



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



## Quarterly Report July - September 2025





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This second Quarterly Report of the Securities and Futures Commission for financial year 2025-26 covers the period from 1 July to 30 September 2025.





# Highlights



## Maintaining market resilience and mitigating harm



### Maintaining robust risk management

We monitored Hong Kong's capital markets in a bullish environment and observed no irregularities or excessive leverage in the quarter. To ensure the regulatory compliance and operational resilience of licensed intermediaries, we commenced 56 on-site inspections.

### Cautioning against stablecoin-related hype

We issued a joint statement with the Hong Kong Monetary Authority (HKMA) to urge public caution on abrupt stablecoin-linked market movements and market participants to communicate responsibly. We reiterated our capabilities in closely monitoring trading activities in Hong Kong.

### Combatting investment scams

We joined hands with the HKMA and other regulatory authorities to launch the Anti-Scam Consumer Protection Charter 3.0 in July, strengthening cooperation with technology and telecommunications firms to combat financial scams.



Anti-Scam Consumer Protection Charter 3.0

### Investor alerts and anti-scam education

During the quarter, we added five suspicious investment products to our Suspicious Investment Products Alert List and issued social media posts. We displayed e-posters on our “Don’t be Sucker” (咪做水魚) campaign at 200 public estates to alert against common investment scam tactics.



### Cracking down on misconduct

We fined six licensed corporations (LCs) for a total of \$45.5 million and disciplined nine individuals by suspending their licences or prohibiting them from re-entering the industry for four months to life.

We collaborated with the Stock Exchange of Hong Kong Limited (SEHK) in its first-ever disciplinary action against two former directors of a listed company for failing to cooperate in investigations conducted by both regulators.

Disqualified

12

directors

Suspended

2

individuals' licences

Revoked

2

corporations' licences

We initiated 22 new enquiries into listed company affairs, and 60 new investigations into different forms of misconduct. In addition, we monitor the announcements and disclosures of listed companies. In six cases, we issued directions to gather additional information.

### Enhancing regulatory regimes

We are extending the investor identification regime to the exchange-traded derivatives market, and initiated a public consultation in September, which will close in December.

The amended rules on optimising initial public offering (IPO) price discovery and open market requirements took effect in August. SEHK also launched a consultation on proposals to enhance the ongoing public float requirements, which closed in October.

Our consultation on restricting the use of certain names to avoid misleading investors ended in August. We are reviewing the feedback and will publish the conclusions in due course.



## Enhancing Hong Kong market competitiveness



### Hong Kong as premier listing platform

The past quarter saw 24 IPOs, raising over \$70 billion in total, which increased more than 70% from a year ago. Among these was the world's second largest IPO so far in 2025.



### Gatekeeping listing applications

During the quarter, we processed 121 new listing applications, including 23 from pre-profit biotech companies and 17 from specialist technology companies.

### Hong Kong as super-connector

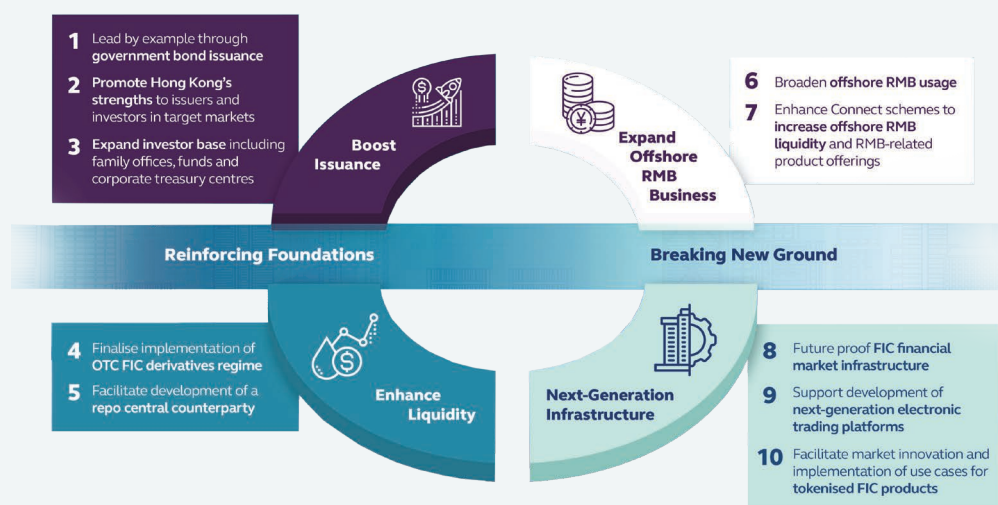
The SFC and HKMA jointly announced the Roadmap for the Development of Fixed Income and Currency (FIC) Markets in September, aiming to position Hong Kong as a global FIC hub and further strengthen its role as the premier offshore renminbi centre.

During the first nine months, Stock Connect saw southbound inflows of \$1,167.5 billion. Average daily southbound trading accounted for a quarter of Hong Kong's market turnover, up from the first half.

Our Chief Executive Officer (CEO) Ms Julia Leung met with Mr Wu Qing, Chairman of the China Securities Regulatory Commission, in Beijing in September. They exchanged views on market developments and cross-boundary initiatives to further strengthen Hong Kong's position as an international financial centre.

## 10 INITIATIVES to enhance HONG KONG FIC MARKETS

Position Hong Kong as a global FIC hub by fostering demand, liquidity and innovation



### Enhancing market infrastructure and efficiency

The increase in position limits for exchange-traded derivatives based on the three major stock indices took effect in July.

The severe weather trading arrangement implemented since 2024 has been activated several times recently. Trading and clearing of our securities and derivatives markets continued as normal.

The Hong Kong Exchanges and Clearing Limited launched Phase 1 of reducing minimum trading spreads in August. We will examine its Phase 1 review and its plan to launch Phase 2 in mid-2026.

The SFC launched in July a three-month consultation on draft amendments to the Securities and Futures (Financial Resources) Rules to implement internationally comparable capital requirements for LCs engaging in over-the-counter derivatives activities.

### Gatekeeping the industry

In the quarter, we received 2,799 licence applications, up 25% from the previous quarter and up 12% from a year ago. The number of new licensees and registrants totalled 3,865. As at end-September, there were 49,945 licensees and registrants.

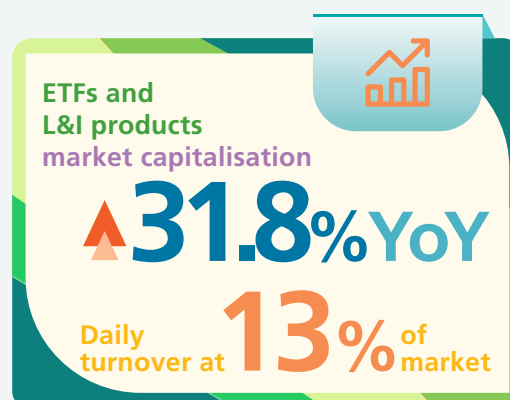


### Hong Kong as asset and wealth management hub

The SFC's *Asset and Wealth Management Activities Survey 2024* showed that Hong Kong's asset and wealth management sector saw assets under management (AUM) grow 13% year-on-year to \$35.1 trillion; net fund inflows surged 81%.

### Growing ETF market

As at 30 September, the total market capitalisation of SFC-authorised exchange-traded funds (ETFs) and leveraged and inverse (L&I) products listed on SEHK increased 31.8% year-on-year to \$653.5 billion.



### Strengthening international collaboration

In September, our Chief Executive Officer (CEO) Ms Julia Leung attended the International Organization of Securities Commissions' Financial Stability Engagement Group meeting in France.

To enhance cross-border cooperation, we signed three Memoranda of Understanding during the quarter respectively with the Securities and Commodities Authority of the United Arab Emirates, Dubai Financial Services Authority of the Dubai International Financial Centre, and the Autorité des marchés financiers of Québec, Canada.





## Transforming markets via technology and ESG



### Driving digital asset ecosystem development

The joint consultations by the Financial Services and the Treasury Bureau and SFC on regulatory regimes for virtual asset (VA) dealing and custodian service providers ended in August. We are reviewing the responses and working on conclusions.

In September, the SFC and HKMA allowed intermediaries to offer staking services and use off-platform VA trading service of SFC-licensed virtual asset trading platforms (VATPs), as well as clarified requirements regarding clients' subscriptions and redemptions of investment products using VAs.

The SFC had licensed 11 VATPs and was reviewing licence applications of eight VATP applicants as at end-September.

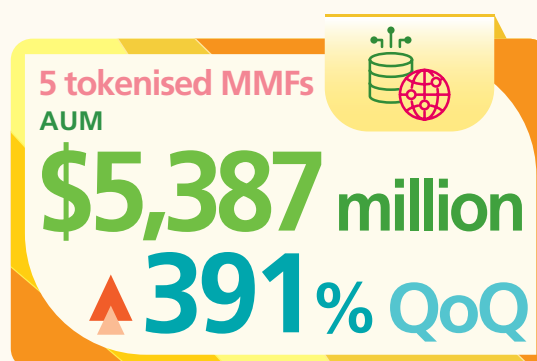
We further authorised three new VA spot ETFs investing directly in Bitcoin and Ether in July, increasing the total to nine. The total market capitalisation of VA spot ETFs has surged since launch, up 217% to US\$920 million as at end-September.

### Tokenisation to increase market efficiency

The SFC and the Government confirmed that the stamp duty waiver for ETF transfers also

applies to tokenised ETFs, thus supporting their secondary trading and expanding access to tokenised FIC products.

During the quarter, the SFC authorised two tokenised retail money market funds (MMFs). This brought the total to five with AUM of \$5,387 million (US\$692 million), up 391% from the previous quarter<sup>1</sup>.

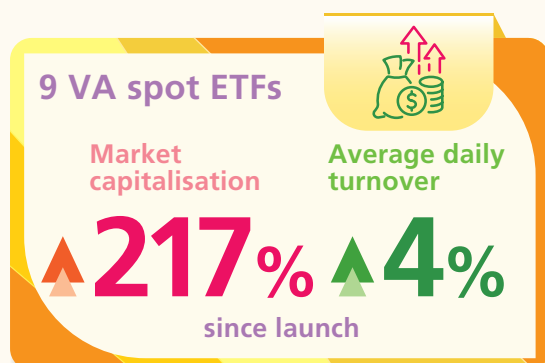


### Advancing sustainable finance

During the Hong Kong Green Week in September which attracted over 14,500 participants, the SFC co-hosted three events including the Forum on Sustainability Disclosures, highlighting Hong Kong's leadership in climate and transition finance. The SFC also co-hosted a regulatory roundtable with senior officials from 12 jurisdictions to exchange views on sustainable finance in Asia-Pacific.



Forum on Sustainability Disclosures



<sup>1</sup> These include the introduction of tokenised classes to existing SFC-authorised money market funds.

### Enhancing SFC's resilience and efficiency



#### Upholding effective institutional governance

Ms Christina Choi, Mr Rico Leung and Mr Michael Duignan were reappointed Executive Directors for a term of three years, respectively. The term of Mr Christopher Wilson as Executive Director ended on 31 October.

The SFC received the Privacy-Friendly Gold Award from the Privacy Commissioner for Personal Data for the second consecutive time, in recognition of its efforts to protect personal data privacy.



Executive Director of Legal Services Ms Lisa Chen (middle) received the Privacy-Friendly Gold Award on behalf of the SFC

#### Driving institutional efficiency via technology

To improve operational efficiency and regulatory oversight, we upgraded the WINGS<sup>2</sup> system for electronic submissions for company re-domiciliation and itinerant professional regimes, and for meeting VATP record-keeping requirements. The Financial Return Form on WINGS was also expanded to collect hedge fund data biannually from licensed firms holding the SFC's Type 9 (asset management) licence.

