar restrictions under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), as the VATP regime is set out under both ordinances. They also extend the restrictions to cover names that may imply an association with established exchanges, VATPs and other similar entities.

Managing risks of OTC derivatives market

The SFC and the Hong Kong Monetary Authority (HKMA) closely work together to enhance Hong Kong's over-the-counter (OTC) derivatives reporting regime to keep up with international developments and facilitate the analysis of OTC derivatives transactions. In April, they jointly published in the Government Gazette the list of data elements for the implementation of Unique Transaction Identifier, Unique Product Identifier and Critical Data Elements for the regime. They also issued revised frequently asked questions and revised supplementary reporting instructions to guide market participants on preparing for implementation.

Also in April, the SFC launched a joint consultation with the HKMA on the annual update to the list of financial services providers under the OTC derivatives clearing regime. We issued consultation conclusions in June and the updated list will be gazetted in the fourth quarter of 2025 for implementation on 1 January 2026.

⁷ Intermediaries are required to report clients' suspected market misconduct to the SFC.

Leading international standard-setting efforts

We maintain close working relationships with our overseas regulatory counterparts to develop global regulatory initiatives, contribute to the work of international standard-setting bodies, and promote international cooperation and capacity building. Our leadership roles in the committees and working groups of IOSCO and the Financial Stability Board (FSB) enable us to shape international policies.

IOSCO

In April, our Chief Executive Officer (CEO) Ms Julia Leung and senior executives attended the FSB Steering Committee meeting, IMF⁸-IOSCO Conference, and IOSCO Financial Stability Engagement Group meeting, in Washington DC, the US. The meetings discussed recent market developments and their financial stability implications, NBFI⁹ data, climate-related financial risks and artificial intelligence.

In May, Ms Leung and senior executives attended the IOSCO Annual Meeting in Doha, Qatar. They also participated in meetings of the IOSCO Board, Presidents' Committee, Multilateral Memorandum of Understanding Monitoring Group and the Diversity Network, as well as the IOSCO-OECD¹⁰ Roundtable on retail investor protection. In addition, Ms Leung chaired the IOSCO Asia-Pacific Regional Committee (APRC) meeting and had bilateral discussions with various overseas regulators to foster collaboration and discuss emerging topics. At the IOSCO Board meeting, members agreed on the next steps to address online scams and discussed market developments, pre-hedging practices of intermediaries and Fintech.



CEO Ms Julia Leung spoke at the IOSCO Annual Meeting

During the quarter, we participated in the IOSCO Financial Stability Coordination Group meetings, which discussed market volatility and NBFI data. We also attended the plenary meeting of the IOSCO Assessment Committee in Madrid, Spain, to discuss its 2026-2027 workplan and current work¹¹. In addition, we attended the plenary meeting of the IOSCO Committee of Emerging Risks in Dublin, Ireland, focusing on market developments and the risk outlook for 2026.

Ms Christina Choi, our Executive Director of Investment Products, chairs the IOSCO Policy Committee on Investment Management. The committee published in May the IOSCO final reports on revised recommendations for Liquidity Risk Management for Collective Investment Schemes, along with the complementary guidance for their effective implementation. The guidance sets out technical elements and good practices for open-ended funds to facilitate fund managers' implementation.

⁸ International Monetary Fund.

⁹ Non-Bank Financial Intermediation.

¹⁰ Organisation for Economic Co-operation and Development.

¹¹ This comprised a guided self-assessment by IOSCO members of the IOSCO Enforcement Principles, implementation monitoring of the Policy Recommendations for Crypto and Digital Asset Markets and a thematic review of IOSCO's Recommendations on Sustainability-Related Practices, Policies, Procedures and Disclosure in Asset Management.



Maintaining market resilience and mitigating serious harm to our markets

FSB

Our Senior Director and Head of International Affairs and Sustainable Finance Ms Christine Kung attended the FSB Regional Consultative Group for Asia meeting in Colombo, Sri Lanka, in May. Group members discussed global and regional vulnerabilities, potential financial stability risks in the NBFI sector, and securitisation.

In June, our Executive Director of Supervision of Markets Mr Rico Leung participated in the FSB Standing Committee on Standards Implementation meeting to discuss the peer review of crypto recommendations and third-party risk management.

Stepping up regulatory collaboration

We met with several local regulatory bodies in Washington DC and New York, the US, and actively participated in several supervisory colleges in New York and Zurich, Switzerland, to share intelligence and exchange views with other global regulators. Topics included the business, conduct, financial risks as well as recovery and resolution planning of global systemically important financial institutions.



Enhancing Hong Kong market competitiveness and appeal



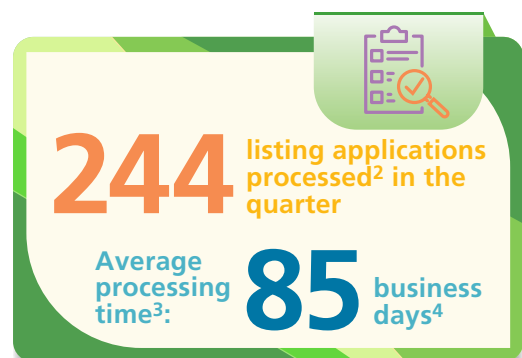
To enhance Hong Kong's appeal as a leading fund-raising and asset management hub, the SFC continues to serve as a capital market enabler to improve liquidity and efficiency, as well as deepen ties with Mainland and global markets through regulatory collaboration.

Enhancing listing market competitiveness and efficiency


Developing Hong Kong as a premier listing platform

The past quarter saw 27 initial public offerings (IPOs), raising a total of \$88 billion, which increased more than 900% compared to the same period last year. Among these was the world's largest IPO so far in 2025 by Contemporary Amperex Technology Co.

Seven Mainland leading enterprises had been listed in Hong Kong as of June since the China Securities Regulatory Commission's (CSRC) announcement in April 2024 to further support listing in Hong Kong¹. These enterprises are in the sectors of electrical appliances, packaged drinks, artificial intelligence, logistics, fresh-made drinks, electric vehicle batteries and ride hailing.



- 1 As one of the five measures on capital market cooperation with Hong Kong announced in April 2024, the CSRC will further support leading Mainland companies to list in Hong Kong.
- 2 Including 121 new listing applications and 123 cases brought forward from the previous reporting period.
- 3 Including the average SFC's vetting time of 24 business days and the response time of the listing applicants or their advisers.
- 4 For the 79 cleared cases of listing applications.



Enhancing Hong Kong market competitiveness and appeal

To continue to enhance Hong Kong's position as a premier listing platform, we have been working on a number of measures to strengthen our listing market.

Launch of Technology Enterprises Channel and confidential filing

The SFC and the Stock Exchange of Hong Kong Limited (SEHK) jointly announced in May the launch of a dedicated Technology Enterprises Channel (TECH) and a new confidential filing option to facilitate the listings of specialist technology and biotech companies. TECH supports these companies in understanding applicable Listing Rules and preparing for their listings in Hong Kong. The SFC will continue to collaborate with SEHK in the operation of TECH to enable a smooth application process. In addition, a new confidential filing pathway was introduced to help these companies protect their sensitive commercial information during the listing process.

Promoting homecoming and international listings in Hong Kong

The SFC and Hong Kong Exchanges and Clearing Limited (HKEX) have also been working to facilitate and expedite homecoming listings by Chinese companies listed in the US and other markets amid ongoing geopolitical headwinds.

In addition, after discussions with the SFC, SEHK added Thailand to its "list of overseas jurisdictions of incorporation" in June. As a result, companies incorporated in Thailand are no longer required to submit a pre-IPO enquiry to SEHK to assess shareholder protection requirements before filing a listing application in Hong Kong.

Enhancing listing framework

After SEHK closed its public consultation on the optimisation of IPO price discovery and open market requirements in March, the SFC is working with SEHK to refine the proposals after taking into account public feedback, and to finalise related proposals on ongoing public float and other post-listing requirements for public consultation. In May, the SFC collaborated with SEHK to update the "Corporate Governance Guide for Boards and Directors" and revise frequently asked questions related to corporate governance.

Gatekeeping listing applications

During the quarter, we processed 244 listing applications, of which we cleared 79. The processed applications included 121 new listing applications, among which 11 were from pre-profit biotech companies, 11 were from specialist technology companies and one was from an investment company.

During the quarter, the 79 cleared listing applications took an average of 85 business days⁵ to process.

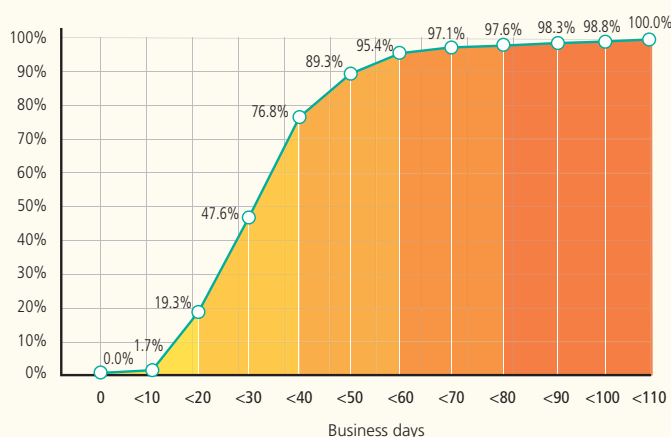
⁵ Including the SFC's vetting time and the response time of the listing applicants or their advisers.

Vetting time of listing applications

During the three years ended 30 June 2025, we cleared 410 cases in total and the vetting time for 95% of these was within 60 business days.

Note: In the chart, "SFC vetting time" refers to the total number of business days we spent to process and clear a listing application, which includes a number of rounds of comments. The figure excludes the response time of the listing applicants or their advisers.

SFC vetting time (July 2022 to June 2025)



Under the enhanced timeframe for new listing applications, up to 30 June, we cleared 53 listing applications received after the joint statement by the SFC and SEHK dated 18 October 2024, 100% of which were cleared within the vetting time of 40 business days.

Update on measures to lower transaction cost and boost market efficiency

The SFC continues to work with HKEX to explore medium to long-term measures to reduce market friction, lower transaction cost and boost capital efficiency. In May, we approved HKEX's proposed rule amendments for reducing the minimum trading spreads in the securities market, which will be implemented in two phases in August 2025 and mid-2026, respectively. Additionally, HKEX has also completed its review of the board lot arrangement in the securities market, and is preparing to consult the market regarding its proposed changes by the end of 2025.

Other potential measures include: reviewing the price structure in market data offerings to better distinguish professional users from non-professional ones; and building new systems for derivative trading, clearing and risk management.

Strengthening Hong Kong's role as super-connector

Stock Connect sustains solid momentum

Stock Connect continues to witness strong demand, with turnover and net buy growing rapidly. During the first half of 2025, Stock Connect saw southbound net inflows of \$731.2 billion, which already accounted for around 90% of the 2024 full-year total of \$807.9 billion. In addition, average daily southbound trading increased to \$111.0 billion and accounted for 23.1% of market turnover in Hong Kong, respectively surging 130% and 4.8 percentage points from \$48.2 billion and 18.3% in 2024. As of end-June, cumulative southbound net inflows since launch reached nearly \$4.43 trillion.

