

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.

Combatting 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.