#### Guarding against cyber threats

Our representative from the Digital Forensics Team won the bronze award at the 2nd International Digital Forensics Challenge, demonstrating the SFC's capabilities in addressing cyber threats in the financial sector.

2 Web-based INteGrated Service.



#### Proactive industry communications

During the quarter, our senior executives spoke at over 25 local and international events, covering topics such as corporate governance, mutual market access and digital assets.

The SFC and HKMA jointly hosted the Hong Kong FIC Forum 2025 in September, attracting over 500 virtual participants despite a super typhoon. The event facilitated discussions on global FIC opportunities, challenges and trends.

#### Publications and other communications

During the quarter, we issued 61 press releases and 119 social media posts to promote public awareness of our work, such as updates on policy initiatives, scam alerts and stakeholder engagement activities.







# Maintaining market resilience and mitigating serious harm to our markets



Resilience is crucial to safeguarding our financial markets against volatilities and driving sustainable growth. We are committed to upholding market integrity and protecting investors 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

We actively monitor the markets to ensure smooth trading, clearing and settlement. Under a bullish environment, the Hong Kong market has remained resilient without excessive leverage or irregularities.

Hong Kong continued to outperform most major markets in both market indices and trading volume: the Hang Seng Index rose for five consecutive months from May to September, up 21.4%, whilst average daily trading exceeded \$200 billion for eight straight months. In particular, average daily trading in September reached a monthly record high of \$316.7 billion, up 140.3% from \$131.8 billion in 2024.

## Enhancing HKEX oversight and risk management

During the quarter, we maintained close dialogue with Hong Kong Exchanges and Clearing Limited (HKEX) on various initiatives to enhance its risk management capabilities and ensure its prevailing margin model achieved the target coverage despite sharp market volatility.

## Cautioning the public against risks of stablecoin-related hype

We issued a joint statement with the Hong Kong Monetary Authority (HKMA) on abrupt market movements in the prices of listed shares related to the stablecoin concept.

We reiterated that the SFC is equipped with advanced and proven surveillance systems, and would closely monitor trading activities in Hong Kong, including market speculation associated with the stablecoin concept. We urged the public to remain cautious and reminded market participants to exercise responsibility in public communications to avoid misleading investors.

We will take stringent action against any manipulative or deceptive practices that could compromise market integrity.

## Inspections of licensed corporations

	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
On-site inspections commenced	56	118	134	-11.9

### Strengthening intermediaries' resilience and internal controls

We conduct on-site reviews to understand licensed corporations' (LCs) business operations, risk management, internal controls and their compliance with legal and regulatory requirements. To ensure LCs' regulatory compliance and operational resilience, we commenced 56 on-site inspections in the quarter. These include conducting thematic inspections of asset managers managing private funds and discretionary accounts, as well as reviewing selected securities brokers' due diligence and evaluating their monitoring of finfluencers and digital platforms.



### Combating suspicious activities and investment scams

#### Launching Anti-Scam Consumer Protection Charter 3.0

In July, we joined hands with the HKMA and other regulatory authorities<sup>1</sup> to launch the Anti-Scam Consumer Protection Charter 3.0, establishing a collaborative framework among financial regulators, technology companies and telecommunications firms in combatting financial scams targeting the Hong Kong public.

Building on the success of the first two editions, the Charter 3.0 introduces six key principles, focusing on the reporting of suspected financial frauds and scams, checking of advertisers, internal monitoring processes, enforcement of terms of service, and collaboration on public education and awareness.



Chief Executive Officer (CEO) Ms Julia Leung at the Charter 3.0 launch ceremony

<sup>1</sup> These include the Insurance Authority and Mandatory Provident Fund Schemes Authority.



### Investor alerts against suspicious entities and investment products

We continue 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). We have put in place a mechanism for the Police to swiftly block access to the websites of entities involved in suspected VA-related fraud.

During the quarter, we cautioned the public against five suspicious investment products by posting related information on our Suspicious Investment Products Alert List and issuing social media posts.

### Stepping up anti-scam investor education

To raise public vigilance of the risks associated with digital assets, we launched radio advertisements in August and September.

The SFC's Executive Director of Intermediaries Dr Eric Yip was interviewed on TVB's news feature programme "On the Record" in August. During the interview, the SFC publicised its balanced, investor protection-oriented regulatory philosophy and its vision for developing the Web3 ecosystem. Investors were also reminded to trade virtual assets on SFC-licensed VATPs and beware of the risks of using unregulated platforms.



Executive Director of Intermediaries Dr Eric Yip on TVB's "On the Record" programme



Shui Yu poster on display in community

As part of our "Don't be Sucker" (咪做水魚) campaign which features our anti-scam character Shui Yu ("水魚" in Cantonese), we have displayed Shui Yu-themed posters on e-notice boards at 200 public estates in Hong Kong since August to alert against common investment scam tactics.

We shared anti-scam tips at fraud prevention and investment education talks held at the Hong Kong University of Science and Technology in September and City University of Hong Kong in October. More than 150 university students attended the talks.



Manager of Secretariat and External Ms Wendy Chiu giving talk at the Hong Kong University of Science and Technology

## Combatting misconduct of all forms

We fined<sup>2</sup> six LCs for a total of \$45.5 million. We disciplined nine individuals by suspending their licences or prohibiting them from re-entering the industry for periods ranging from four months to life.

During the quarter, we initiated 22 new enquiries into listed company affairs under section 179<sup>3</sup> of the Securities and Futures Ordinance (SFO), and 60 new investigations into different forms of misconduct under section 182<sup>4</sup> of the SFO.

We adopt a front-loaded approach to combat corporate misconduct, monitoring listed companies' announcements and disclosures to identify potential misconduct and irregularities, including behaviour that appeared to be unfairly prejudicial to the interests of shareholders. In six cases, we issued section 179 directions to gather additional information during the quarter.

## Counteracting insider dealing and market manipulation

We sought interim orders from the Court of First Instance (CFI) during the quarter to freeze assets intended for compensation to affected investors in alleged market manipulation cases involving the shares of four listed companies.

The Market Misconduct Tribunal (MMT) found that Cynthia Chen Si Ying, former company secretary of Asiasec Properties Limited<sup>5</sup>, and her Mainland associate, Wen Lide, had engaged in insider dealing in the company's shares. The MMT ordered them to disgorge over \$1 million in illicit profit and disqualified Chen from participating in the management of Asiasec or any other listed corporations in Hong Kong for four years.

The criminal trial of the insider dealing prosecution against businessman Wong Pak Ming started on 14 November after he pleaded not guilty to the charge against him at the Eastern Magistrates' Courts. Wong is charged with the offence of insider dealing involving the shares of Transmit Entertainment Limited<sup>6</sup>, having allegedly counselled or procured another person to deal in the shares in 2017, while he was the company's chairman and controlling shareholder, having information which he knew was inside information on the company.

### Market manipulation cases involving listed companies

Company	Details	Amount of assets <sup>b</sup>
Grand Talents Group Holdings Limited	Restrained four defendants from disposing of their assets in Hong Kong	\$394 million
KNT Holdings Limited	Restrained five defendants from disposing of their assets <sup>a</sup>	\$219 million
Smartac International Holdings Limited	Restrained 13 defendants from disposing of assets	\$82.4 million
Eggiculture Foods Limited	Restrained one of the suspected ringleaders from disposing of assets	\$62.6 million

a A criminal trial will commence at the District Court on 6 April 2027.

b All figures subject to rounding.

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

3 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.

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

5 Previously known as Dan Form Holdings Company Limited.

6 Previously known as Pegasus Entertainment Holdings Limited.



### Tackling corporate fraud and related misfeasance

We have commenced proceedings in the CFI under section 214<sup>7</sup> of the SFO to seek disqualification orders against four former directors of Century Energy International Holdings Limited<sup>8</sup> for failing to properly supervise four major operating subsidiaries in the Mainland, resulting in the company's loss of control over them and a \$184 million loss.

During the quarter, we obtained the CFI's disqualification orders against:

- Ten former directors<sup>9</sup> of Superb Summit International Group Limited for failing to take steps to ensure the conduct of proper and reasonable due diligence regarding three acquisitions made between 2007 and 2014, which resulted in significant losses to the company; and
- Zhang Yuqing, former vice-chairman and executive director of Zhongda International Holdings Limited for six years, having failed to block or disclose to the board unauthorised fund transfers totalling RMB150 million and the sale of the company's stake in a subsidiary at a substantially undervalued price to two other former executive directors.

### Acting against intermediary misconduct

We revoked the licences of:

- Nerico Brothers Limited (NBL) and banned its director, Jerff Lee Cheuk Fung (Lee) from engaging in all regulated activities (RAs) for life. In 2020-2021, NBL misused a client's funds exceeding US\$68 million on six occasions to subscribe for shares in two segregated portfolios of a Cayman-incorporated fund for the firm's own account without the client's knowledge or consent. The misconduct of NBL was directly attributable to the actions of Lee.

- Amber Hill Capital Limited (AHCL) and banned its former senior management, Neo Ng Yu and Simon Ng She Chun, from engaging in all RAs for life. Together with his connected persons and entities, Neo Ng orchestrated a scheme to misappropriate approximately US\$154 million belonging to a client of NBL through a segregated portfolio of a Cayman-incorporated fund, for which AHCL acted as the manager.

We reprimanded and fined:

- Freeman Commodities Limited \$3.4 million for failures in complying with anti-money laundering and other regulatory requirements in 2017-2018. Freeman did not conduct any due diligence on the customer supplied systems used by 89 clients for placing orders during the material time. It had also failed to put in place an effective ongoing monitoring system to detect suspicious trading patterns in client accounts. We also suspended Freeman's former responsible officer (RO), Li Chun Kei, for four months as Freeman's failures were partly attributable to his failure in discharging his duties;
- The Hongkong and Shanghai Banking Corporation Limited (HSBC) \$4.2 million for breaching the disclosure requirement when publishing research reports on Hong Kong-listed securities over an eight-year period. HSBC had failed to disclose or made incorrect disclosures regarding its investment banking relationships with various companies covered in research reports published between 2013 and 2021, which might have affected disclosures in over 4,200 research reports;
- Deutsche Bank Aktiengesellschaft \$23.8 million for various regulatory breaches, including overcharging clients on management fees of approximately \$39 million, incorrect assignment of product risk ratings impacting 93 clients and 265 transactions, and failure to disclose its investment banking relationships in more than 1,800 research reports;

<sup>7</sup> Under section 214 of the SFO, the SFC may seek disqualification, compensation and other orders for breaches of duty by current and former directors of listed corporations.

<sup>8</sup> Previously known as China Oil Gangran Energy Group Holdings Limited. The four former directors were Gregory Ho Chun Kit, Zheng Jian Peng, Eugenia Yang and Vincent Lau Sung Tat.

<sup>9</sup> Lee Chi Kong, Lam Ping Kei, Wong Choi Fung, Yeung Kwong Lun, Wong Yun Kuen, Law Wai Fai, Li Jun, Cheng Man For, Qiu Jizhi and Chan Chi Yuen.

## Maintaining market resilience and mitigating serious harm to our markets

- Instinet Pacific Limited \$8 million for failing to comply with the Stock Exchange of Hong Kong Limited's (SEHK) reporting requirements for 8,817 pairs of cross trades involving transactions worth around \$25.9 billion between its clients and affiliated company, in breach of the Code of Conduct<sup>10</sup>; and
- Roofer Securities Limited \$2.1 million for regulatory breaches relating to the mishandling of client money. Roofer failed to maintain sufficient funds in its segregated client account in 12 incidents. On one occasion, the shortfall in the client account amounted to \$15.5 million.