Cumulative southbound net inflows under Stock Connect:

\$4.4 trillion

Updates on Mutual Recognition of Funds (MRF)

Under the Mainland-Hong Kong MRF scheme, 42 Mainland funds were authorised and 39 Hong Kong funds were approved as at 30 June. The cumulative net subscriptions amounted to about RMB119.07 billion for Hong Kong funds and about RMB829.44 million for Mainland funds as at 30 June.

During the quarter, Hong Kong funds and Mainland funds recorded net redemptions of about RMB32.11 billion and RMB29.68 million respectively.

Wealth Management Connect 2.0 gaining steam

The operation of the Cross-boundary Wealth Management Connect (WMC) Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) has been smooth since the commencement of such services by securities brokers in December 2024. Eligible brokers, together with their Mainland partners, have been offering WMC services to GBA investors. Quota usage for southbound scheme almost doubled as of end-June. We will continue to monitor the fund flows and investment activities under the scheme and work with relevant authorities, as well as other stakeholders, to further enhance and expand the WMC scheme.

Building offshore RMB and risk management hub

Enriching product types under Swap Connect

The trading volume of Swap Connect has been increasing with active participation of Mainland and overseas investors since its launch in mid-2023. As of end-June, 82 overseas investors participated in Swap Connect, and the aggregate notional amount of executed RMB interest rate swap transactions since launch was over RMB7.1 trillion, representing a daily average of about RMB13.9 billion.

After obtaining the SFC's approval of the related clearing rule amendments, HKEX has further enriched the eligible product types under Swap Connect starting from 30 June, by accepting the clearing of northbound swaps referencing SHIBOR three-month and seven-day repo rates with tenors of up to 30 years. This enhancement provides an additional tool for overseas investors in managing the exposures associated with long-term RMB fixed income investment.

HKD-RMB dual counter trading

In April, the SFC approved HKEX's proposed rule amendments for introducing the Single Tranche Dual Counter (STMC) model to streamline the settlement of HKD-RMB dual counters and other securities with multiple counters including exchange-traded funds (ETFs). HKEX launched the STMC model in June, which will facilitate the inclusion of RMB counters into the southbound Stock Connect in the future. We will continue to collaborate with HKEX and the Mainland to ensure the technical readiness of all systems for the southbound inclusion of RMB counters by end-2025.

Treasury bond futures

We are working closely with HKEX to prepare for the launch of China treasury bond futures contracts in Hong Kong. The launch of the contracts is set to meet the rising demand to provide an effective tool for international investors to hedge their onshore exposure to China treasury bonds. More details will be announced in due course.

Strengthening regulatory collaboration with Mainland

To further enhance Hong Kong capital markets' global competitiveness and uphold its role as the super-connector between Mainland markets and the rest of the world, we work closely with our Mainland counterparts and relevant authorities to deepen ties between Mainland and Hong Kong financial markets.

Enhancing Hong Kong market competitiveness and appeal



The 16th Mainland and Hong Kong Regulatory High-level Meeting in Beijing in June



SFC CEO Ms Julia Leung (left) met with CSRC Chairman Mr Wu Qing (right) in Beijing in June

In June, we held the 16th Mainland and Hong Kong Regulatory High-level Meeting with the CSRC in Beijing to exchange views on supervisory cooperation, the latest market developments under the current geopolitical landscape, as well as enhancements to various Connect schemes. In particular, the two sides discussed initiatives such as facilitating the listings of Mainland's leading companies in Hong Kong and the return of US-listed Chinese concept stocks to Hong Kong. Both sides agreed to further enhance and expand the existing Mainland-Hong Kong mutual market access schemes and explore new cooperation opportunities.

We continued to have frequent high-level dialogues with Mainland authorities. During the quarter, we visited top officials of the CSRC, People's Bank of China (PBoC) and State Administration of Foreign Exchange in Beijing to discuss ways to deepen regulatory cooperation, the latest economic and market trends, the development of mutual market access schemes and other Mainland-Hong Kong capital market cooperation initiatives to consolidate Hong Kong's position as an international financial centre. We also explored future collaboration in areas such as renminbi internationalisation, and fixed income and currency markets.

We also maintained close working-level communication with Mainland authorities. We met with operational departments of the CSRC, PBoC and National Financial Regulatory Administration (NFRA) in Beijing. We also received visits from NFRA and Shenzhen Stock Exchange representatives to push forward various ongoing cooperation initiatives.

Enhancing regulatory regimes and market infrastructure

Increasing position limits

To support Hong Kong's financial market growth and enhance the competitiveness of its derivatives market, we increased the position limits for exchange-traded derivatives based on the three major stock indices, after receiving strong market support during our consultation (concluded in April).

The increases took effect from 2 July after the legislative process for relevant rule amendments was completed in June. The position limits for the derivatives contracts have increased respectively by 50% to 15,000 position delta for Hang Seng Index, 108% to 25,000 position delta for Hang Seng China Enterprises Index, and 43% to 30,000 position delta for Hang Seng TECH Index. These will enable Hong Kong's derivatives market to keep pace with overall market growth over the past years without introducing additional risks.

Preparing for launch of Uncertificated Securities Market (USM) regime

We remain on track to launch the USM regime in 2026, subject to market readiness. All necessary primary and subsidiary legislation have now been enacted, save for the commencement notice which will be introduced into the Legislative Council nearer the time of implementation.

Enhancing Hong Kong market competitiveness and appeal

Our earlier consultation on the limits on fees that an approved securities registrar may charge under the USM was concluded in June, and details of these limits will be incorporated into the Code of Conduct for Approved Securities Registrars. We have also stepped up efforts to raise awareness of the USM initiative. During the quarter, we participated in two public panel discussions on the USM regime. We also launched a one-stop, dedicated webpage⁶ with information about the initiative and its implications for investors, issuers and market intermediaries.



SFC's representatives presenting the USM Regime at the 26th Annual Corporate and Regulatory Update (ACRU 2025) organised by the Hong Kong Chartered Governance Institute in June

Development of advanced platforms

The SFC supervises HKEX in its efforts to enhance market infrastructure through the development of two advanced platforms: the Orion Derivatives Platform (ODP) and the Orion Cash Platform (OCP). Scheduled for launch in 2028, the ODP is set to replace the existing trading and clearing systems of the Hong Kong Futures Exchange with enhanced functionalities in trading, clearing and risk management within the derivatives market. Concurrently, the OCP is being developed to enhance post-trade services, with its first upgrade on the report download arrangements of the Central Clearing and Settlement System and Common Collateral Management System, which was implemented in end-July.

Developing and gatekeeping securities industry

Increasing number of licence applications under SFO

During the quarter, we received 2,246 licence applications⁷, including 2,176 individuals and 70 corporations, up 7% from the previous quarter and 16% from the same quarter last year.

As at 30 June, there were 49,151 licensees and registrants, of which 3,353 were licensed corporations, 45,690 were individuals and 108 were registered institutions. During the quarter, the number of new licensees and registrants totalled 3,132⁸, amongst which 3,075 were individuals, and 57 were licensed corporations and registered institutions. Among the licensed corporations approved during the quarter, Type 9 (asset management) regulated activity⁹ (RA) accounted for 84% and Type 4 (advising on securities) RA for 63%. Compared to 31 March, the number of firms licensed for Type 9 (asset management) RA increased by 29 to 2,270.



⁶ The webpage can be accessed on the SFC [website](#).

⁷ The figure does not include applications for provisional licences.

⁸ Including provisional licensed representatives.

⁹ Each licensed corporation may have multiple RA licences.

Licensees and registrants under the SFO

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Licensed corporations	3,353	3,328	0.8	3,259	2.9
Registered institutions	108	108	0.0	111	-2.7
Licensed individuals	45,690	45,389	0.7	44,414	2.9
Total	49,151	48,825	0.7	47,784	2.9

Licensing applications under the SFO

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Applications to conduct new regulated activity	6,678	6,339	5.3	5,778	15.6
Applications for SFC licences [^]	2,246	2,104	6.7	1,931	16.3

[^] Figures do not include applications for provisional licences. During the quarter, we received 1,037 provisional licence applications compared with 860 in the same quarter last year.

Licensed corporations

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
RA 1	1,476	1,471	0.3	1,458	1.2
RA 4	2,057	2,029	1.4	1,961	4.9
RA 9	2,270	2,241	1.3	2,161	5.0

Facilitating intermediaries' account opening for clients

We provided updates to intermediaries on acceptable account opening approaches in June, given the importance of non-face-to-face client onboarding to them. The updates covered the use of certification service to verify the identities of overseas investors, the adoption of iAM Smart for client identity verification, and the addition of 15 eligible jurisdictions for the purpose of remote onboarding of overseas individual clients.

Automated trading services

As of 30 June, there were 53 automated trading services (ATS) providers¹⁰ authorised under Part III of the Securities and Futures Ordinance (SFO), while 37 corporations, including 11 dark pool operators, were licensed under Part V of the SFO to provide ATS.

ATS providers

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Under Part III	53	53	0.0	54	-1.9
Under Part V	37	36	2.8	29	27.6

Reinforcing Hong Kong's position as asset and wealth management hub

Making strides in market connectivity with Middle East and Southeast Asia

The SFC and the Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) entered into a Memorandum of Understanding (MoU) in May to enhance cooperation on supervision of investment managers of collective investment schemes based in either market. The MoU serves as an important milestone in forging closer market connectivity between Hong Kong and ADGM as well as facilitating cross-market industry collaboration, especially on investment management and fund offerings through master-feeder structure.



Ms Leung (left) signed an MoU with the FSRA of ADGM

¹⁰ 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.

Enhancing Hong Kong market competitiveness and appeal

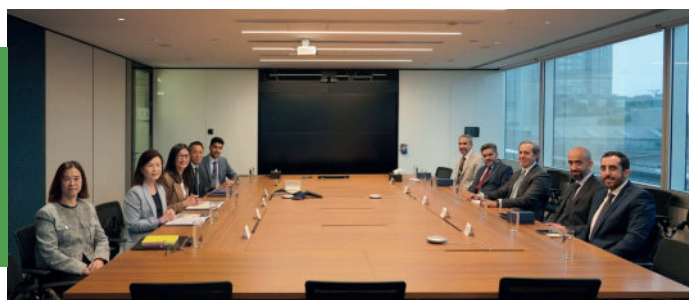
To advance dialogue on regulatory collaboration and drive greater market connectivity, our Chief Executive Officer (CEO) Ms Julia Leung and Executive Director of Investment Products Ms Christina Choi met with the Chairman and other senior executives of Saudi Arabia's Capital Market Authority (CMA) in Hong Kong in May and June. Discussions covered supervisory cooperation, dual listing of investment products, and the latest market and regulatory developments in both regions.

On the product side, both the SFC and the CMA witnessed the landmark listing of the Asia's first government Sukuk (ie, Islamic bond) ETF in Hong Kong in May.

As of end-June, the market capitalisation of the Hong Kong-listed Saudi Arabia ETF exceeded US\$1.2 billion (up 28% since launch), and its two Mainland feeder ETFs had a combined market

capitalisation of over US\$290 million (up 58% since launch), accounting for 23% of the master ETF's size. As for the two Hong Kong ETFs cross-listed on the Saudi Exchange, their Saudi feeder ETFs had a combined market capitalisation exceeding US\$1.9 billion (up 18% since launch), making them the largest in the Saudi ETF market.