### Other disciplinary action

Entity	Breach	Action/Fine
Tong Ho Yin	Failure to discharge his duties as an RO of HF Asset Management Limited, which resulted in significant financial losses arising from its failures to act in the best interests of a fund under its management and properly manage conflicts of interests	Banned from re-entering the industry for nine years and fined \$350,000
Zhu Hong	Failure to discharge her duties as the director and Manager-In-Charge for AML/CFT of Kylin International (HK) Co., Limited in relation to fund management	Banned from engaging in any RAs for 12 months and fined \$400,000
Suen Kin-wing	Criminal convictions for money laundering in connection with his misappropriation of over \$134 million in client assets	Banned from re-entering the industry for life
Chow Tsz Lam	Failure to discharge his duties as an RO of Agg.Asset Management Limited in relation to fund management	Suspended for 12 months
Richard Charles Heyes	Failure to discharge his duties as an RO of Citigroup Global Markets Asia Limited in ensuring adequate policies and system controls were in place, by enabling the dissemination of mislabelled indications of interest and misrepresentation of facilitation trades over a 10-year period	Banned from re-entering the industry for five years

### Joint operations with other regulators and law enforcement agencies

We conducted a joint operation with the Independent Commission Against Corruption (ICAC), targeting a sophisticated syndicate suspected of manipulating the shares of a listed company and engaging in corrupt activities. Fourteen locations were searched, including the offices of the listed company and SFC-licensed brokers. The ICAC arrested a former chairman and a former executive director of the listed company under the Prevention of Bribery Ordinance. The latter was suspected of accepting advantages from the company's former chairman and misappropriating shares owned by a broker's client. The investigation is ongoing.

Our collaboration with SEHK resulted in its first-ever disciplinary action against two former directors of a listed company for failing to cooperate in investigations conducted by both regulators. We conducted an investigation involving TOMO Holdings Limited and issued notices under section 183<sup>11</sup> of the SFO to TOMO's former executive director, Ma Xiaoqiu, and independent non-executive director, Jin Lailin. However, neither Ma nor Jin responded to these notices, and they did not respond to SEHK's investigation on them under the Listing Rules either. As a result, SEHK publicly censured Ma and Jin, stating that both were unsuitable to occupy positions as directors or within senior management of TOMO or any of its subsidiaries. Our investigation is ongoing.

<sup>10</sup> Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

<sup>11</sup> Under section 183 of the SFO, the SFC can require a person under investigation, or who is believed to have in his possession any record or document relevant to an SFC investigation, to produce the specified records.

### Other notable cases

The court-appointed administrators had distributed approximately \$19 million worth of assets as compensation to affected clients of Hong Kong Wan Kiu Investment Company Limited (HKWK) following the CFI's approval in January 2025. This came after the Court granted final reliefs – including a restoration order in favour of HKWK's affected clients in November 2022, following legal proceedings brought by the SFC under section 213<sup>12</sup> of the SFO. HKWK and its sole director and shareholder Connie Sham Khi Rose, had sold securities of HKWK's clients without their authorisation, misappropriated the sales proceeds, and falsified client statements to conceal the unauthorised transactions.

Following the CFI's landmark decision on ordering a shadow director and two former executive directors of Combest Holdings Limited to compensate its public shareholders \$192 million in the form of special dividends, the administrator had successfully distributed more than 98% of the compensation to around 600 independent public shareholders of Combest as of end-September.

We reprimanded and fined RaffAello Capital Limited \$4 million for failing to discharge its sponsor duties in the listing application of Paprika Holdings Limited, after the Securities and Futures Appeals Tribunal upheld the SFC's disciplinary action against RaffAello.

Enforcement activities				
	Quarter ended 30.9.2025	Six months ended 30.9.2025 <sup>e</sup>	Six months ended 30.9.2024	YoY change (%)
S179 inquiries commenced	22	36	23	56.5
S181 <sup>a</sup> inquiries commenced (number of letters sent)	44 (1,315)	89 (2,761)	82 (2,662)	3.7
S182 directions issued	60	123	114	7.9
Investigations started	62	128	114	12.3
Investigations completed	73	118	115	2.6
Individuals and corporations charged in criminal proceedings	3	3	1	200.0
Criminal charges laid	59	59	1	5,800.0
Notices of Proposed Disciplinary Action <sup>b</sup> issued	7	16	12	33.3
Notices of Decision <sup>c</sup> issued	14	26	12	116.7
Individuals and corporations subject to ongoing civil proceedings <sup>d</sup>	248	248	212	17.0
Compliance advice letters issued	86	150	77	94.8
Cases with search warrants executed	7	29	17	70.6

a 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.

b 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.

c A notice which sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

d As of the last day of the period.

e Figures have been adjusted for the period.

<sup>12</sup> Section 213 of the SFO enables the SFC to apply to the CFI for injunctions and other orders, including an order to restore the parties to any transaction to the position in which they were before the transaction was entered into.



### Bolstering surveillance and cross-boundary enforcement cooperation

Our surveillance of untoward price and turnover movements resulted in 1,315 requests for trading and account records from intermediaries during the quarter. In addition, we received and assessed 130 notifications from intermediaries regarding suspicious equity and derivative trading.

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

### Enforcement collaboration with the Mainland

During the quarter, we continued to foster strong enforcement cooperation with the China Securities Regulatory Commission, with both parties providing timely and effective assistance with investigations. Our collaborative efforts facilitated significant progress in important cases and reflected our shared dedication to tackling cross-border securities misconduct. We also engaged in regular dialogue to address requests for investigatory assistance and identified ways to further streamline our enforcement processes.

### Enhancing investigatory toolkit

To address the rising threat of financial scams, we launched SENSOR, a social media monitoring tool powered by generative artificial intelligence. SENSOR scans targeted social media channels for suspicious activities, such as misleading promotions and stock manipulation. Social media content is classified and preserved as data for investigations. SENSOR's capabilities will continue to expand to counter increasingly sophisticated scams.

### Enhancing regulatory regimes

#### Optimising IPO price discovery and open market requirements

Working together with the SFC, SEHK concluded its consultation on the optimisation of initial public offering (IPO) price discovery and open market requirements in August. Key changes to the listing requirements include requiring an issuer to allocate at least 40% of its shares initially on offer in an IPO

to its bookbuilding placing tranche. The amended rules took effect on 4 August.

At the same time, SEHK launched a two-month consultation on proposals relating to ongoing public float requirements, which aim to offer issuers greater flexibility in conducting corporate actions for better capital management. The consultation closed on 1 October.

### Managing risks of OTC derivatives market

The SFC and 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 September, the mandatory use of Unique Transaction Identifier, Unique Product Identifier and Critical Data Elements for the regime came into effect.

### Implementing investor identification regime for derivatives market

We are taking steps to extend the investor identification regime for the securities market to the exchange-traded derivatives market, building on the successful implementation of the former in 2023. To this end, we initiated a public consultation on the proposed framework this September, with the consultation period scheduled to close in December. The initiative aims to advance investor protection by strengthening mechanisms for detecting and mitigating market misconduct in the exchange-traded derivatives market.

### Restricting use of misleading names by unregulated entities

Our two-month consultation on proposals to further restrict the use of certain names to avoid misleading investors ended in August. The proposals aim to expand current restrictions under section 34<sup>13</sup> of the SFO to address market developments, including the SFC's regulatory regime for VATPs. Similar restrictions are proposed under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, as the regime is set out under both ordinances. We are reviewing the feedback received and will publish the conclusions in due course.

<sup>13</sup> Section 34 of the SFO prohibits the use or taking of certain titles (or anything which closely resembles such titles) without the SFC's authority or without reasonable excuse. Any breach is an offence under the SFO.



# Enhancing Hong Kong market competitiveness and appeal



To bolster Hong Kong's competitiveness and its position as a premier fundraising and asset management hub, the SFC maintains its pivotal role in enhancing capital market liquidity and efficiency, while deepening regulatory cooperation with both the Chinese Mainland and global markets.

## Enhancing listing market competitiveness and efficiency

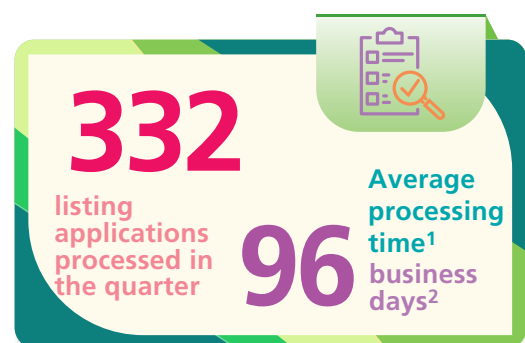
### Developing Hong Kong as premier listing platform

The past quarter saw 24 initial public offerings (IPOs), raising over \$70 billion in total, which increased more than 70% compared to the same period last year. Among these was the world's second largest IPO so far in 2025 by Zijin Gold International Company Limited in September. This followed the world's largest IPO by Contemporary Amperex Technology Co. Limited in May.

## Gatekeeping listing applications

During the quarter, we processed 332 listing applications and cleared 95 of them. 121 of the processed applications were new listing applications, including 23 from pre-profit biotech companies and 17 from specialist technology companies.

The 95 cleared listing applications took an average of 96 business days<sup>1</sup> to process.



<sup>1</sup> Including the SFC's vetting time and the response time of the listing applicants or their advisers.

<sup>2</sup> For the 95 cleared cases of listing applications.

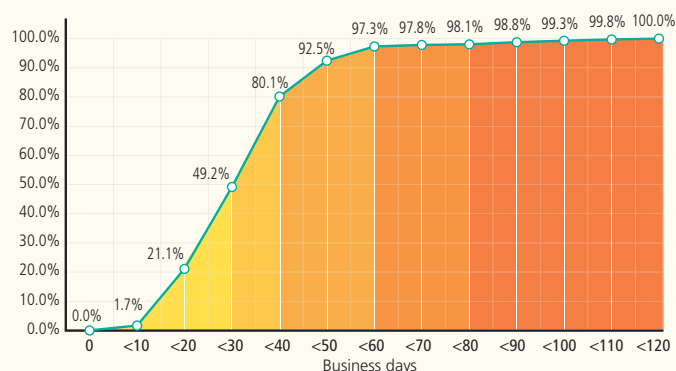
## Vetting time of listing applications

During the three years ended 30 September 2025, we cleared 413 cases in total, with 97% vetted 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.

Under the enhanced timeframe for new listing application process, up to 30 September 2025, we cleared 99 listing applications received after the joint statement by the SFC and the Stock Exchange of Hong Kong Limited (SEHK) dated 18 October 2024, 98%<sup>a</sup> of which were cleared within 40 business days.

SFC vetting time (October 2022 to September 2025)



- <sup>a</sup> Under the Joint Statement on Enhanced Timeframe for New Listing Application Process dated 18 October 2024, the timeline of the application process may be lengthened if the applicants and their sponsors provide materially incomplete responses or fail to satisfactorily address regulators' comments.

## Strengthening listing market and enhancing its liquidity

### Lowering transaction cost and boosting market efficiency

The SFC continues to work with Hong Kong Exchanges and Clearing Limited (HKEX) to explore medium to long-term measures to enhance the competitiveness of the securities market. Following our approval, HKEX launched Phase 1 of the initiative to reduce minimum trading spreads in August. We will examine the results of HKEX's review of Phase 1 and its plan to implement Phase 2 in mid-2026.

In addition, over the past year, the SFC has actively engaged with HKEX to reduce funding costs for collateral posted by market participants. Following our approval, HKEX revamped its interest rebate on cash collateral and lowered the accommodation charges on non-cash collateral for its three on-exchange clearing houses effective 2 October<sup>3</sup>. These changes have enabled market participants to benefit from a higher interest rebate.

<sup>3</sup> Post-reporting period.



### Enhancing structured products listing framework

In coordination with the SFC, SEHK launched a six-week consultation in September on proposed amendments to Chapter 15A of the Listing Rules for structured products. The consultation aims to elevate market competitiveness and efficiency, whilst enhancing market quality and investor protection. Key proposals include lowering the minimum issue price requirement for derivative warrants and removing it for callable bull/bear contracts to facilitate a wider range of product terms; enhancing issuers' eligibility criteria to improve market quality; and removing prescriptive product term requirements from the Listing Rules to support product innovation.

### Strengthening Hong Kong's role as super-connector

#### Building offshore RMB and risk management hub

##### Roadmap for the Development of Fixed Income and Currency Markets

To position Hong Kong as a global fixed income and currency (FIC) hub and further strengthen its role as the premier offshore renminbi (RMB) centre, the SFC and the Hong Kong Monetary Authority (HKMA) jointly announced the Roadmap for the Development of Fixed Income and Currency Markets (Roadmap) in September.

The Roadmap outlines 10 key initiatives across four pillars: boosting primary market issuance, enhancing secondary market liquidity, expanding offshore RMB business, and developing next-generation infrastructure.

Developed in close consultation with industry stakeholders through a FIC Task Force set up in 2024, the Roadmap will guide the relevant policy making and implementation of the SFC and the HKMA in coming years to support the sustainable and diversified growth of Hong Kong's capital markets. See page 39 on the FIC Forum co-hosted by the SFC and the HKMA.

Among the 10 proposed initiatives, the FIC Roadmap seeks on one hand to reinforce Hong Kong's existing foundations by further attracting issuers to Hong Kong for fund-raising, and providing issuers and investors with risk and liquidity management tools. On the other hand, the Roadmap emphasises breaking new ground by boosting offshore RMB usage and liquidity, as well as developing next-generation infrastructure for market innovation.

#### Enriching product mix under Swap Connect

Since its launch in mid-2023, Swap Connect has seen increasing trading volumes and active participation from both Mainland and overseas investors. As of end-September, 83 overseas investors had participated in the scheme, and the aggregate notional amount of executed RMB interest rate swap transactions exceeded RMB8.5 trillion since launch, representing a daily average of about RMB14.7 billion.

After obtaining the SFC's approval of the related clearing rule amendments, OTC Clearing Hong Kong Limited began clearing northbound swaps referencing the Mainland one-year Loan Prime Rate (LPR) under Swap Connect in September. The LPR is a benchmark guiding the interest rate of commercial loans in the Mainland. This enhancement provides international investors with more tools for managing RMB interest rate risk and further strengthens Hong Kong's role as an international financial centre.

## Enhancing Hong Kong market competitiveness and appeal

### HKD-RMB dual counter trading

HKEX's Single Tranche Multiple Counter (STMC) settlement model, implemented in June, has equipped the Hong Kong market with technical capabilities to accommodate RMB counters under the southbound Stock Connect. HKEX and its Mainland counterparts are working together to fully prepare the systems for the southbound inclusion of RMB counters.

### Preparing for Treasury bond futures launch

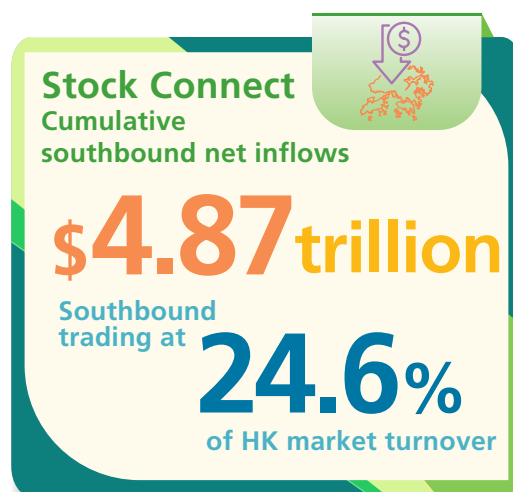
We have been working closely with HKEX to prepare for the launch of China treasury bond futures contracts in Hong Kong. These contracts will meet the international investors' rising demand for an effective tool to hedge their onshore exposure to China treasury bonds. The initiative will also mark a key step in the implementation of FIC Roadmap.

### Enhancing mutual access schemes with Mainland

#### Stock Connect maintains robust growth

Stock Connect continues to post strong increases in turnover and net buy. During the first nine months of 2025, southbound inflows reached \$1,167.5 billion, and already exceeded the 2024 full-year total by 44.5%. Average daily southbound trading increased to \$125.9 billion and accounted for 24.6% of market turnover in Hong Kong, surging from \$48.2 billion and 18.3% in 2024. As of end-

September, cumulative southbound net inflows since launch reached nearly \$4.87 trillion.



### Updates on Mutual Recognition of Funds (MRF)

During the quarter, Hong Kong funds and Mainland funds recorded net subscription of about RMB1.45 billion and net redemptions of about RMB78.10 million respectively under the Mainland-Hong Kong MRF scheme.

As at 30 September, 40 Mainland funds had been authorised by the SFC and 42 Hong Kong funds approved by the CSRC<sup>4</sup>. Cumulative net subscriptions amounted to about RMB120.52 billion for Hong Kong funds and about RMB751.34 million for Mainland funds as at 30 September.

### Mainland-Hong Kong MRF scheme – fund flows<sup>a</sup> (RMB million)

	Six months ended 30.9.2025			Six months ended 31.3.2025			Six months ended 30.9.2024		
	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>
Mainland funds	85	193	(108)	97	106	(9)	23	125	(102)
Hong Kong funds	32,113	62,777	(30,664)	134,252	19,702	114,549	17,354	6,324	11,031

a Based on data from the State Administration of Foreign Exchange.

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

4 China Securities Regulatory Commission.

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

### Asset and Wealth Management Activities Survey 2024

The *Asset and Wealth Management Activities Survey 2024*, released in July 2025, highlighted Hong Kong's strong growth as a pre-eminent international asset and wealth management hub. Assets under management (AUM) grew 13% year-on-year to \$35.1 trillion (US\$4.53 trillion), powered by net fund inflows of \$705 billion (US\$91 billion), an 81% surge over the previous year.

According to the survey, Hong Kong's asset managers allocated 59% of assets outside the Mainland and Hong Kong. Their non-equity investment grew 13 percentage points to 59% over the past five years, reflecting a shift towards more diversified strategies amidst rapidly changing global conditions.

### SFC-HKMA joint product survey 2024

In September, we published with the HKMA a report on our annual joint survey on the sale of non-exchange-traded investment products to non-institutional investors, showing record sales and market participation in 2024. The total transaction amount jumped 40% year-on-year to a record \$6,073 billion, driven by the strong sales increase of collective investment schemes (up \$966 billion), structured products (up \$587 billion) and debt securities (up \$213 billion).

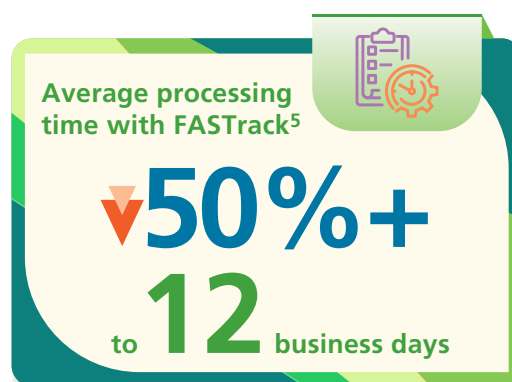
The report also shows online sales continued to expand, accounting for 17% of the total transaction amount. The number of firms engaged in product sales rose 9% to a new high of 414, with 46% more than doubling their sales year-on-year, while the number of clients completing at least one transaction increased 28% to a record high of over 1.2 million.

### Hong Kong-domiciled funds' AUM and fund flows surge

As at 30 September, there were 1,022 Hong Kong domiciled funds, up 2.9% from the previous quarter and up 7.8% from a year ago. Their AUM increased 9.5% from previous quarter and increased 35.9% year-on-year to \$2,266.3 billion (US\$291.2 billion). Net fund inflows of about \$46.9 billion (US\$6.0 billion) were recorded in the quarter.

### Fast-tracking authorisation of simple funds from other markets

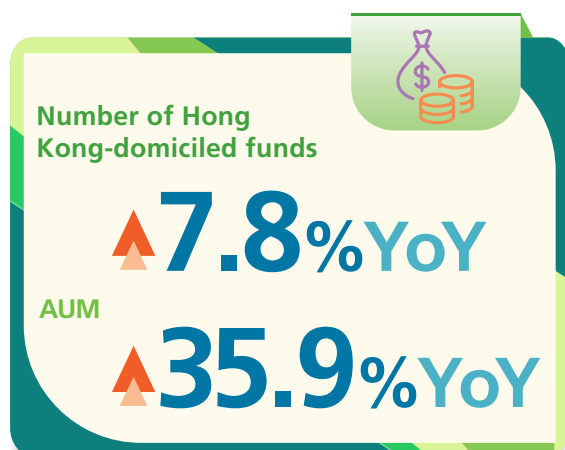
Under Fund Authorisation Simple Track (FASTrack), we pledge a 15-day authorisation timeframe for simple funds from jurisdictions with a mutual recognition of funds arrangement with Hong Kong (MRF Jurisdictions). During the quarter, we authorised 25 FASTrack-eligible funds within this timeframe, while reducing the average processing time by more than 50% compared to 2024<sup>5</sup>.



<sup>5</sup> Compared to the average processing time for standard applications for simple funds from MRF Jurisdictions in 2024 prior to the introduction of FASTrack.

### Authorising investment products

During the quarter, we authorised 79 unit trusts and mutual funds (including 41 Hong Kong-domiciled funds), two mandatory provident fund (MPF) pooled investment funds and 179 unlisted structured investment products for public offering in Hong Kong.



### Sustained growth of open-ended fund companies (OFCs)

As at 30 September, there were 626 registered OFCs, of which 50<sup>6</sup> were newly registered during the quarter. The number of registered OFCs increased 44% year-on-year.

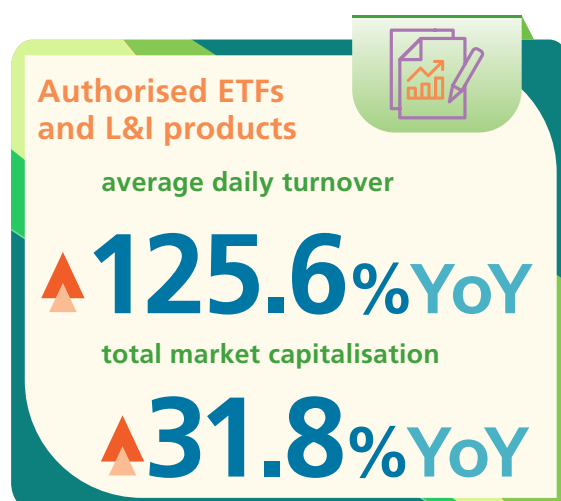


### Expanding ETF and L&I product markets

As at 30 September, 196 SFC-authorised ETFs and 29 SFC-authorised leveraged and inverse (L&I) products were listed on SEHK (in aggregate up 16.0% from a year ago), with a total market capitalisation of \$653.5 billion (US\$83.8 billion), up 31.8% from the previous year. During the quarter, these ETFs and L&I products recorded net inflows of \$46.1 billion (US\$5.9 billion) and an average daily turnover of \$37.5 billion (US\$4.8 billion), equivalent to 13% of the turnover of Hong Kong's stock market.

In July, we welcomed the first cross-listing in Hong Kong of an active ETF, using a master-feeder structure and enabled by the SFC's streamlined requirements for eligible ETFs. Since its listing, the ETF has experienced considerable growth in size. It offers Hong Kong investors access to the world's largest active ETF strategy. The cross-listing demonstrates Hong Kong's competitiveness in attracting overseas ETFs.

As at 30 September, 17 ETFs were eligible for southbound trading under Stock Connect. During the quarter, southbound ETF trading had an average daily turnover of \$5.0 billion (US\$639 million), contributing 7.3% to the total turnover of eligible Hong Kong ETFs.