To forge stronger ties with the Middle East markets, the SFC and the CMA co-hosted a Saudi-Hong Kong asset management roundtable in Hong Kong in June, which facilitated dialogue among leading asset managers from both markets on mutually beneficial initiatives such as expanding cross-border investment opportunities and potential partnership. In his opening remarks, the SFC's Chairman Dr Kelvin Wong highlighted the importance of cross-market engagement in building future-ready financial markets.



Senior executives of the SFC and the CMA met in Hong Kong in May



Led by CEO Ms Julia Leung (ninth from left) and the CMA Chairman His Excellency Mr Mohammed bin Abdullah Elkuwaiz (eighth from right), senior executives of the SFC and the CMA met in a bilateral meeting in Hong Kong in June



SFC Chairman Dr Kelvin Wong gave opening remarks at SFC-CMA asset management roundtable in Hong Kong in June where the city's leading industry associations met with the Saudi Arabia delegates during their first official visit to Hong Kong



Listing of the first Sukuk ETF in Hong Kong witnessed by the SFC and the CMA

Enhancing Hong Kong market competitiveness and appeal



Ms Leung (left) and Ms Choi (right) at the signing of an MoU with Canada's Ontario Securities Commission



Ms Leung (left) and Ms Choi (right) at the signing of an MoU with the Central Bank of Ireland

On the ASEAN¹¹ front, the SFC met with the high-level delegation of Vietnam's Ministry of Finance and State Securities Commission in April to discuss closer regulatory collaboration. We also facilitated a roundtable for the Vietnam delegation and Hong Kong industry associations to exchange views on market developments and opportunities in asset and wealth management.

Deepening international regulatory collaboration in asset management

We signed an MoU with the Central Bank of Ireland on Mutual Recognition of Funds in May to streamline the distribution of eligible Hong Kong and Irish public funds in each other's market. In the same month, we concluded an MoU with the Ontario Securities Commission, Canada, on the exchange of information for supervision of cross-border investment management activities. This MoU allows both jurisdictions to benefit from greater transparency and facilitates cross-market industry collaborations.

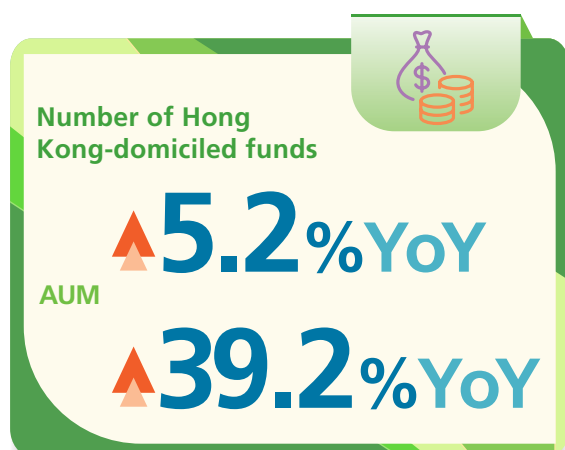


Senior executives of the SFC and the high-level delegation of Vietnam's Ministry of Finance and State Securities Commission met in Hong Kong in April

11 Association of Southeast Asian Nations.

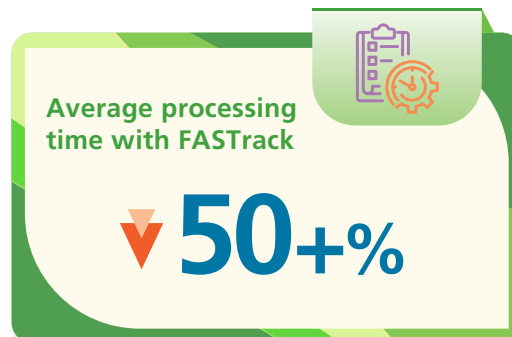
Hong Kong-domiciled funds' AUM surge

As at 30 June, there were 993 Hong Kong-domiciled funds, up 1.7% from the previous quarter and up 5.2% from a year ago. Their assets under management (AUM) increased 6.6% from the previous quarter and increased 39.2% year-on-year to \$2,088 billion (US\$265.9 billion). Net fund inflows of about \$60.7 billion (US\$7.7 billion) were recorded in the quarter.



Fast-tracking authorisation of simple funds from other markets

We formally adopted the Fund Authorisation Simple Track (FASTrack) in May following a six-month pilot period. Under FASTrack, we pledge a 15-day timeframe for authorising simple funds from jurisdictions which have mutual recognition of funds arrangement with Hong Kong (MRF Jurisdictions). As of 30 June, we authorised 17 FASTrack-eligible funds within this timeframe, while reducing average processing time by more than 50% compared to 2024¹².



Authorising investment products

During the quarter, we authorised 33 unit trusts and mutual funds (including 26 Hong Kong-domiciled funds), one investment-linked assurance scheme (ILAS), four mandatory provident fund (MPF) pooled investment funds and 52 unlisted structured investment products for public offering in Hong Kong.

Continued growth of open-ended fund companies (OFCs) and updates on grant scheme

As at 30 June, there were 579 registered OFCs, of which 61¹³ were newly registered during the quarter. The number of registered OFCs increased 56% year-on-year. The terms of the grant scheme for OFCs and real estate investment trusts (REITs) updated in March came into effect from 11 April.



¹² Compared to the average processing time for standard applications for simple funds from MRF Jurisdictions in 2024 prior to the introduction of FASTrack.

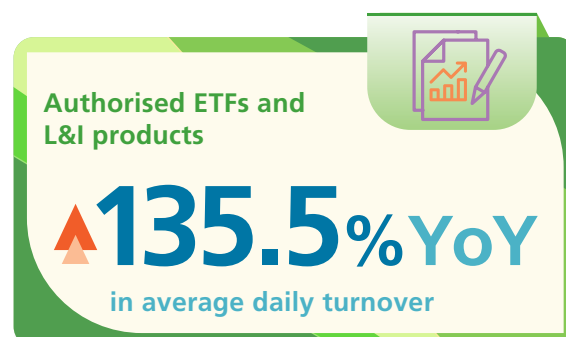
¹³ This figure includes 59 private OFCs.

Expanding ETF and L&I product markets

As at 30 June, 184 SFC-authorised ETFs and 30 SFC-authorised leveraged and inverse (L&I) products were listed on SEHK (in aggregate up 11.5% from a year ago), with total market capitalisation of \$528.5 billion (US\$67.8 billion), up 28.3% from a year ago. During the quarter, these ETFs and L&I products recorded net outflows of \$6.8 billion (US\$0.9 billion) and an average daily turnover of \$36.5 billion (US\$4.7 billion), equivalent to over 15% of the turnover of Hong Kong's stock market.

Enabled by the SFC's streamlined requirements for eligible ETFs, the first active ETF cross-listing in Hong Kong using a master-feeder structure took place on 9 July¹⁴. This milestone demonstrated Hong Kong's competitiveness in attracting overseas ETFs and broadened Hong Kong's product offering by introducing the world's largest active ETF strategy to the city's investors.

As at 30 June, 17 ETFs were eligible for southbound trading. During the quarter, southbound ETF trading had an average daily turnover of \$3.2 billion (US\$409 million), contributing 5.0% of the eligible Hong Kong ETFs' total turnover.



Launch of integrated fund platform (IFP)

The IFP is a new financial infrastructure to facilitate retail fund distribution in Hong Kong and generate new business opportunities in the retail fund market. Following the launch of the IFP fund repository in December 2024, we have continued to work closely with HKEX and other parties to implement the order routing service (launched in July 2025) and the next phase on nominee, payments and settlement services.

SFC-authorised ETFs and L&I products^{a,b}

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Number of SFC-authorised ETFs and L&I products ^c	214	210	1.9	192	11.5
Market capitalisation ^d (\$ billion)	528.5	520.3	1.6	411.8	28.3

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Average daily turnover (\$ billion)	36.5	39.4	-7.4	15.5	135.5
Net fund flow ^d (\$ billion) – Net inflow (outflow)	(6.8)	7.3	N/A	(0.5)	N/A

a Based on data from HKEX.

b The statistics only cover authorised ETFs and L&I products listed and traded on HKEX's securities market.

c Multiple counters of an ETF and L&I product are counted as one product.

d Market capitalisation and fund flow statistics are calculated based on units/shares of all authorised ETFs and L&I products held in Hong Kong.

14 Post-reporting period.

ETF Connect – Southbound trading and fund flows of eligible Hong Kong ETFs[^]

Quarter ended	Number of eligible Hong Kong ETFs as of period end	Market capitalisation as of period end (\$ million)	Southbound trading average daily turnover (\$ million)	As a % of eligible ETFs' turnover (%)	Fund inflow/ (outflow) of eligible Hong Kong ETFs (\$ million)
2025.6.30	17	298,365	3,212	5.0	(12,122)
2025.3.31	17	306,402	4,379	6.4	5,315
2024.6.30	10	210,659	1,292	5.1	(8,801)

[^] Based on data from HKEX.

Authorised collective investment schemes

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Unit trusts and mutual funds – Hong Kong domiciled	993 [^]	976	1.7	944	5.2
Unit trusts and mutual funds – non-Hong Kong domiciled	1,431	1,445	-1.0	1,443	-0.8
Investment-linked assurance schemes	320	319	0.3	319	0.3
Pooled retirement funds	32	32	0.0	32	0.0
MPF schemes	23	25	-8.0	26	-11.5
MPF pooled investment funds	198	198	0.0	200	-1.0
Paper gold schemes	15	15	0.0	15	0.0
REITs	11	11	0.0	11	0.0
Total	3,023	3,021	0.1	2,990	1.1

[^] This figure includes 116 approved pooled investment funds (retail APIFs) which MPFs may invest into and may also be offered to the public in Hong Kong.

Authorised unlisted structured investment products

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Unlisted structured investment products [^]	414	391	5.9	320	29.4

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

Registered OFCs

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
OFCs	579 [^]	520	11.3	371	56.1

[^] This figure includes 538 private OFCs.

SFC-authorised renminbi (RMB) investment products

	As at 30.6.2025
Unlisted products	
Unlisted funds primarily investing in onshore Mainland securities markets ^a or offshore RMB bonds, fixed-income instruments or other securities	55
Unlisted funds (non-RMB denominated) with RMB share classes	485
Paper gold schemes denominated in RMB	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	42
Unlisted structured investment products issued in RMB ^b	413
ILAS with policy currency in RMB	8
Listed products	
ETFs primarily investing in the onshore Mainland securities markets ^a or offshore RMB bonds, fixed-income instruments or other securities	49
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	59
RMB leveraged and inverse products	1
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.

Authorised unit trusts and mutual funds domiciled in Hong Kong – fund flows by type^a (US\$ million)

For the three months ended 30 June, Hong Kong-domiciled funds reported overall net inflows of \$60.7 billion (US\$7.7 billion), which was primarily attributed to money market funds.