6 This figure includes 45 private OFCs.



### Driving Integrated Fund Platform (IFP) development

As of 30 September, a total of 42 firms including fund distributors, asset managers and transfer agents joined the IFP, which is a new financial infrastructure to facilitate retail fund distribution

in Hong Kong. HKEX launched the IFP's order routing service<sup>7</sup> to increase efficiency of the fund distribution ecosystem this July, following the launch of the Fund Repository<sup>8</sup> in December 2024. We are working closely with HKEX and other parties to implement the next phase on nominee, payments and settlement services.

### SFC-authorised ETFs and L&I products<sup>a, b</sup>

	As at 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Number of SFC-authorised ETFs and L&I products <sup>c</sup>	225	210	7.1	194	16.0
Market capitalisation <sup>d</sup> (\$ billion)	653.5	520.3	25.6	496.0	31.8

	Six months ended 30.9.2025	Six months ended 31.3.2025	Change (%)	Six months ended 30.9.2024	YoY change (%)
Average daily turnover (\$ billion)	37.0	34.3	7.9	16.4	125.6%
Net fund flow <sup>d</sup> (\$ billion) – Net inflow (outflow)	39.3	6.4	N/A	5.9	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.

### ETF Connect – Southbound trading and fund flows of eligible Hong Kong ETFs<sup>a</sup>

Six months ended	Number of eligible Hong Kong ETFs as at period end	Market capitalisation as at period end (\$ million)	Southbound trading average daily turnover (\$ million)	As a % of eligible ETFs' total turnover (%)	Fund inflow/ (outflow) of eligible Hong Kong ETFs (\$ million)
30.9.2025	17	365,051	4,141	6.3	-700
31.3.2025	17	306,402	4,225	14.1	-17,038
30.9.2024	16	301,491	1,934 <sup>b</sup>	7.1	636

a Based on data from HKEX.

b Figure restated to align with market data adjustments.

7 This service enhances connectivity between fund distributors and transfer agents on the IFP, improving the process for order placements including fund subscriptions and redemptions.

8 An online database on the IFP providing one-stop access to information on SFC-authorised funds, enabling distributors and investors to easily access and compare fund offerings.

## Authorised collective investment schemes

	As at 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Unit trusts and mutual funds – Hong Kong domiciled	1,022 ^	976	4.7	948	7.8
Unit trusts and mutual funds – non-Hong Kong domiciled	1,462	1,445	1.2	1,438	1.7
Investment-linked assurance schemes	320	319	0.3	320	0.0
Pooled retirement funds	32	32	0.0	32	0.0
MPF schemes	23	25	-8.0	25	-8.0
MPF pooled investment funds	200	198	1.0	199	0.5
Paper gold schemes	15	15	0.0	15	0.0
REITs	11	11	0.0	11	0.0
<b>Total</b>	<b>3,085</b>	<b>3,021</b>	<b>2.1</b>	<b>2,988</b>	<b>3.2</b>

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

## Authorised unlisted structured investment products

	As at 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Unlisted structured investment products^	426	391	9.0	331	28.7

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

## Registered OFCs

	As at 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
OFCs	626 ^	520	20.4	435	43.9

^ This figure includes 581 private OFCs.

## SFC-authorised renminbi (RMB) investment products

	As at 30.9.2025
<b>Unlisted products</b>	
Unlisted funds primarily investing in onshore Mainland securities markets <sup>a</sup> or offshore RMB bonds, fixed-income instruments or other securities	59
Unlisted funds (non-RMB denominated) with RMB share classes	496
Paper gold schemes denominated in RMB	1
Recognised Mainland funds under Mainland-Hong Kong MRF arrangement	40
Unlisted structured investment products issued in RMB <sup>b</sup>	425
ILAS with policy currency in RMB	8
<b>Listed products</b>	
ETFs primarily investing in the onshore Mainland securities markets <sup>a</sup> or offshore RMB bonds, fixed-income instruments or other securities	49
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	63
RMB leveraged and inverse products	1
RMB gold ETFs <sup>c</sup>	1
RMB REITs	1

a Refers to onshore Mainland investments made 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<sup>a</sup> (US\$ million)

For the three months ended 30 September, Hong Kong-domiciled funds reported overall net inflows of \$46.9 billion (US\$6.0 billion), which was primarily attributed to index funds.

	Three months ended 30.9.2025			Six months ended 30.9.2025			Six months ended 30.9.2024		
	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>	Subscription	Redemption	Net subscription/(redemption) <sup>b</sup>
Bond	6,826	5,635	1,190	12,253	14,718	(2,465)	8,297	6,500	1,796
Equity	5,211	6,049	(838)	9,244	10,380	(1,136)	7,672	9,273	(1,601)
Mixed	2,973	2,709	264	4,796	4,917	(121)	2,426	3,974	(1,548)
Money market	77,595	78,086	(491)	150,472	137,471	13,001	62,528 <sup>g</sup>	51,133 <sup>g</sup>	11,396 <sup>g</sup>
Feeder funds <sup>c</sup>	26	1	25	27	17	11	18	5	13
Index <sup>d</sup>	43,449	38,041	5,408	77,677	73,645	4,033	46,313	44,630	1,683
Guaranteed	19	1	18	19	3	17	0	2	(2)
Commodity and virtual asset <sup>e</sup>	421	41	380	636	282	354	662	441	221
Total <sup>b</sup>	136,520	130,564	5,956 <sup>f</sup>	255,125	241,432	13,693	127,916 <sup>g</sup>	115,959 <sup>g</sup>	11,957 <sup>g</sup>

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 outflows of \$18.4 billion (US\$2.4 billion) reported by retail approved pooled investment funds which MPFs may invest in and may also be offered to the public in Hong Kong.

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

## Unit Trusts and mutual funds authorisation – processing time by fund application streams

Fund Application Streams <sup>^</sup>	Three months ended 30.9.2025	
	No. of funds authorised during the quarter	Processing time
FASTrack	25	12.28 business days (i.e. 0.59 month)
Standard	22	1.44 months
Non-standard	32	2.8 months
Total	79	

<sup>^</sup> New fund applications are processed under three different application streams. The SFC aims to grant authorisation for application, if successful, within the following target timeframe for the respective application streams: (i) FASTrack: within 15 business days; (ii) Standard: within 1-2 months; and (iii) Non-standard: within 2-3 months.

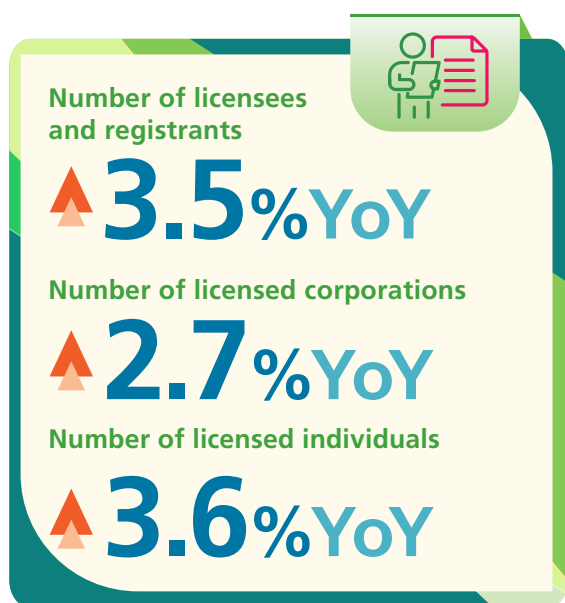


## Gatekeeping the industry

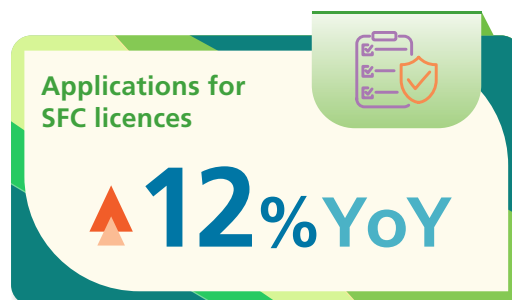
### Growth in licence applications under SFO

In the quarter, we received 2,799<sup>9</sup> licence applications including 2,701 individuals and 98 corporations, up 25% from the previous quarter and up 12% from the same quarter last year.

As at 30 September, there were 49,945 licensees and registrants, including 3,379 licensed corporations (LCs), 46,457 individuals and 109 registered institutions. During the quarter, the number of new licensees and registrants totalled 3,865<sup>10</sup>, amongst which 3,805 were individuals, and 60 were licensed corporations and registered institutions.



Amongst the licensed corporations approved during the quarter, Type 9 (asset management) regulated activity<sup>11</sup> (RA) accounted for 90% and Type 4 (advising on securities) RA for 66%. Compared to 30 June, the number of firms licensed for Type 9 RA increased by 38 (or 1.7%) to 2,308.



## Automated trading services

As of 30 September, there were 54 automated trading services (ATS) providers<sup>12</sup> 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.

## Facilitating visiting professionals to work in Hong Kong

To provide itinerant professionals with more flexibility, we extended in July the period for them to conduct SFC-regulated activities in Hong Kong from 30 days to 45 days per calendar year.

## Financial Review of the Securities Industry for the first half of 2025

In September, we released the *Financial Review of the Securities Industry* for the first half of 2025, which summarised financial performance data and statistics on securities dealers and securities margin financiers. The report revealed that Hong Kong's securities sector maintained its steady growth momentum amid record-high securities transaction value in Hong Kong market in the first half of 2025. The profit increase was bolstered by the steady growth of trading commission and the reduction in overheads and interest expenses.

<sup>9</sup> The figure does not include applications for provisional licences.

<sup>10</sup> Including provisional licensed representatives.

<sup>11</sup> Each licensed corporation may have multiple RA licences.

<sup>12</sup> 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 regulatory regimes and market infrastructure

#### Increasing position limits

The increase in position limits for exchange-traded derivatives based on the three major stock indices took effect on 2 July, following strong market support. The increase not only allows market participants to manage positions more flexibly, but also promotes the liquidity and efficiency of both the derivatives and the broader markets. Since the increase in position limits, some market participants have held larger positions to meet their needs.

#### FRR enhancements to develop market for OTC derivatives and other products

The SFC launched a three-month public consultation in July on draft amendments to the Securities and Futures (Financial Resources) Rules (FRR) and related guidelines for implementing a set of internationally comparable capital requirements for LCs engaging in OTC derivative activities.

We also proposed other FRR changes to support LCs' business development and diversification, including measures to facilitate their stock trading in Mainland and emerging markets, commodities and carbon products, as well as digital asset futures and options on licensed VATPs. In addition, to drive Hong Kong's development as a regional fixed income and currency hub, the SFC proposed to exempt the capital requirements for repurchase transactions (repos) that are cleared through SFC-approved central counterparties. This is to promote the central clearing of repos in Hong Kong and the development of the city's inter-dealer repo market.

### Development of advanced platforms

The SFC maintains oversight of HKEX as it progresses with the enhancement of market infrastructure, notably through the development of the Orion Cash Platform (OCP) and the Orion Derivatives Platform (ODP).

During the quarter, HKEX implemented enhanced report download arrangements within the OCP environment, and also formally initiated the market readiness phase for the ODP by explaining to stakeholders the development roadmap and engagement strategy. Concurrently, the SFC commenced discussions with HKEX about the ODP's technical architecture, covering trading, clearing and risk management, with new features to promote the sustained advancement of the derivatives market.

### Maintaining normal trading under severe weather

The severe weather trading arrangement implemented since 2024 has been activated several times in recent months, most notably in September when Typhoon Signal No.10 was issued for Super Typhoon Ragasa. Throughout these episodes of adverse weather, trading and clearing of Hong Kong's securities and derivatives markets were as usual. Broker participation and trading volumes on severe weather trading days remained comparable to those on normal trading days.

## Deepening cross-border fund market and supervisory cooperation

Hong Kong entered its first Mutual Recognition of Funds (MRF) arrangement with a Middle East market, signing a Memorandum of Understanding (MoU) with the United Arab Emirates' (UAE) Securities and Commodities Authority (SCA) in September. This MoU allows, for the first time, unlisted foreign funds to be offered directly to UAE retail investors<sup>a</sup>, and is also the UAE's first MRF arrangement with a jurisdiction outside the Middle East. At a preceding high-level bilateral meeting, both regulators exchanged views on further collaborative efforts, such as enhancing investor protection and fostering financial innovation.



CEO Ms Julia Leung (third from right) signed an MoU with UAE's SCA in September

We also entered into an MoU with the Dubai Financial Services Authority (DFSA) of the Dubai International Financial Centre (DIFC) in September to deepen cooperation on the regulatory oversight and supervision of collective investment scheme managers in each other's markets to ensure compliance, governance, and cross-border regulatory alignment.



In the presence of Dr Kelvin Wong (middle), Chairman of the SFC, Ms Leung (right) and Mr Mark Steward (left), Chief Executive of the DFSA, signed an MoU in Hong Kong in September

In October<sup>b</sup>, we concluded an MoU with the Autorité des marchés financiers, the financial regulator of Québec, Canada, on the exchange of information for supervision of cross-border investment management activities. This MoU promotes greater transparency and facilitates industry collaboration between Hong Kong and Québec.

- a By virtue of new regulations issued by the SCA in 2023, unlisted foreign funds are no longer permitted to be promoted to retail investors in the UAE.
- b Post-reporting period.

### Strengthening cross-border collaboration

#### Driving greater market connectivity with Middle East

To further advance market connectivity with the Middle East, the SFC and the Financial Services Regulatory Authority (FSRA) of ADGM<sup>13</sup> co-hosted a high-level roundtable in Hong Kong in September. Senior executives from Hong Kong asset managers participated in it. Discussions focused on opportunities for Hong Kong asset managers to reach investors in ADGM and the wider UAE through the UAE fund passporting regime.

The roundtable was followed by an industry seminar attended by representatives from the city's asset management industry, where the FSRA shared insights on regulatory requirements for cross-border fund distributions.



The SFC and the FSRA of ADGM co-hosted a high-level roundtable in Hong Kong in September

To foster collaboration between the financial sectors of Hong Kong and Oman, the SFC met with a high-level delegation from Oman, including senior executives from the Oman Investment Authority, Financial Services Authority, Muscat Stock Exchange, and Muscat Clearing & Depository. The discussion covered mutual market access, cross-listing, virtual assets, fintech and green finance, with both parties exchanging views and sharing experiences.



Representatives of the SFC and the high-level delegation from Oman met in Hong Kong in September

### 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 the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB) enable us to shape international policies.

13 ADGM is the international financial centre of the capital city of the UAE.



### IOSCO

In September, our CEO Ms Julia Leung and Senior Director and Head of International Affairs and Sustainable Finance Ms Christine Kung attended the IOSCO Financial Stability Engagement Group (FSEG) meeting in Paris, France, to discuss counterparty disclosures between banks and non-banks, market developments, and implications of quantum computing for financial stability.

During the quarter, we participated in a number of IOSCO meetings:

- IOSCO Financial Stability Coordination Group meetings, which discussed the FSB's work on leverage in non-bank financial intermediation, among others;
- IOSCO Asia-Pacific Regional Committee Platform Providers Engagement Sub-Group meeting; plenary meeting of the IOSCO Committee on Emerging Risks meeting in Rio de Janeiro, Brazil, to discuss market developments and the risk outlook for 2026;
- Plenary meeting of the IOSCO Assessment Committee in Frankfurt, Germany, to discuss the progress of various review projects<sup>14</sup>; and
- IOSCO Benchmark Network meeting, which discussed LIBOR<sup>15</sup> transition and ESG<sup>16</sup> benchmarks.

Ms Christina Choi, our then-Executive Director of Investment Products<sup>17</sup>, chaired the IOSCO Policy Committee on Investment Management. During the quarter, Ms Choi attended the plenary meeting of the Committee in London to discuss ongoing initiatives and participated in roundtables with asset management market participants.

### FSB

During the quarter, Ms Kung attended the FSB Standing Committee on Standards Implementation meeting to discuss the peer review on crypto recommendations, MMF assessment, country peer reviews and 2026 work priorities.

### Supervisory college meetings

During the quarter, we participated in supervisory college meetings in Zurich and London to share intelligence and exchange views with other global regulators on the business, conduct and financial risks of global, systemically important financial institutions.



CEO Ms Julia Leung (first row, third from the right) at the IOSCO FSEG meeting

<sup>14</sup> These comprise a guided self-assessment of the IOSCO Enforcement Principles by 49 IOSCO members, 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.

<sup>15</sup> London Inter-Bank Offered Rate.

<sup>16</sup> Environmental, Social and Governance.

<sup>17</sup> Ms Choi assumed the new role of Executive Director of Corporate Finance from 1 November 2025.

### Regulatory collaboration with Mainland

To further enhance the global competitiveness of Hong Kong capital markets and its role as a super-connector between Mainland and international markets, we continued to work closely with our Mainland counterparts and relevant authorities this quarter to deepen Mainland-Hong Kong market ties.

We maintained frequent high-level dialogues with Mainland authorities. In September, we met with Mr Wu Qing, Chairman of the China Securities Regulatory Commission, in Beijing to exchange views on market developments and cross-boundary initiatives, such as facilitating the listings of leading Mainland companies in Hong Kong. Both parties agreed to further enhance mutual market access schemes and explore new areas of cooperation.

We also held meetings with the People's Bank of China, State Administration of Foreign Exchange, National Financial Regulatory Administration, Ministry of Finance and other Mainland authorities during the quarter to discuss RMB internationalisation, cross-border capital flows, the developments of Hong Kong's FIC markets, and other ongoing cooperation initiatives.

In addition, we organised a study tour for CSRC senior executives to meet with our operational divisions, local regulators and industry associations in Hong Kong.



# Leading financial market transformation through technology and ESG



Innovation and sustainability are essential to solidifying Hong Kong's future prospect as a leading international financial centre. By advancing the Fintech ecosystem and aligning with global sustainability disclosure standards, we are building robust and future-ready markets that reinforce Hong Kong's role as a global financial hub and a bridge between emerging and developed markets.

## Driving digital asset ecosystem development

The joint consultations on introducing regulatory regimes for virtual asset (VA) dealing and custodian service providers ended in August. The Financial Services and the Treasury Bureau (FSTB) and the SFC are reviewing the responses received and working on the consultation conclusions. The proposed regimes will enable qualified participants to set up business in Hong Kong, enhance investors' choice, and integrate the city's VA liquidity with the world's.

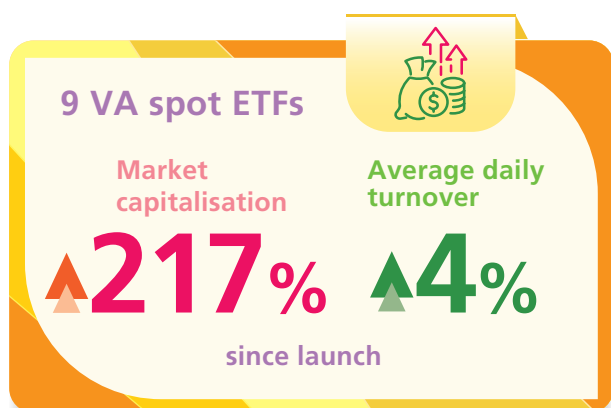
As part of the initiatives under Pillar **A** (**A**ccess) of the SFC's **ASPIRE** roadmap, the SFC and the Hong Kong Monetary Authority (HKMA) issued a supplemental joint circular in September, further refining the framework for intermediaries engaging in VA-related activities. Intermediaries may now provide staking services to their clients and use off-platform VA trading services of SFC-licensed VA trading platforms (VATPs), subject to specified safeguards. The supplemental joint circular also clarified requirements regarding clients' subscriptions and redemptions of investment products using VAs.

We also facilitate participation in the VA market. As at end-September, the SFC had licensed a total of 11 VATPs and was reviewing the licence applications of eight VATP applicants.

To strengthen platform resilience and safeguard client assets amid rising cybersecurity risks under Pillar **S** (**S**afeguards), we outlined in a circular our minimum requirements and examples of good practices to strengthen custody controls. These include governance responsibilities, cold wallet infrastructure, use of third-party solutions and real-time threat monitoring.

## Leading financial market transformation through technology and ESG

To enhance Pillar **P** (Products) of the roadmap, the SFC further authorised three new VA spot exchange-traded funds (ETFs) investing directly in Bitcoin and Ether in July. This was part of our ongoing efforts to expand VA product offerings, building on the launch of Asia's first batch of six SFC-authorised VA spot ETFs last year.



After adding these three ETFs, the total market capitalisation of all nine ETFs have surged 217% to US\$920 million since the city's initial launch of VA spot ETFs, while the average daily turnover rose 4% to US\$6.0 million as at end-September, respectively. Additionally, three of these ETFs are engaged in staking through licensed VATPs.

In October, we further authorised Asia's first VA spot ETF investing directly in Solana<sup>1</sup>.

To advance Pillar **Re** (Relationships), we continued to drive harmonisation of global regulatory standards on digital assets and other Fintech matters through participating in global fora and speaking at over 10 seminars, panel discussions, training sessions and events organised by or partnered with government authorities, regulatory bodies and industry associations, both locally and internationally.

### Licensees under the AMLO

	As at 30.9.2025	As at 31.3.2025	change (%)	As at 30.9.2024	YoY change (%)
Licensed providers	11	10	10.0	2	450.0
Licensed individuals	122	104	17.3	43	183.7
<b>Total</b>	<b>133</b>	<b>114</b>	<b>16.7</b>	<b>45</b>	<b>195.6</b>

### Licensing applications under the AMLO

	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
Applications for SFC licences	22	41	120	-65.8

<sup>1</sup> Post-reporting period.

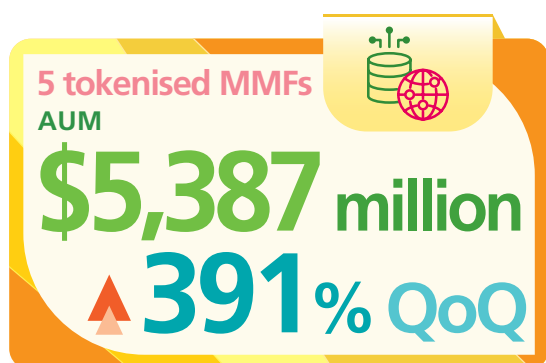
## Tokenisation to increase market efficiency

Under the Roadmap for the Development of Fixed Income and Currency (FIC) Markets published in September, the SFC, in collaboration with the HKSAR Government, has confirmed that the stamp duty waiver for the transfers of Hong Kong-listed ETFs also applies to tokenised ETFs. This supports secondary trading of tokenised products in Hong Kong and helps expand access to tokenised FIC products through licensed dealers and platforms with longer trading hours. It will also improve settlement efficiency and enhance collateral and liquidity management.

The SFC has co-led with the HKMA tokenisation initiatives for the asset management sector under Project Ensemble since its launch in 2024. During the quarter, we continued to provide regulatory guidance to Sandbox participants to support their experimentation on tokenisation use cases and held a number of stakeholder meetings. We expect the experiments to be completed in batches within 2025.

During the quarter, the SFC authorised two tokenised retail money market funds (MMFs), bringing the total number to five as of end-September<sup>2</sup>. Total assets under management (AUM) of their tokenised classes reached \$5,387 million (US\$692 million), up 391% from previous quarter, mainly due to significant inflows into one of the MMFs.