	Three months ended 30.6.2025			Three months ended 31.3.2025			Three months ended 30.6.2024		
	Subscription	Redemption	Net subscription/(redemption) ^b	Subscription	Redemption	Net subscription/(redemption) ^b	Subscription	Redemption	Net subscription/(redemption) ^b
Bond	5,427	9,082	(3,655)	20,639	4,990	15,649	3,345	2,780	565
Equity	4,033	4,331	(298)	4,598	6,644	(2,046)	3,659	4,302	(643)
Mixed	1,823	2,208	(385)	1,967	1,652	315	1,163	1,593	(430)
Money market	72,877	59,385	13,491	54,139	41,012	13,127	27,944	19,713	8,231
Feeder funds ^c	2	16	(15)	9	4	5	0	0	0
Index ^d	34,228	35,603	(1,375)	38,460	38,006	454	19,893	20,213	(320)
Guaranteed	0	1	(1)	0	1	(1)	0	1	(1)
Commodity and virtual asset ^e	215	240	(26)	38	163	(124)	490	326	164
Total ^b	118,605	110,867	7,737 ^f	119,849	92,472	27,378	56,494	48,928	7,566

a Based on data reported by funds domiciled in Hong Kong.

b Figures may not add up to total due to rounding.

c The subscription and redemption amounts of feeder funds whose master funds are authorised by the SFC have been excluded to better reflect the total fund flows.

d Including equity and fixed income index tracking funds, ETFs and L&I products.

e From 30 June 2024, commodity and virtual asset funds, ETFs and L&I products (whether actively managed or index tracking) have been recategorised under the “Commodity and virtual asset” category. Corresponding adjustments have been made to the relevant historical figures.

f This figure includes net fund inflows of \$159.3 million (US\$20.3 million) reported by retail approved pooled investment funds which MPFs may invest into and may also be offered to the public in Hong Kong.



Leading financial market transformation through technology and ESG



Innovation and sustainability are key to solidifying Hong Kong's future prospect as a leading international financial centre. Through advances in the Fintech ecosystem and alignment with global sustainability disclosure standards, we are building robust and future-ready markets to maintain Hong Kong's role as a global financial hub and a bridge between emerging and developed markets.

Driving digital asset ecosystem development

To further enhance Hong Kong's digital asset regulation, we launched a joint consultation with the Financial Services and the Treasury Bureau in June to introduce regulatory regimes for virtual asset (VA) dealing and custodian service providers. Under the proposed regimes, the SFC will license and supervise VA dealers and custodians, as well as enforce relevant regulations. It will also set the standards for these service providers to ensure robust investor protection based on the "same business, same risks, same rules" principle.

The proposals will extend Hong Kong's efforts in fostering a secure, robust and globally competitive digital asset ecosystem while upholding market integrity. They will also advance Pillar **A** (**A**ccess) of the SFC's **ASPIRe** roadmap (issued in February) by attracting qualified participants, expanding investor choice and integrating the city's digital asset markets with global liquidity.

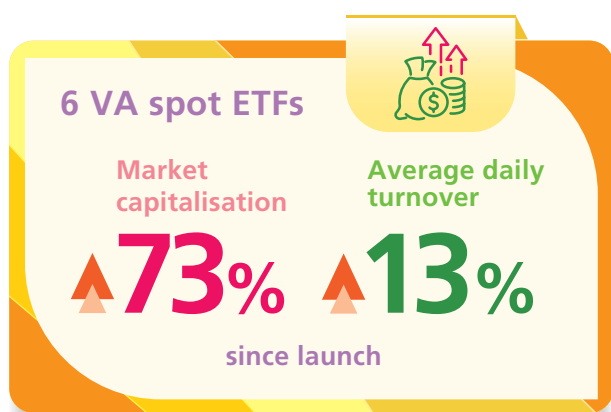


During the quarter, we continued to facilitate participation in the VA market under Pillar **A**. As at 30 June, the SFC had licensed a total of 11 VA trading platforms (VATPs) and was reviewing the licence applications of 10 VATP applicants, four of which were deemed-to-be-licensed applicants under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).

To expand product and service offerings under Pillar **P** (**P**roducts) of the roadmap, we provided guidance in April to licensed VATPs on their provision of staking services and also to SFC-authorized funds with VA exposure on their engagement in staking. Subsequently, the SFC permitted two licensed VATPs to provide staking services, and also became the first in the Asia Pacific to allow staking for VA spot exchange-traded funds (ETFs) through licensed VATPs. Currently, three SFC-authorized VA spot ETFs are permitted to engage in staking.

Leading financial market transformation through technology and ESG

In terms of product performance, Asia's first batch of six SFC-authorized VA spot ETFs recorded healthy growth in both market capitalisation and average daily turnover since launch, up 73% and 13% to US\$503 million and US\$6.5 million as at end-June, respectively. As part of our ongoing efforts to expand VA product offerings, we further authorised three new VA spot ETFs investing directly in Bitcoin and Ether in July¹.



We also progressed initiatives under Pillars **I** (Infrastructure) and **Re** (Relationships) of the **ASPIRe** roadmap through multiple channels. We proactively collaborated with industry stakeholders, including through the Digital Asset Consultative Panel, to obtain insights and feedback on market developments. In addition, we drove harmonisation of global Fintech regulatory standards through participation in global fora, seminars, panel discussions, training sessions and events organised by or partnered with government authorities, regulatory bodies and industry associations.

At the Hong Kong Web3 Festival 2025 in April, Ms Christina Choi, Executive Director of Investment Products, spoke about the SFC's commitment to fostering a supportive ecosystem for digital assets by balancing innovation with investor protection and sustainable growth. At the same event, Ms Elizabeth Wong, Director of Intermediaries and Head of the Fintech Unit, discussed the SFC's work on advancing tokenisation and broader digital asset innovations during a panel discussion.



Executive Director of Investment Products
Ms Christina Choi delivered a keynote at Hong Kong Web3 Festival 2025

These collective efforts culminated in recognition through a cover feature on the **ASPIRe** roadmap in a renowned financial journal, highlighting the digital finance landscape in Hong Kong.

To further international engagement, the SFC met with both regulatory counterparts and Web3 industry leaders in the United Arab Emirates in May to exchange views on VA regulation and market developments. Discussions with Middle Eastern regulators centred on evolving approaches to VA regulation and experience in supervising relevant firms, supporting the objective of the **ASPIRe** roadmap to promote cross-border regulatory cooperation. We also discussed with the Web3 industry representatives the importance of balanced regulation that encourages growth and mitigates systemic vulnerabilities.



Director of Intermediaries and Head of the Fintech Unit Ms Elizabeth Wong (middle) participated in a panel discussion at Hong Kong Web3 Festival 2025

¹ Post-reporting period.

Licensees under the AMLO

	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Licensed providers	11	10	10.0	2	450.0
Licensed individuals	111	104	6.7	31	258.1
Total	122	114	7.0	33	269.7

Licensing applications under the AMLO

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Applications for SFC licences	19	27	-29.6	99	-80.8

Tokenisation to increase market efficiency

Since the launch of the Project Ensemble Sandbox in August 2024, the SFC has worked closely with the Hong Kong Monetary Authority to co-lead tokenisation initiatives for the asset management sector. As the core member of the Project's Architecture Community, we have provided regulatory guidance to participants to support their experimentation on various tokenisation use cases under different themes. We have also participated in a number of Project Ensemble-related meetings, with the experiments expected to be completed in batches within 2025.

Our collaboration with the Government drove a breakthrough in June, with the active support and dedicated efforts of the SFC, the Government issued Policy Statement 2.0 on the Development of Digital Assets in Hong Kong, clarifying that the transfer of tokenised ETFs will also benefit from the stamp duty waiver for the transfer of all Hong Kong-listed ETFs. This marks a key step forward in facilitating secondary market trading of tokenised products in the city.

In addition, as at end-June, the tokenised classes of Asia Pacific's first batch of three tokenised retail money market funds², which we authorised in the first quarter, had a total AUM of \$2,707 million (US\$347 million), up 74% from the previous quarter.

We further authorised two new tokenised retail money market funds in July³.

Advancing Hong Kong's leading role in sustainable finance

Under our Chief Executive Officer (CEO) Ms Julia Leung's leadership as Vice Chair of the Sustainable Finance Task Force of the International Organization of Securities Commissions (IOSCO), the SFC continued to contribute to shaping global standards while strengthening our local ecosystem during the quarter.

We contributed to the IOSCO Sustainable Bonds Report published in May, which identifies the key characteristics and trends tied to the sustainable bond market. We also supported the development of the United Nations Sustainable Stock Exchanges Initiative's (UNSSSE) Model Guidance for SMEs⁴, published in June, to promote the integration of sustainable business practices. The guidance serves as a practical tool for stock exchanges to assist SME issuers on sustainability reporting.

² These include the introduction of tokenised classes to existing SFC-authorised money market funds.

³ Post-reporting period.

⁴ Small and Medium-sized Enterprises.

Leading financial market transformation through technology and ESG

Furthermore, we actively participated in other international initiatives⁵ to advance the sustainable finance agenda, including the International Transition Plan Network Dialogue in Switzerland in May to discuss climate transition plans.

Locally, we co-organised the inaugural International Carbon Markets Summit with Hong Kong Exchanges and Clearing Limited (HKEX) in April. Over 200 participants consisting of local and overseas regulators, carbon trading venue and corporate representatives and investors gathered at the summit to discuss the importance of harmonising international standards and best practices in credit issuance and secondary trading, the expansion of cross-border transactions, and the role of technology in facilitating linkages. On the sidelines of the summit, Ms Leung chaired a roundtable to discuss scaling of voluntary carbon markets with local authorities, IOSCO Asia-Pacific Regional Committee (APRC) members, regional carbon credit trading venues, and private sector stakeholders.



Ms Leung spoke at the 2025 Beijing International Sustainability Conference



Senior Director and Head of International Affairs and Sustainable Finance Ms Christine Kung (first from left) moderated a panel discussion at the inaugural International Carbon Markets Summit

Our local capacity-building efforts also included supporting HKEX in organising a deep-dive training session on climate-related scenario planning and analysis under its ESG⁶ Academy in May, featuring representatives from the SFC, the Hong Kong Institute of Certified Public Accountants and listed issuers. In addition, we also supported the development of the Hong Kong Green Fintech Map 2025, which was published in June.

Adopting global sustainability disclosure standards

In its first batch of jurisdictional profiles published in June, the IFRS⁷ Foundation recognised Hong Kong as one of the first jurisdictions with a target of “fully adopting” the IFRS Sustainability Disclosure Standards based on the Roadmap on Sustainability Disclosure in Hong Kong.

In the same month, our CEO Ms Leung spoke at a fireside chat at the 2025 Beijing International Sustainability Conference to share Hong Kong’s experience in adopting the IFRS Sustainability Disclosure Standards, facilitating ongoing dialogues with Mainland and international stakeholders, and promoting best practices.

⁵ We have signed the International Sustainability Standards Board’s COP28 Declaration of Support. We are also a member of the International Platform on Sustainable Finance, a member of the United Nations Sustainable Stock Exchanges Initiative’s Consultative Group, Transition Plans Advisory Group and Small and Medium Enterprises and Sustainability Advisory Group, and an official sector member of the International Transition Plan Network.

⁶ Environmental, social and governance.

⁷ International Financial Reporting Standards.

Gatekeeping ESG funds and addressing ESG data gaps

The SFC continued to facilitate ESG fund development while rigorously gatekeeping against greenwashing during the quarter. As at 30 June, there were 204 SFC-authorized ESG funds with total assets under management of \$1,168.9 billion (US\$148.9 billion).

In addition, we co-led efforts to enhance the greenhouse gas (GHG) emissions calculation tool in April. These new features, which were developed based on industry feedback, include incorporating emission factors from various years to enable more accurate GHG emissions calculation and allow the generation of comprehensive reports that outline the calculation process to facilitate GHG emissions reporting and third-party assurance.