We further approved one new tokenised retail MMF<sup>2</sup> in October<sup>3</sup>.



## Advancing Hong Kong's leading role in sustainable finance

Under the leadership of our Chief Executive Officer (CEO) Ms Julia Leung as Vice Chair of the Sustainable Finance Task Force (STF) of the International Organization of Securities Commissions (IOSCO), the SFC continued to play a pivotal role in shaping global standards.

During the quarter, we actively participated in international initiatives<sup>4</sup>, including engaging in discussions at the International Transition Plan Network First Global Dialogue on the role of transition planning and transition plan disclosures in global efforts to address climate change. We also contributed to the IOSCO STF Green Finance and Innovation Workstream's final report on ESG<sup>5</sup> indices used as benchmarks.

The Hong Kong Green Week held in September drew more than 14,500 participants across over 40 events. The SFC co-hosted three events: the Forum on Sustainability Disclosures co-organised with the FSTB, a roundtable held jointly with the Asian Development Bank Institute (ADBI), and a meeting hosted together with the International Transition Plan Network (ITPN). See page 40 for more details of the Forum on Sustainability Disclosures.

As part of the Green Week, the roundtable co-hosted with the ADBI marked the fifth roundtable under the Asian Climate Finance Dialogue Project. It was aimed to promote the development of sustainable-related thematic instruments and facilitate discussions of sustainable finance in Asia-Pacific capital markets.

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

3 Post-reporting period.

4 We are 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.

5 Environmental, social and governance.



## Leading financial market transformation through technology and ESG



Roundtable on Developing Capital Markets through Various Sustainable-related Thematic Instruments

Senior regulators and officials from 12 jurisdictions in Asia shared insights on the trends and innovations in instruments such as green bonds, blue bonds and ESG funds. Participants, including experts from the Asian Development Bank (ADB), ADBI and the private sector, discussed how to facilitate the use of these instruments and mobilise transition finance.

Also, in a meeting we co-hosted with the ITPN, industry participants – local, regional and international markets – discussed best practices for developing credible corporate transition plans and explored how related disclosures can mobilise transition financing in Hong Kong and beyond.

### Leading local sustainable finance efforts

We co-chair the Green and Sustainable Finance Cross-Agency Steering Group<sup>6</sup> (Steering Group) alongside the HKMA and actively participate in all of its working groups.

At the Steering Group's meeting in August co-chaired by our CEO Ms Leung and the HKMA's Chief Executive Mr Eddie Yue, members reviewed significant progress made on a range of regulatory and market development initiatives. Advancements were made in sustainability disclosures, carbon markets, transition finance, data and technology, as well as capacity building and outreach efforts.

### Gatekeeping ESG funds

During the quarter, we continued to facilitate ESG fund development while rigorously gatekeeping against greenwashing. As at 30 September, there were 203 SFC-authorized ESG funds with total AUM of \$1,185.5 billion (US\$152.3 billion).

### Extending sustainability education and outreach efforts

We remain committed to talent development by hosting our annual student-focused sustainable finance seminar in July. Titled "Building the Future: How Green Fintech is Transforming Financial Services" this year, the seminar attracted over 100 students and emphasised the practical applications of green Fintech in the financial services sector. In addition to highlighting the catalytic role of technology in advancing sustainable development in the real economy, the event showcased the Hong Kong Green Fintech Map 2025 jointly developed by the Steering Group with the industry.



Building the Future: How Green Fintech is Transforming Financial Services seminar

<sup>6</sup> Established in May 2020, the Steering Group is co-chaired by the SFC and HKMA. Other members include the FSTB, Environment and Ecology Bureau, Insurance Authority, Mandatory Provident Fund Schemes Authority, Accounting and Financial Reporting Council and Hong Kong Exchanges and Clearing Limited.



# 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 \$627 million for the quarter. Our income was \$1,186 million, up 22.7% from the previous quarter and 114.4% from the same quarter last year. On a six-month basis, our income increased 100.1% year-on-year.

Income growth is attributable to the significantly higher average daily turnover (ADT) in Hong Kong's securities market since late 2024. The ADT surged

by 136% to \$265 billion in the quarter from \$112 billion a year ago. In addition, we resumed the collection of the annual licensing fees in this financial year after the waiver cessation from April 2025 onwards.

Our expenditure for the quarter was \$559 million, remaining stable in comparison to both the previous quarter and the same quarter last year. For the first six months of the financial year, expenditure remained flat compared to the same period last year.

As of 30 September, our total available for use and liquid reserves stood at \$4.5 billion, of which \$1.1 billion was allocated to the acquisition of the three additional office floors for the SFC and future principal bank loan repayments.

As of 30 September, we had 964 staff members, up from 945 a year ago.

Finance				
(\$ million)	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
Income	1,186	2,151	1,075	100.1
Expenses including depreciation	559	1,118	1,116	0.2
Surplus/(deficit)	627	1,033	(41)	N/A

## **Upholding effective institutional governance**

### **Appointment of directors**

In July, the Government reappointed Ms Christina Choi, Mr Rico Leung and Mr Michael Duignan as Executive Directors for a term of three years.

Ms Choi continued her capacity as Executive Director of Investment Products until 31 October and assumed the role of Executive Director of Corporate Finance from 1 November. Mr Leung continued his position as Executive Director of Supervision of Markets from 28 August. Mr Duignan became Executive Director of Enforcement, with effect from 1 November, after his term as Executive Director of Corporate Finance ended on 31 October.

The three-year term of Mr Christopher Wilson as Executive Director of Enforcement ended on 31 October.

In September, the SFC appointed Ms Alexandra Yeong, Senior Director of Investment Products, as Interim Head of Investment Products, effective 1 November.

### **Data governance**

For the second consecutive time, the SFC received the Privacy-Friendly Gold Award from the Privacy Commissioner for Personal Data in July. The award recognises our efforts to protect personal data privacy through robust and comprehensive measures.

## **Driving operational efficiency via technology**

During the quarter, we launched an artificial intelligence solution that enhances investigative capabilities by accelerating the review and analysis of large volumes of photographic evidence, enabling faster identification of relevant images and more accurate reviews.

In addition, to improve market monitoring efficiency, we enhanced our investigation management system by automating bank information requests. We also improved evidence filing standards and consistency, and streamlined workflows through enhanced internal systems.

We also upgraded the WINGS<sup>1</sup> system to support the electronic submissions under the company re-domiciliation and itinerant professional regimes, as well as to meet the virtual asset trading platform (VATP) record-keeping requirements. This upgrade improves our operational efficiency by streamlining application processes, and also strengthens regulatory oversight by facilitating the collection of private key storage locations from VATP operators.

The Financial Return Form on WINGS was also expanded in July to collect hedge fund data biannually from licensed firms holding the SFC's Type 9 (asset management) licence, streamlining data submission for licensed firms.

## **Guarding against cyber threats**

During the quarter, we delivered cybersecurity training on phishing, deepfakes and other emerging threats to keep our staff informed of best practices to safeguard the SFC against evolving cyber risks.

Our representative from the Digital Forensics Team won the bronze award at the 2nd International Digital Forensics Challenge in July, co-organised by the University of Hong Kong, Hong Kong Police Force and Interpol. The award demonstrates the SFC's capabilities in digital forensics, as well as addressing cyber threats in the financial sector. The global competition brought together more than 20 law enforcement agencies and research institutions worldwide.

<sup>1</sup> Web-based INteGrated Service.

## Deploying different channels for regulatory communications

We update stakeholders and explain our work through a variety of publications.

To promote public awareness of our work, a total of 119 posts were published on the SFC's social media platforms, such as updates on policy initiatives, scam alerts and stakeholder engagement activities.

In July, we published the *Half-yearly Review of the Global and Local Securities Markets*, which shows the outperformance of Hong Kong's securities market with vibrancy in both primary and secondary markets. In August, we published the SFC's *April-June 2025 Quarterly Report* to summarise our key regulatory work, corporate developments and financial information, as well as Hong Kong's progress as a fund-raising and investment hub. In September, we published the quarterly *Takeovers Bulletin*.



During the quarter, we issued 11 circulars to guide the industry on a wide range of topics, including Hong Kong's mutual recognition of funds scheme with the United Arab Emirates, intermediaries' virtual asset-related activities and facilitative measures for visiting professionals.



Social media posts promote awareness on a range of topics

## Proactive industry communications to facilitate regulatory efficiency and transparency

We keep stakeholders up to date on regulatory developments and communicate our initiatives through industry events, publications and a variety of other channels. During the quarter, our senior executives participated as speakers at more than 25 local and international events, covering topics such as corporate governance, mutual market access and digital assets. Additionally, we served as a supporting organisation for five industry events.

In September, the SFC and the Hong Kong Monetary Authority (HKMA) jointly hosted the Hong Kong Fixed Income and Currency (FIC) Forum 2025. The event brought together senior Hong Kong and Mainland officials, regulators and leaders from major financial institutions to exchange insights on opportunities, challenges and emerging trends in the global FIC landscape. Despite the impact of Super Typhoon Ragasa, the FIC Forum was successfully held with over 500 participants attending virtually.



CEO Ms Leung (left) and HKMA Chief Executive Mr Eddie Yue (right) launch the Roadmap



Executive Director of Intermediaries Dr Eric Yip (left) and HKMA Executive Director (External) Mr Kenneth Hui (right) at the Roadmap's media briefing

The SFC's Chairman Dr Kelvin Wong and Chief Executive Officer (CEO) Ms Julia Leung spoke at the forum. Dr Wong highlighted that FIC markets provide indispensable instruments to risk management and resilience building, while providing growth opportunities for issuers, investors and intermediaries. Ms Leung shared the SFC's vision to develop the renminbi fixed-income business by promoting more offerings and liquidity, upgrading infrastructure, and enhancing market connectivity.

On the same day, the SFC and the HKMA jointly announced FIC Roadmap at a press conference to position the city strategically as a global FIC hub by fostering demand, liquidity and innovation. See page 18 for details on this Roadmap.



The Hong Kong Green Week held in September drew more than 14,500 participants across over 40 events. The SFC co-hosted three events to demonstrate the city's leadership in climate and transition finance.

One of these was the Forum on Sustainability Disclosures co-hosted with the Financial Services and the Treasury Bureau. In his welcome remarks, the SFC's Chairman Dr Wong underscored the importance of adopting global sustainability disclosure standards for both corporates and investors. Attended by over 200 policymakers and industry leaders, the forum examined the adoption of the IFRS Sustainability Disclosure Standards and explored how disclosures can drive sustainable development and climate financing.

At the same forum, Ms Julia Leung engaged in a fireside chat with senior regulators from the United Arab Emirates, emphasising the crucial role of regulators in facilitating access to information for achieving climate and sustainability objectives. She also highlighted the significance of interconnected financial markets across the Asia-Pacific and Middle Eastern regions in driving mutual development.



CEO Ms Leung (left) had a fireside chat at the Forum on Sustainability Disclosures

Speaking at the opening session of the Director Training Series hosted in July by The Hong Kong Chartered Governance Institute (HKCGI), our Chairman Dr Wong emphasised the importance of quality director training to elevating the listing market standards in Hong Kong. He emphasised

that director training should drive behavioural changes to enhance corporate performance, while delivering company-specific content through face-to-face group learning sessions.



Chairman Dr Wong delivered a keynote address at HKCGI's director training session

In August, Dr Wong delivered a keynote speech at the Hong Kong Bar Association-World Justice Project Conference and highlighted the vital role of rule of law and market integrity as the cornerstone of Hong Kong's status as a premier international financial centre. He emphasised the SFC's robust enforcement actions, its close collaboration with law enforcement agencies, and the importance to build a culture of integrity through corporate governance and investor education.