Extending sustainability education and outreach efforts

During the quarter, we spoke at various public engagement events. These include the Hong Kong Green Finance Association's webinar series on transition considerations for asset managers, a regulatory roundtable organised by the IFRS Foundation in Beijing, the UNEP FI⁸ Asia Pacific Regional Roundtable on Sustainable Finance 2025, and the 2025 China Sustainable Investment Forum Summer Summit in Suzhou to share the latest regulatory developments in Hong Kong.

8 United Nations Environment Programme Finance Initiative.



Enhancing SFC's institutional resilience and efficiency



To facilitate the stable development of Hong Kong's capital markets, we strive to build our own institutional resilience and operating efficiency. Alongside our robust budgeting and internal controls, we are committed to upholding sound corporate governance, enhancing processes as well as stepping up communications and engagement efforts.

Sound financial and resource management

We recorded a surplus of \$407 million for the quarter. Our income was \$966 million, up 13.9% from the previous quarter and 85.1% higher than the same quarter last year. This is attributable to the significant increase in the average daily turnover in Hong Kong's securities market from the

second half of 2024: it increased to \$218 billion for the quarter, compared to \$116 billion in the same quarter last year. In addition, we resumed the collection of annual licensing fees in the new financial year beginning 1 April after the waiver for 2024-25 ended in March.

Our expenditure for the quarter was \$559 million, 13% lower than the previous quarter and comparable on a year-on-year basis.

As of 30 June, our reserves stood at \$8.2 billion, of which \$1.1 billion was allocated to supporting the acquisition of three additional floors for the SFC's office and future principal bank loan repayments.

As of 30 June, we had 953 staff members, down from 958 a year ago.

Finance				
(\$ million)	Quarter ended 30.6.2025	Quarter ended 31.3.2025	Quarter ended 30.6.2024	YoY change (%)
Income	966	848	522	85.1
Expenses including depreciation	559	643	559	0.0
Surplus/(deficit)	407	205	(37)	N/A

Upholding effective corporate governance

Mr Tony Tang Xiaodong was appointed Non-Executive Director (NED) for two years, effective 24 April, and Mr Michael Wong Yick-kam, SBS, MH, JP, was reappointed NED for two years, effective 1 April. Mr Nicky Lo Kar-chun, SBS, JP, stepped down as NED on 23 April.

Comprising a large number of members outside the SFC, our regulatory committees play a crucial role in our governance by contributing a wealth of diverse perspectives and professional experience. New appointments and reappointments to the following regulatory committees took effect from 1 April:

- Academic and Accreditation Advisory Committee
- Committee on Real Estate Investment Trusts
- Disciplinary Chair Committee
- Nominations Committee
- Public Shareholders Group
- SFC (HKEC Listing) Committee
- Share Registrars' Disciplinary Committee
- Takeovers and Mergers Panel
- Takeovers Appeal Committee

In addition, new appointments and reappointments to the SFC Advisory Committee took effect for two years from 1 June.

Continuous staff learning to keep up with changing times

In April, we organised a Two Sessions sharing for our staff to strengthen their understanding of the latest national development policies. We invited six prominent speakers¹ to participate in a panel discussion moderated by our Chairman Dr Kelvin Wong to share their insights on the Two Sessions (ie, the third annual session of the 14th National People's Congress (NPC) and the third session of the 14th Chinese People's Political Consultative Conference (CPPCC) National Committee). Speakers discussed the key policy directions set forth in the Two Sessions and how the SFC could support the Nation's agenda through its own strategic priorities. More than 250 SFC staff members attended the session.

In addition, we launched a new online training module for our staff during the quarter to boost their awareness of phishing attacks and defence against such emails, in order to enhance the SFC's cyber resilience.

Driving institutional efficiency via technology

In the quarter, we launched an advanced risk-monitoring solution to strengthen our oversight of licensed corporations (LCs). This solution improves risk identification and assessment by evaluating the impact of risks on key functions and business areas. It also facilitates the identification of LCs with higher risk profiles or potential money-laundering activities.



Chairman Dr Kelvin Wong and CEO Ms Julia Leung (third and fifth from left) with six prominent speakers at SFC's Two Sessions sharing



¹ Speakers included Dr Hon Starry Lee, member of the Standing Committee of the NPC and Legislative Council (LegCo) member; Hon Ronick Chan, NPC deputy and LegCo member; Mr Tim Lui, NPC deputy and former SFC Chairman; Mr Hendrick Sin, NPC deputy; Ms Agnes Chan, CPPCC member and former SFC NED, and Dr Hon Johnny Ng, CPPCC member and LegCo member.

Enhancing SFC's institutional resilience and efficiency

We also introduced new system features to enhance our Enforcement Division's investigative work, enabling efficient analyses of large volumes of communications and fund flow data to uncover hidden connections more effectively.

We have strengthened our generative artificial intelligence (GenAI) solution with advanced reasoning capabilities for improved problem-solving and enhanced Chinese language support for more effective handling of day-to-day tasks.

Deploying different channels for regulatory communications

We provide stakeholders with regulatory updates and explain our work through a variety of publications. In June, we released the SFC's *Annual Report 2024-25* to highlight vibrant market



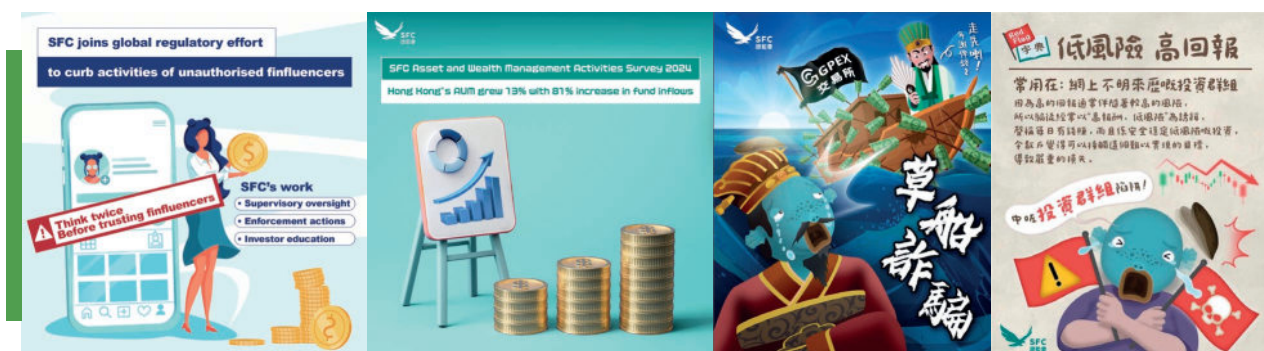
The SFC's *Annual Report 2024-25*



innovation and enhanced global connectivity for Hong Kong with an upturn in fund-raising and trading activities and accelerated developments in virtual assets (VAs) and securities tokenisation. We also published the quarterly *Takeovers Bulletin* in the same month.

During the quarter, we issued 18 circulars to guide the industry on a wide range of topics, including Hong Kong's mutual recognition of funds scheme with Ireland, an enhanced licensing process for new VA trading platforms seeking to be licensed, as well as our review of LCs' internal controls on client asset protection.

A total of 114 posts were published on our social media platforms to promote public awareness of various matters, such as alerts against scams and suspicious investment products, meetings and other forms of collaboration with regulatory counterparts and updates on policy initiatives.



Our social media posts

Proactive industry communications to facilitate regulatory efficiency and transparency

We keep stakeholders informed of regulatory updates and explain our work through industry events, publications and other engagements and channels. During the quarter, our senior executives spoke at more than 20 local and international events on topics including asset and wealth management, Fintech, mutual market access, corporate governance and sustainability. We were the supporting organisation of four industry events.

Leadership speeches and engagement

In June, both our Chairman Dr Kelvin Wong and our Chief Executive Officer (CEO) Ms Julia Leung spoke at the Hong Kong Investment Funds Association's (HKIFA) 18th Annual Conference. In his keynote speech, Dr Wong highlighted the vital roles of asset managers in driving wealth creation, capital formation as well as corporate accountability. He also stressed the importance of regulator-industry partnership in bolstering Hong Kong's status as an asset and wealth management hub.



CEO Ms Leung at the HKIFA Annual Conference



Chairman Dr Wong gave a keynote speech at the HKIFA Annual Conference

During the HKIFA conference, Ms Leung elaborated on the SFC's regulatory support for the asset and wealth management sector in a fireside chat with Mr Eddie Yue, Chief Executive of the Hong Kong Monetary Authority. Underscoring one of the SFC's priorities to diversify Hong Kong's financial markets, she encouraged the industry to be proactive in seizing the vast opportunities from new market connectivity as well as technology.

Also in June, Dr Wong delivered keynote speeches at the 2025 Asia Trader Forum organised by *Institutional Investor* and the Hong Kong Investor Relations Association's 11th Investor Relations Awards presentation ceremony, respectively, addressing buy-side traders and investor relations professionals who are integral to Hong Kong's financial ecosystem. In his speeches, he spoke of the critical roles each of these groups of practitioners play in driving liquidity and connecting companies with investors, respectively, thereby facilitating the efficient and robust functioning of capital markets.



Dr Wong at the 2025 Asia Trader Forum

Dr Wong was featured in the Spring 2025 Issue cover story of *Momentum*, the official magazine of The Chamber of Hong Kong Listed Companies (CHKLC). During the interview, he pointed out the importance of effective regulation in driving sustainable capital market development in order to contribute to Hong Kong's economic growth. He also emphasised active stakeholder engagement is fundamental to effective regulation.

At the 2025 OSC[^] Dialogue in Ontario, Canada, in April, Ms Leung delivered keynote remarks on fostering future-ready financial markets to navigate a new era of uncertainty. She shed light on the SFC's strategy to ensure market resilience while harnessing the megatrends of the times to drive market transformation. To point the way forward, she emphasised the importance of standing with like-minded, trusted regulatory partners to foster international collaboration.



Dr Wong on the cover of the
CHKLC's *Momentum*



At the OSC Dialogue in Toronto, Ms Leung
spoke on international collaboration



Ms Leung detailed the SFC's market
development strategy at Caixin Summer
Summit

In June, Ms Leung spoke at the Caixin Summer Summit 2025 and shared the SFC's multi-pronged strategy of defence and offence to equip the SFC with a "shield" of resilience and three "arrows" that represent its targeted growth strategies. These "arrows" are namely enhancing Hong Kong's core competitiveness as a fund-raising and asset management centre, deepening market connectivity and leveraging innovative technology.

[^] Ontario Securities Commission.

Open dialogues with industry

As part of our ongoing engagement with the securities industry, we hosted a broker forum themed "Powering Growth with Resilience" in June with a strong turnout of about 700 industry representatives. Speakers engaged in profound dialogues on industry development and challenges, supervisory observations and regulatory updates. To support brokers' efforts in improving operations, the forum also provided insights into the initial public offering market,

financial product innovation, remote client onboarding, cybersecurity and internal controls for client asset protection.

In May and June, our Enforcement Division executives spoke at two seminars for about 400 members of the Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants, CFA Society Hong Kong and CPA Australia to share our work to crack down on market misconduct and fraudulent schemes.



Executive Director of Intermediaries Dr Eric Yip (left) exchanged views with Legislative Councillor for the Financial Services Functional Constituency Hon Robert Lee in a fireside chat at Broker Forum



Our executives discussed lessons learnt from recent misconduct and fraud cases



Publications and other communications

	Quarter ended 30.6.2025
Press releases	55
Policy statements and announcements	1
Consultation papers	4
Consultation conclusions	3
Industry-related publications	1
Codes and guidelines ^a	1
Circulars to industry	18
Social media posts ^b	114
Corporate website average daily page views ^c	83,225
General enquiries	1,325

a Includes updates to previous versions.

b Includes posts on the SFC's Facebook, LinkedIn and WeChat pages, and the dedicated anti-scam Instagram page.

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

Operational Data

Table 1 Breaches noted during on-site inspections

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Failure to comply with Securities and Futures (Financial Resources) Rules	1	4	-75.0	7	-85.7
Failure to safekeep client securities	11	7	57.1	7	57.1
Failure to maintain proper books and records	5	9	-44.4	7	-28.6
Failure to safekeep client money	8	13	-38.5	14	-42.9
Unlicensed dealing and other registration issues	1	2	-50.0	6	-83.3
Breach of requirements of contract notes/statements of account/receipts	9	7	28.6	12	-25.0
Failure to make filing/notification	5	1	400.0	4	25.0
Breach of margin requirements	3	1	200.0	4	-25.0
Marketing malpractices	1	0	N/A	0	N/A
Dealing malpractices	1	1	0.0	1	0.0
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ¹	105	93	12.9	93	12.9
Breach of Corporate Finance Adviser Code of Conduct	0	0	0.0	4	-100.0
Breach of Fund Manager Code of Conduct	59	45	31.1	31	90.3
Breach of regulation of on-line trading	0	5	-100.0	2	-100.0
Non-compliance with anti-money laundering guidelines	58	75	-22.7	74	-21.6
Breach of other rules and regulations of the Exchanges ²	0	0	0.0	3	-100.0
Internal control weaknesses ³	165	170	-2.9	183	-9.8
Others	20	21	-4.8	37	-45.9
Total	452	454	-0.4	489	-7.6

1 Commonly related to risk management, record keeping, client agreements, safeguarding of client assets and information for or about clients and reasonable advice.

2 The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

3 Comprised deficiencies in management review and supervision, operational controls over the handling of client accounts, segregation of duties, information management, adequacy of audit trail for internal control purposes, among other weaknesses.

Table 2 Takeovers activities					
	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Codes on Takeovers and Mergers and Share Buy-backs					
General and partial offers under Code on Takeovers and Mergers	17	13	30.8	10	70.0
Privatisations	7	6	16.7	6	16.7
Whitewash waiver applications	7	5	40.0	3	133.3
Other applications under Code on Takeovers and Mergers ¹	80	69	15.9	59	35.6
Off-market and general offer share buy-backs	1	0	N/A	1	0.0
Other applications under Code on Share Buy-backs ¹	5	2	150.0	0	N/A
Total	117	95	23.2	79	48.1
Executive Statements					
Sanctions imposed with parties' agreement ²	0	0	0.0	0	0.0
Takeovers and Mergers Panel					
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	0	0	0.0	0	0.0
Hearings before the Panel (disciplinary and non-disciplinary)	0	0	0.0	0	0.0
Statements issued by the Panel ³	0	0	0.0	0	0.0

1 Including stand-alone applications and those made during the course of a code-related transaction.

2 Pursuant to section 12.3 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

3 Pursuant to section 16.1 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

Table 3 Hong Kong-domiciled authorised funds

a) Number of funds by type	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Bond	180	176	2.3	165	9.1
Equity	197	198	-0.5	206	-4.4
Mixed	110	107	2.8	111	-0.9
Money market	84	82	2.4	67	25.4
Feeder funds	50	50	0.0	49	2.0
Index ¹	184	179	2.8	164	12.2
Guaranteed	2	1	100.0	1	100.0
Commodity and virtual asset ²	16	16	0.0	18	-11.1
Sub-total	823	809	1.7	781	5.4
Umbrella structures	170	167	1.8	163	4.3
Total	993	976	1.7	944	5.2

b) Assets under management by type	Total NAV (US\$ million) as at 30.6.2025	Total NAV (US\$ million) as at 31.3.2025	QoQ change (%)	Total NAV (US\$ million) as at 30.6.2024	YoY change (%)
Bond	43,091	45,802 ⁵	-5.9	26,453	62.9
Equity	49,792	45,970	8.3	46,309	7.5
Mixed	25,969	25,022	3.8	25,178	3.1
Money market	74,137	60,294	23.0	36,353	103.9
Feeder funds ³	61	73	-16.4	15	306.7
Index ¹	71,707	71,154	0.8	55,899	28.3
Guaranteed	28	28	0.0	29	-3.4
Commodity and virtual asset ²	1,158	1,033	12.1	851	36.1
Total⁴	265,942	249,376⁵	6.6	191,087	39.2

1 Including equity and fixed income index tracking funds, exchange-traded funds and leveraged and inverse products.

2 From 30 June 2024, commodity and virtual asset funds, exchange-traded funds and leveraged and inverse products (whether actively managed or index tracking) have been re-categorised under the "Commodity and virtual asset" category. Corresponding adjustments have been made to the relevant historical figures.

3 The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total asset under management.

4 Figures may not add up to total due to rounding.

5 These figures differ from those disclosed in the *Annual Report 2024-2025* due to a revised figure reported after the report's issuance.

Table 4 Non-Hong Kong-domiciled authorised funds

a) Number of funds by origin	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Luxembourg	1,082	1,093	-1.0	1,084	-0.2
Ireland	256	257	-0.4	259	-1.2
United Kingdom	19	20	-5.0	26	-26.9
Mainland China	44	45	-2.2	45	-2.2
Bermuda	1	1	0.0	1	0.0
Cayman Islands	23	23	0.0	23	0.0
Others	6	6	0.0	5	20.0
Total	1,431	1,445	-1.0	1,443	-0.8

b) Assets under management by origin	Total NAV (US\$ million) as at 30.6.2025	Total NAV (US\$ million) as at 31.3.2025	QoQ change (%)	Total NAV (US\$ million) as at 30.6.2024	YoY change (%)
Luxembourg	1,323,720	1,210,237	9.4	1,179,834	12.2
Ireland	303,051	288,746	5.0	253,511 ²	19.5
United Kingdom	39,619	37,337	6.1	78,771	-49.7
Mainland China	16,243	16,438	-1.2	16,966	-4.3
Bermuda	75	83	-9.6	112	-33.0
Cayman Islands	1,108	1,121	-1.2	1,158	-4.3
Others	458,872	395,369	16.1	66,766	587.3
Total¹	2,142,688	1,949,330	9.9	1,597,119²	34.2

¹ Figures may not add up to total due to rounding.

² These figures differ from those disclosed in the *Quarterly Report April – June 2024* due to a revised figure reported after the report's issuance.

c) Number of funds by type	As at 30.6.2025	As at 31.3.2025	QoQ change (%)	As at 30.6.2024	YoY change (%)
Bond	375	378	-0.8	363	3.3
Equity	766	774	-1.0	784	-2.3
Mixed	161	165	-2.4	165	-2.4
Money market	11	11	0.0	12	-8.3
Feeder funds	3	3	0.0	3	0.0
Index ¹	25	25	0.0	25	0.0
Hedge	1	1	0.0	1	0.0
Commodity ²	1	1	0.0	1	0.0
Sub-total	1,343	1,358	-1.1	1,354	-0.8
Umbrella structures	88	87	1.1	89	-1.1
Total	1,431	1,445	-1.0	1,443	-0.8

d) Assets under management by type	Total NAV (US\$ million) as at 30.6.2025	Total NAV (US\$ million) as at 31.3.2025	QoQ change (%)	Total NAV (US\$ million) as at 30.6.2024	YoY change (%)
Bond	543,937	519,226	4.8	459,012 ⁵	18.5
Equity	856,409	771,439	11.0	827,871	3.4
Mixed	193,322	181,733	6.4	168,063	15.0
Money market	16,808	14,902	12.8	13,013	29.2
Feeder funds ³	0	0	0.0	0	0.0
Index ¹	431,492	368,496	17.1	66,937	544.6
Hedge	75	83	-9.6	112	-33.0
Commodity ²	100,644	93,451	7.7	62,109	62.0
Total⁴	2,142,688	1,949,330	9.9	1,597,119⁵	34.2

1 Including equity and fixed income index tracking funds and exchange-traded funds.

2 From 30 June 2024, commodity funds and exchange-traded funds (whether actively managed or index tracking) have been re-categorised under the "Commodity" category. Corresponding adjustments have been made to the relevant historical figures.

3 The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total assets under management.

4 Figures may not add up to total due to rounding.

5 These figures differ from those disclosed in the *Quarterly Report April - June 2024* due to a revised figure reported after the report's issuance.

Table 5 Complaints against intermediaries and market activities

	Quarter ended 30.6.2025	Quarter ended 31.3.2025	QoQ change (%)	Quarter ended 30.6.2024	YoY change (%)
Conduct of licensees	307	259	18.5	393	-21.9
Conduct of registered institutions	1	2	-50.0	1	0.0
Listed companies and disclosure of interests	297	217	36.9	554	-46.4
Market misconduct ¹	82	78	5.1	76	7.9
Product disclosure	0	0	0.0	2	-100.0
Unlicensed activities	108	45	140.0	54	100.0
Breach of offers of investments	1	4	-75.0	0	N/A
Boiler rooms and suspicious websites	52	45	15.6	34	52.9
Scams and frauds ²	164	143	14.7	102	60.8
Other financial activities not regulated by the SFC ³	86	88	-2.3	70	22.9
Total	1,098	881	24.6	1,286	-14.6

1 Primarily, alleged market manipulation and insider dealing.

2 Such as identity fraud and impersonation.

3 For example, bullion trading and banking services.

Condensed consolidated statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Income			
Levies		741,540	415,610
Fees and charges		40,270	29,747
Net investment income			
Investment income		146,376	87,997
Less: custody and advisory expenses		(2,655)	(2,605)
Recoveries from the Investor Compensation Fund	7(a)	1,570	1,568
Exchange gain/(loss)		38,810	(10,391)
Other income		44	–
		965,955	521,926
Expenses			
Staff costs and directors' emoluments	7(b)	418,557	424,677
Depreciation			
Fixed assets		46,535	46,439
Right-of-use assets		2,255	2,743
Other premises expenses		9,724	9,590
Finance costs		22,071	24,366
Other expenses		60,145	51,006
		559,287	558,821
Surplus/(deficit) and total comprehensive income for the quarter		406,668	(36,895)

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

As at 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Non-current assets			
Fixed assets		4,256,296	4,288,119
Right-of-use assets		20,658	22,168
Deposits and prepayments		468,753	469,729
Financial assets at amortised cost – debt securities	8(b)	1,899,761	1,703,416
		6,645,468	6,483,432
Current assets			
Financial assets at amortised cost – debt securities	8(b)	1,290,656	1,445,025
Financial assets at fair value through profit or loss – pooled funds	8(a)	1,190,623	1,065,993
Debtors, deposits and prepayments		361,333	362,879
Fixed deposits with banks	2	857,691	486,687
Cash held for Grant Scheme	3	20,036	50,003
Cash at bank and in hand	2	45,795	58,677
		3,766,134	3,469,264
Current liabilities			
Fees received in advance		62,022	8,319
Creditors and accrued charges		243,478	243,953
Bank loan	4	198,262	18,262
Lease liabilities		8,940	8,393
Provisions for reinstatement costs		873	–
		513,575	278,927
Net current assets		3,252,559	3,190,337
Total assets less current liabilities		9,898,027	9,673,769
Non-current liabilities			
Bank loan	4	1,620,939	1,800,432
Lease liabilities		12,434	14,478
Provisions for reinstatement costs		891	1,764
		1,634,264	1,816,674
Net assets		8,263,763	7,857,095
Funding and reserves			
Initial funding by Government		42,840	42,840
Reserve for property acquisition		1,108,884	1,108,884
Accumulated surplus		7,112,039	6,705,371
		8,263,763	7,857,095

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited			
	Initial funding by Government \$'000	Reserve for property acquisition \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2024	42,840	1,186,800	6,386,737	7,616,377
Deficit and total comprehensive income for the quarter	–	–	(36,895)	(36,895)
Balance at 30 June 2024	42,840	1,186,800	6,349,842	7,579,482
Balance at 1 April 2025	42,840	1,108,884	6,705,371	7,857,095
Surplus and total comprehensive income for the quarter	–	–	406,668	406,668
Balance at 30 June 2025	42,840	1,108,884	7,112,039	8,263,763

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Cash flows from operating activities			
Surplus/(deficit) for the quarter		406,668	(36,895)
Adjustments for:			
Depreciation – Fixed assets		46,535	46,439
Depreciation – Right-of-use assets		2,255	2,743
Finance costs		22,071	24,366
Investment income		(146,378)	(87,997)
Exchange (gain)/loss		(36,091)	10,343
Loss on disposal of fixed assets		1	7
		295,061	(40,994)
Decrease/(increase) in debtors, deposits and prepayments		11,255	(7,034)
Decrease/(increase) in cash held for Grant Scheme		29,967	(5,164)
Increase/(decrease) in fees received in advance		53,703	(414)
Increase in creditors and accrued charges		1,360	75,950
Net cash generated from operating activities		391,346	22,344
Cash flows from investing activities			
Placement of fixed deposits other than cash and cash equivalents		(333,575)	–
Interest received		20,312	29,528
Pooled funds sold		1,538	1,533
Debt securities at amortised cost purchased		(2,052,969)	(896,644)
Debt securities at amortised cost redeemed at maturity		2,038,249	796,067
Fixed assets purchased		(15,842)	(19,085)
Net cash used in investing activities		(342,287)	(88,601)
Cash flows from financing activities			
Interest expense on bank loan		(22,106)	(24,039)
Principal element of lease payments		(2,242)	(2,750)
Interest element of lease payments		(164)	(81)
Net cash used in financing activities		(24,512)	(26,870)
Net increase/(decrease) in cash and cash equivalents		24,547	(93,127)
Cash and cash equivalents at the beginning of the quarter		545,364	731,251
Cash and cash equivalents at the end of the quarter	2	569,911	638,124

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2025 \$'000	At 30 Jun 2024 \$'000
Fixed deposits with banks	524,116	552,214
Cash at bank and in hand	45,795	85,910
	569,911	638,124

The notes on pages 54 to 57 form part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the interim financial information in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Securities and Futures Commission (SFC) and its subsidiaries (together, the Group) since the annual financial statements for the year ended 31 March 2025. The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial information is unaudited and the financial information relating to the financial year ended 31 March 2025 included in this report as comparative information does not constitute the Group's statutory annual financial statements for that financial year but is derived from those financial statements.

The condensed consolidated financial statements of the SFC and its subsidiaries, the Investor Compensation Company Limited (ICC) and the Investor and Financial Education Council (IFEC), are made up to 30 June 2025. We eliminated all material intra-group balances and transactions in preparing the condensed consolidated financial statements.

We have applied the same accounting policies adopted in the consolidated financial statements for the year ended 31 March 2025 to the interim financial information.

There were no significant changes in the operations of the Group for the quarter ended 30 June 2025.

2. Cash and cash equivalents

	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	857,691	486,687
Cash at bank and in hand	45,795	58,677
Amounts shown in the condensed consolidated statement of financial position	903,486	545,364
Less: amounts with an original maturity beyond three months	(333,575)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	569,911	545,364

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

3. Cash held for Grant Scheme

A Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts (the Grant Scheme) was established on 10 May 2021. The Grant Scheme is administered by the SFC and funded by the Hong Kong Special Administrative Region (the Government) to provide subsidies for qualified open-ended fund companies and real estate investment trusts to set up in Hong Kong. The cash held for the Grant Scheme are solely restricted for the use of such subsidies and are therefore not available for general use by any of the entities within the Group. The unused balance will be reimbursed to the Government upon the end of the Grant Scheme. The corresponding amount due to the Government is included in creditors and accrued charges.

4. Bank loan

To finance the property acquisition transaction, the Group has obtained a 5-year term loan of \$2,029,160,000 on 21 December 2023. The term loan carries a fixed interest rate of 4.7% per annum for the first two years and subsequently carries a floating interest rate of the Hong Kong Interbank Offered Rate for the interest period of one month (HIBOR for 1 month) plus 0.55% per annum, with a capped interest rate of the prime rate less 0.1% per annum. The term loan is secured by the Group's land and buildings. Subsequent to the quarter end, the Group has made a principal bank loan repayment of \$180,000,000.

5. Foreign exchange risk

The Group's investment guidelines for our investment portfolio only allow investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi (RMB). The majority of the financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the quarters ended 30 June 2025 and 2024, the exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets and there was no RMB exposure.

6. Subsidiaries

The SFC formed the ICC on 11 September 2002 with an issued share capital of \$0.2. On 20 November 2012, the SFC launched the IFEC as a company limited by guarantee and not having a share capital. Both companies are wholly owned subsidiaries of the SFC and are incorporated in Hong Kong.

The objective of the ICC is to facilitate the administration and management of the Investor Compensation Fund (ICF) established under the Securities and Futures Ordinance (SFO).

The objective of the IFEC is to improve the financial knowledge and capability of the general public and to assist them in making informed financial decisions.

As at 30 June 2025, the investments in subsidiaries, which are stated at cost less any impairment losses, amounted to \$0.2 (as at 31 March 2025: \$0.2).

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

7. Related party transactions

The Group has related party relationships with the ICF and the Unified Exchange Compensation Fund. In addition to the related party transactions disclosed elsewhere in these condensed consolidated financial statements, the Group has the following related party transactions and balances.

(a) Reimbursement from the ICF for all the ICC's expenses, in accordance with Section 242(1) of the SFO

During the quarter ended 30 June 2025, \$1,570,000 was recovered from the ICF for the ICC's expenses (quarter ended 30 June 2024: \$1,568,000). As at 30 June 2025, the ICC had an amount due from the ICF of \$199,000 (as at 31 March 2025: \$295,000).

(b) Remuneration of key management personnel

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Directors' fee and salaries, allowances and benefits	9,485	8,908
Retirement scheme contributions	854	761
	10,339	9,669

The total remuneration of key management personnel is included in the staff costs and directors' emoluments. Directors' emoluments are for services in connection with the management of the affairs of the SFC. Discretionary pay is not included above as the decision to pay is subject to the approval process towards the end of the financial year and therefore is not determined until then.

Notes to the condensed consolidated financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

8. Fair value measurement

(a) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in Hong Kong Financial Reporting Standard 13, *Fair Value Measurement*, which is consistent with the hierarchy adopted in the consolidated financial statements for the year ended 31 March 2025.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2025 (Unaudited)				
Pooled funds	1,190,623	–	–	1,190,623
At 31 March 2025 (Audited)				
Pooled funds	1,065,993	–	–	1,065,993

The fair value of the investments in the pooled funds is determined based on the net asset values of the pooled funds which are publicly available in active markets.

During the quarter ended 30 June 2025 and the year ended 31 March 2025, there were no transfers between financial instruments in Level 1 and 2, and no transfers into or out of Level 3. The Group's policy is to recognise transfers between the different levels of the fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair value of financial assets carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2025 and 31 March 2025 except for the following financial instruments, for which their carrying amount, fair value and the level of their fair value hierarchy are disclosed below:

	Carrying amount \$'000	Fair value			
		Total \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
At 30 June 2025 (Unaudited)					
Financial assets at amortised cost – debt securities	3,190,417	3,118,623	–	3,118,623	–
At 31 March 2025 (Audited)					
Financial assets at amortised cost – debt securities	3,148,441	3,061,532	–	3,061,532	–



Investor Compensation Fund

Report of the Investor Compensation Fund Committee

The members of the Investor Compensation Fund Committee (the Committee) present their report together with the unaudited condensed financial statements for the quarter ended 30 June 2025.

Establishment of the Investor Compensation Fund

Part XII of the Securities and Futures Ordinance (Chapter 571) established the Investor Compensation Fund (the Fund) on 1 April 2003.

Financial statements

The financial performance of the Fund for the period ended 30 June 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 59 to 64.

Members of the Committee

The members of the Committee during the period and up to the date of this report were:

Mr Leung Chung Yin, Rico (Chairman)
Ms Kwok Hom Siu, Sally
Mr Wan Chi Yiu, Andrew
Mr Yih, Dieter Lai Tak, JP

Interests in contracts

No contract of significance to which the Fund was a party and in which a Committee member of the Fund had a material interest, subsisted at the end of the reporting period or at any time during the reporting period.

On behalf of the Committee

Rico Leung
Chairman

13 August 2025

Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Income			
Interest income		27,820	33,495
Exchange gain/(loss)		13,985	(3,644)
		41,805	29,851
Expenses			
Investor Compensation Company Limited expenses	2	1,570	1,568
Auditor's remuneration		52	58
		1,622	1,626
Surplus and total comprehensive income for the quarter		40,183	28,225

The notes on pages 63 and 64 form part of these condensed financial statements.

Condensed statement of financial position

As at 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		21,325	27,515
Fixed deposits with banks	3	2,770,734	2,724,489
Cash at bank	3	381	432
		2,792,440	2,752,436
Current liabilities			
Provision for compensation	4	3,394	3,394
Creditors and accrued charges		173	256
Amount due to the Investor Compensation Company Limited		199	295
		3,766	3,945
Net current assets		2,788,674	2,748,491
Net assets		2,788,674	2,748,491
Representing:			
Compensation fund		2,788,674	2,748,491

The notes on pages 63 and 64 form part of these condensed financial statements.

Condensed statement of changes in equity

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited					
	Contributions from the Unified Exchange Compensation Fund \$'000	Contributions from the Commodity Exchange Compensation Fund \$'000	Contributions from the Securities Dealers' Deposits Fund \$'000	Contributions from the Commodities Dealers' Deposits Fund \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2024	994,718	108,923	5,470	617	1,527,104	2,636,832
Surplus and total comprehensive income for the quarter	–	–	–	–	28,225	28,225
Balance at 30 June 2024	994,718	108,923	5,470	617	1,555,329	2,665,057
Balance at 1 April 2025	994,718	108,923	5,470	617	1,638,763	2,748,491
Surplus and total comprehensive income for the quarter	–	–	–	–	40,183	40,183
Balance at 30 June 2025	994,718	108,923	5,470	617	1,678,946	2,788,674

The notes on pages 63 and 64 form part of these condensed financial statements.

Condensed statement of cash flows

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Cash flows from operating activities			
Surplus for the quarter		40,183	28,225
Adjustments for:			
Interest income		(27,820)	(33,495)
Exchange (gain)/loss		(13,985)	3,644
		(1,622)	(1,626)
Decrease in creditors and accrued charges		(83)	(98)
Change in amount due from/to the Investor Compensation Company Limited		(96)	(40)
Net cash used in operating activities		(1,801)	(1,764)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		228,925	26,711
Interest received		34,098	44,681
Net cash generated from investing activities		263,023	71,392
Net increase in cash and cash equivalents		261,222	69,628
Cash and cash equivalents at the beginning of the quarter		1,252,514	702,082
Cash and cash equivalents at the end of the quarter	3	1,513,736	771,710

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2025 \$'000	At 30 Jun 2024 \$'000
Fixed deposits with banks	1,513,355	771,126
Cash at bank	381	584
	1,513,736	771,710

The notes on pages 63 and 64 form part of these condensed financial statements.

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the interim financial information in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The interim financial information contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Investor Compensation Fund (the Fund) since the annual financial statements for the year ended 31 March 2025. The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial information is unaudited and the financial information relating to the financial year ended 31 March 2025 included in this report as comparative information does not constitute the Fund's statutory annual financial statements for that financial year but is derived from those financial statements.

We have applied the same accounting policies adopted in the financial statements for the year ended 31 March 2025 to the interim financial information.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2025.

2. Investor Compensation Company Limited expenses

The Securities and Futures Commission (SFC) formed the Investor Compensation Company Limited (ICC) in September 2002 to perform functions on behalf of the Fund in relation to the compensation of investors and other functions under Part III and Part XII of the Securities and Futures Ordinance (SFO). The Fund is responsible for funding the establishment and operation of the ICC. For the quarter ended 30 June 2025, the ICC incurred costs of \$1,570,000 for its operations (for the quarter ended 30 June 2024: \$1,568,000).

3. Cash and cash equivalents

	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	2,770,734	2,724,489
Cash at bank	381	432
Amounts shown in the condensed statement of financial position	2,771,115	2,724,921
Less: amounts with an original maturity beyond three months	(1,257,379)	(1,472,407)
Cash and cash equivalents in the condensed statement of cash flows	1,513,736	1,252,514

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

4. Provision for compensation

Pursuant to Section 3 of the Securities and Futures (Investor Compensation-Compensation Limits) Rules, the maximum compensation limit is \$150,000 per claimant for each default case occurring on or before 31 December 2019 or \$500,000 per claimant for each default case occurring on or after 1 January 2020.

The provision of compensation as at 30 June 2025 was \$3,394,000, which was related to a number of claims received in respect of a default case which occurred on or before 31 December 2019 (as at 31 March 2025: \$3,394,000). The maximum liability of the Fund to these claims is the lower of \$150,000 per claimant or the amount claimed. The provision is expected to be paid within one year.

5. Related party transactions

The Fund has related party relationships with the SFC, the ICC, the Unified Exchange Compensation Fund. There were no related party transactions other than those disclosed in the interim financial information of the Fund for the quarters ended 30 June 2025 and 2024.

As at 30 June 2025, the Fund had an amount due to the ICC of \$199,000 (as at 31 March 2025: \$295,000).

6. Contingent liabilities

In addition to the provision for compensation made as described in note 4, there were 9 outstanding claims as at 30 June 2025 (12 outstanding claims as at 31 March 2025). The maximum liability in respect of these claims in aggregate was \$1,394,000 (as at 31 March 2025: \$2,199,000). This is determined based on the lower of the maximum compensation limit per claimant (as detailed in note 4) or the amount claimed.

7. Foreign exchange risk

The Fund's policy only allows investments in assets denominated in Hong Kong dollars (HKD), US dollars (USD) and renminbi (RMB). All financial assets are denominated in either USD or HKD which are pegged within the Convertibility Zone. For the quarters ended 30 June 2025 and 2024, the Fund's exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets.



Unified Exchange Compensation Fund

Report of the Securities Compensation Fund Committee

The members of the Securities Compensation Fund Committee (the Committee) present their report together with the unaudited condensed financial statements for the quarter ended 30 June 2025.

Establishment of the Unified Exchange Compensation Fund

Part X of the repealed Securities Ordinance (Chapter 333) established the Unified Exchange Compensation Fund (the Fund). However, when the Securities and Futures Ordinance (SFO) and its subsidiary legislation came into effect from 1 April 2003, a new single Investor Compensation Fund (ICF) was formed to ultimately replace the Fund and the Commodity Exchange Compensation Fund. Up to 30 June 2025, the Fund transferred \$994,718,000 to the ICF. After the settlement of all claims against the Fund and its other liabilities, the Securities and Futures Commission will eventually transfer the remaining balance of the Fund to the ICF.

Part X of the repealed Securities Ordinance remains effective in respect of the operations of the Fund to the extent described in Section 74 of Schedule 10 of the SFO.

Financial statements

The financial performance of the Fund for the period ended 30 June 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 66 to 71.

Members of the Committee

The members of the Committee during the period and up to the date of this report were:

Mr Leung Chung Yin, Rico (Chairman)
Ms Kwok Hom Siu Sally
Ms Lai Chun Mei Hilda
Mr Wan Chi Yiu Andrew
Mr Yih, Dieter Lai Tak, JP

Interests in contracts

No contract of significance to which the Fund was a party and in which a Committee member of the Fund had a material interest, subsisted at the end of the reporting period or at any time during the reporting period.

On behalf of the Committee

Rico Leung
Chairman

28 July 2025

Condensed statement of profit or loss and other comprehensive income

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Income		
Interest income	827	1,094
Expense		
Auditor's remuneration	24	28
Surplus and total comprehensive income for the quarter	803	1,066

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of financial position

As at 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Current assets			
Interest receivable		380	455
Fixed deposits with banks	3	100,658	100,107
Cash at bank	3	359	364
		101,397	100,926
Current liabilities			
Creditors and accrued charges		10,184	10,216
Relinquished trading rights payable to SEHK	4	1,100	1,200
		11,284	11,416
Net current assets		90,113	89,510
Net assets		90,113	89,510
Representing:			
Compensation fund		90,113	89,510

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of changes in equity

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Unaudited						
	Trading rights deposits from SEHK (note 4) \$'000	Excess transaction levy from SEHK \$'000	Additional contributions from SEHK and the SFC \$'000	Other contributions \$'000	Accumulated surplus \$'000	Contributions to the ICF \$'000	Total \$'000
Balance at 1 April 2024	50,050	353,787	630,000	6,502	42,477	(994,718)	88,098
Net contributions to SEHK	(650)	–	–	–	–	–	(650)
Surplus and total comprehensive income for the quarter	–	–	–	–	1,066	–	1,066
Balance at 30 June 2024	49,400	353,787	630,000	6,502	43,543	(994,718)	88,514
Balance at 1 April 2025	47,400	353,787	630,000	6,502	46,539	(994,718)	89,510
Net contributions to SEHK	(200)	–	–	–	–	–	(200)
Surplus and total comprehensive income for the quarter	–	–	–	–	803	–	803
Balance at 30 June 2025	47,200	353,787	630,000	6,502	47,342	(994,718)	90,113

The notes on pages 70 and 71 form part of these condensed financial statements.

Condensed statement of cash flows

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited quarter ended	
		30 Jun 2025 \$'000	30 Jun 2024 \$'000
Cash flows from operating activities			
Surplus for the quarter		803	1,066
Adjustment for:			
Interest income		(827)	(1,094)
		(24)	(28)
Decrease in creditors and accrued charges		(32)	(37)
Decrease in relinquished trading rights payable to SEHK		(100)	(150)
Net cash used in operating activities		(156)	(215)
Cash flows from investing activities			
Withdrawal of fixed deposits other than cash and cash equivalents		21,005	24,504
Interest received		902	1,096
Net cash generated from investing activities		21,907	25,600
Cash flows from financing activity			
Net trading rights deposits refunded to SEHK		(200)	(650)
Net cash used in financing activity		(200)	(650)
Net increase in cash and cash equivalents		21,551	24,735
Cash and cash equivalents at the beginning of the quarter		79,466	62,362
Cash and cash equivalents at the end of the quarter	3	101,017	87,097

Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Jun 2025 \$'000	At 30 Jun 2024 \$'000
Fixed deposits with banks	100,658	86,803
Cash at bank	359	294
	101,017	87,097

The notes on pages 70 and 71 form part of these condensed financial statements.

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

1. Basis of preparation

We have prepared the interim financial information in accordance with the Hong Kong Accounting Standard 34, *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants. As the Unified Exchange Compensation Fund (the Fund) will eventually cease operations as a result of the Securities and Futures Ordinance which came into effect from 1 April 2003, we have prepared the interim financial information on a non-going concern basis. We expect that the operations of the Fund will be maintained until all claims and recoveries from liquidators in relation to the broker defaults that happened on or before 31 March 2003 have been fully settled.

The interim financial information contains condensed financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Fund since the annual financial statements for the year ended 31 March 2025. The interim financial information does not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The interim financial information is unaudited and the financial information relating to the financial year ended 31 March 2025 included in this report as comparative information does not constitute the Fund's statutory annual financial statements for that financial year but is derived from those financial statements.

We have applied the same accounting policies adopted in the financial statements for the year ended 31 March 2025 to the interim financial information.

There were no significant changes in the operations of the Fund for the quarter ended 30 June 2025.

2. Equity securities received under subrogation

At the end of each reporting period, the fair value of the equity securities received under subrogation is remeasured, with any resultant gain or loss being included in "Recoveries". Dividend income, if any, is also included in "Recoveries".

As at 30 June 2025, the equity securities received under subrogation amounted to \$11 (as at 31 March 2025: \$13). The balances as at 30 June 2025 and 31 March 2025 are too small to present on the condensed statement of financial position which is expressed in thousands of dollars.

Notes to the condensed financial statements

For the quarter ended 30 June 2025 (Expressed in Hong Kong dollars)

3. Cash and cash equivalents

	Unaudited At 30 Jun 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	100,658	100,107
Cash at bank	359	364
Amounts shown in the condensed statement of financial position	101,017	100,471
Less: amounts with an original maturity beyond three months	–	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	101,017	79,466

4. Trading rights deposits from SEHK/Relinquished trading rights payable to SEHK

According to Section 104 of the repealed Securities Ordinance, the Stock Exchange of Hong Kong Limited (SEHK) contributes to the Securities and Futures Commission (SFC) in respect of each trading right at the rate of \$50,000. In the absence of claims or other provisions as set out in Section 106 of the repealed Securities Ordinance, the SFC must refund to SEHK the deposit within six months after the trading right was relinquished. During the quarter, a deposit of \$50,000 in respect of a new trading right was received from SEHK and deposits of \$350,000 in respect of 7 relinquished trading rights were refunded to SEHK. As at 30 June 2025, 22 trading rights totalling \$1,100,000 were relinquished but not yet refunded (as at 31 March 2025: 24 trading rights totalling \$1,200,000 were relinquished but not yet refunded).

The movement of trading rights deposits from SEHK during the quarter was as follows:

	Unaudited quarter ended	
	30 Jun 2025 \$'000	30 Jun 2024 \$'000
Balance at the beginning of the quarter	47,400	50,050
Add: new trading rights issued	50	–
Less: relinquished trading rights refunded	(350)	(800)
Adjustment for: net decrease in relinquished trading rights payable to SEHK	100	150
Balance at the end of the quarter	47,200	49,400

5. Related party transactions

The Fund has related party relationships with the Investor Compensation Fund (ICF) and the SFC. There were no related party transactions during the quarters ended 30 June 2025 and 2024.

Hong Kong

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