Chairman Dr Wong at the Hong Kong Bar Association-World Justice Project Conference

At the Bond Connect Anniversary Summit 2025 held in July, our CEO Ms Leung pointed out that renminbi internationalisation is a long-term national strategy for Chinese Mainland's high-quality market opening-up and a strong pillar for its development as a global financial powerhouse. She detailed the SFC's approach to diversify the offshore renminbi product ecosystem, enhance offshore renminbi liquidity, and establish robust infrastructure.



CEO Ms Leung gave a keynote speech at the Bond Connect Anniversary Summit

To facilitate communications with derivative market practitioners, Executive Director of Supervision of Markets Mr Rico Leung delivered a keynote speech at the Futures & Options World (FOW) Trading Asia 2025. He discussed how Asia's share of the global derivative market is growing, with abundant potential for innovation. Mr Leung highlighted the importance of a balanced regulatory approach to ensure resilient growth for the derivative market.



Executive Director of Supervision of Markets Mr Leung at FOW Trading Asia 2025

At the annual Green Performance Pledge (GPP) Forum organised by Swire Properties, Executive Director of Legal Services Ms Lisa Chen joined the event's panel discussion on how to navigate the shifting sentiment towards sustainability, and to embrace a collaborative mindset to drive transparency, efficiency and results despite the ongoing challenges and risks, such as climate change.



Executive Director of Legal Services Ms Chen (second from right) at the GPP Forum 2025 panel discussion

Publications and other communications		
	Quarter ended 30.9.2025	Six months ended 30.9.2025
Press releases	61	116
Policy statements and announcements	2	3
Consultation papers	2	6
Consultation conclusions	0	3
Industry-related publications	3	4
Codes and guidelines <sup>a</sup>	3	4
Circulars to industry	11	29
Social media posts <sup>b</sup>	119	233
Corporate website average daily page views <sup>c</sup>	91,481	87,376
General enquiries	1,411	2,736

a Includes updates to previous versions.

b Includes posts on the SFC's Facebook, LinkedIn and WeChat pages.

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

**Table 1 Breaches noted during on-site inspections**

	Quarter ended 30.9.2025	Six months ended 30.9.2025 <sup>4</sup>	Six months ended 30.9.2024 <sup>4</sup>	YoY change (%)
Failure to comply with Securities and Futures (Financial Resources) Rules	3	4	9	-55.6
Failure to safekeep client securities	7	18	25	-28.0
Failure to maintain proper books and records	11	16	14	14.3
Failure to safekeep client money	3	11	30	-63.3
Unlicensed dealing and other registration issues	9	10	11	-9.1
Breach of licensing condition	1	1	0	N/A
Breach of requirements of contract notes/statements of account/receipts	5	14	33	-57.6
Failure to make filing/notification	3	8	5	60.0
Breach of margin requirements	0	3	8	-62.5
Marketing malpractices	0	1	0	N/A
Illegal short selling of securities	0	0	1	-100.0
Dealing malpractices	1	2	1	100.0
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	72	180	193	-6.7
Breach of Corporate Finance Adviser Code of Conduct	0	0	6	-100.0
Breach of Fund Manager Code of Conduct	40	99	56	76.8
Breach of regulation of on-line trading	11	11	3	266.7
Non-compliance with anti-money laundering guidelines	55	113	142	-20.4
Breach of other rules and regulations of the Exchanges <sup>2</sup>	0	0	7	-100.0
Internal control weaknesses <sup>3</sup>	176	341	472	-27.8
Others	15	34	78	-56.4
<b>Total</b>	<b>412</b>	<b>866</b>	<b>1,094</b>	<b>-20.8</b>

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.

4 Figures have been adjusted for the period.

Table 2 Takeovers activities				
	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>				
General and partial offers under Code on Takeovers and Mergers	17	34	20	70.0
Privatisations	4	11	12	-8.3
Whitewash waiver applications	4	11	6	83.3
Other applications under Code on Takeovers and Mergers <sup>1</sup>	77	157	127	23.6
Off-market and general offer share buy-backs	1	2	3	-33.3
Other applications under Code on Share Buy-backs <sup>1</sup>	1	6	0	N/A
<b>Total</b>	<b>104</b>	<b>221</b>	<b>168</b>	<b>31.5</b>
<b>Executive Statements</b>				
Sanctions imposed with parties' agreement <sup>2</sup>	0	0	0	0.0
<b>Takeovers and Mergers Panel</b>				
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	0	0	0	0.0
Hearings before the Panel (disciplinary and non-disciplinary)	0	0	0	0.0
Statements issued by the Panel <sup>3</sup>	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 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Bond	185	176	5.1	165	12.1
Equity	200	198	1.0	202	-1.0
Mixed	113	107	5.6	112	0.9
Money market	90	82	9.8	73	23.3
Feeder funds	49	50	-2.0	52	-5.8
Index <sup>1</sup>	189	179	5.6	165	14.5
Guaranteed	2	1	100.0	1	100.0
Commodity and virtual asset <sup>2</sup>	19	16	18.8	17	11.8
Sub-total	847	809	4.7	787	7.6
Umbrella structures	175	167	4.8	161	8.7
<b>Total</b>	<b>1,022</b>	<b>976</b>	<b>4.7</b>	<b>948</b>	<b>7.8</b>

b) Assets under management by type	Total NAV (US\$ million) as at 30.9.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 30.9.2024	YoY change (%)
Bond	45,003	45,802 <sup>5</sup>	-1.7	28,907	55.7
Equity	54,991	45,970	19.6	50,326	9.3
Mixed	27,800	25,022	11.1	25,820	7.7
Money market	74,454	60,294	23.5	39,918	86.5
Feeder funds <sup>3</sup>	98	73	34.2	30	226.7
Index <sup>1</sup>	87,121	71,154	22.4	68,351	27.5
Guaranteed	47	28	67.9	29	62.1
Commodity and virtual asset <sup>2</sup>	1,705	1,033	65.1	973	75.2
<b>Total<sup>4</sup></b>	<b>291,219</b>	<b>249,376<sup>5</sup></b>	<b>16.8</b>	<b>214,353</b>	<b>35.9</b>

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 2024-25* 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 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Luxembourg	1,102	1,093	0.8	1,086	1.5
Ireland	269	257	4.7	253	6.3
United Kingdom	19	20	-5.0	25	-24.0
Chinese Mainland	42	45	-6.7	45	-6.7
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
<b>Total</b>	<b>1,462</b>	<b>1,445</b>	<b>1.2</b>	<b>1,438</b>	<b>1.7</b>

b) Assets under management by origin	Total NAV (US\$ million) as at 30.9.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 30.9.2024	YoY change (%)
Luxembourg	1,428,305	1,210,237	18.0	1,250,698	14.2
Ireland	375,561	288,746	30.1	279,209	34.5
United Kingdom	43,255	37,337	15.9	74,629	-42.0
Chinese Mainland	18,672	16,438	13.6	18,269	2.2
Bermuda	83	83	0.0	99	-16.2
Cayman Islands	1,178	1,121	5.1	1,206	-2.3
Others	514,769	395,369	30.2	78,645	554.5
<b>Total<sup>1</sup></b>	<b>2,381,823</b>	<b>1,949,330</b>	<b>22.2</b>	<b>1,702,756</b>	<b>39.9</b>

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

c) Number of funds by type	As at 30.9.2025	As at 31.3.2025	Change (%)	As at 30.9.2024	YoY change (%)
Bond	386	378	2.1	364	6.0
Equity	774	774	0.0	781	-0.9
Mixed	165	165	0.0	164	0.6
Money market	13	11	18.2	12	8.3
Feeder funds	3	3	0.0	3	0.0
Index <sup>1</sup>	25	25	0.0	25	0.0
Hedge	1	1	0.0	1	0.0
Commodity <sup>2</sup>	1	1	0.0	1	0.0
Sub-total	1,368	1,358	0.7	1,351	1.3
Umbrella structures	94	87	8.0	87	8.0
<b>Total</b>	<b>1,462</b>	<b>1,445</b>	<b>1.2</b>	<b>1,438</b>	<b>1.7</b>

d) Assets under management by type	Total NAV (US\$ million) as at 30.9.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 30.9.2024	YoY change (%)
Bond	601,920	519,226	15.9	506,433	18.9
Equity	934,017	771,439	21.1	861,089	8.5
Mixed	207,601	181,733	14.2	177,190	17.2
Money market	45,205	14,902	203.3	13,909	225.0
Feeder funds <sup>3</sup>	0	0	0.0	0	0.0
Index <sup>1</sup>	468,465	368,496	27.1	70,332	566.1
Hedge	83	83	0.0	99	-16.2
Commodity <sup>2</sup>	124,533	93,451	33.3	73,704	69.0
<b>Total<sup>4</sup></b>	<b>2,381,823</b>	<b>1,949,330</b>	<b>22.2</b>	<b>1,702,756</b>	<b>39.9</b>

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 asset under management.

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

**Table 5 Complaints against intermediaries and market activities**

	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
Conduct of licensees	421	728	764	-4.7
Conduct of registered institutions	2	3	8	-62.5
Listed companies and disclosure of interests	520	817	753	8.5
Market misconduct <sup>1</sup>	71	153	158	-3.2
Product disclosure	0	0	10	-100.0
Unlicensed activities	45	153	97	57.7
Breach of offers of investments	1	2	5	-60.0
Boiler rooms and suspicious websites	74	126	82	53.7
Scams and frauds <sup>2</sup>	173	337	185	82.2
Other financial activities not regulated by the SFC <sup>3</sup>	82	168	128	31.3
<b>Total</b>	<b>1,389</b>	<b>2,487</b>	<b>2,190</b>	<b>13.6</b>

1 Primarily, alleged market manipulation and insider dealing.

2 Such as identity fraud and impersonation.

3 For example, bullion trading and banking services.

## Report on review of condensed consolidated financial statements To the Securities and Futures Commission

*(Established in Hong Kong under the Securities and Futures Commission Ordinance)*

### Introduction

We have reviewed the condensed consolidated financial statements of Securities and Futures Commission (SFC) and its subsidiaries (collectively referred to as the “Group”) set out on pages 51 to 59, which comprise the condensed consolidated statement of financial position as of 30 September 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The directors of the SFC are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong  
15 December 2025



## Condensed consolidated statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>		
Levies	968,147	421,534
Fees and charges	65,884	29,388
Net investment income		
Investment income	193,106	124,697
Less: custody and advisory expenses	(2,940)	(2,748)
Recoveries from the Investor Compensation Fund	1,599	1,621
Exchange loss	(40,203)	(22,371)
Other income	6	781
	1,185,599	552,902
<b>Expenses</b>		
Staff costs and directors' emoluments	422,358	413,134
Depreciation		
Fixed assets	41,363	48,576
Right-of-use assets	2,249	2,741
Other premises expenses	9,736	9,651
Finance costs	20,622	24,618
Other expenses	62,485	58,698
	558,813	557,418
<b>Surplus/(deficit) and total comprehensive income for the quarter</b>	<b>626,786</b>	<b>(4,516)</b>

This condensed consolidated statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

## Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>			
Levies	2(a)	1,709,687	837,144
Fees and charges	2(b)	106,154	59,135
Net investment income			
Investment income		339,482	212,694
Less: custody and advisory expenses		(5,595)	(5,353)
Recoveries from the Investor Compensation Fund	8(a)	3,169	3,189
Exchange loss		(1,393)	(32,762)
Other income		50	781
		2,151,554	1,074,828
<b>Expenses</b>			
Staff costs and directors' emoluments	8(b)	840,915	837,811
Depreciation			
Fixed assets		87,898	95,015
Right-of-use assets		4,504	5,484
Other premises expenses		19,460	19,241
Finance costs		42,693	48,984
Other expenses		122,630	109,704
		1,118,100	1,116,239
<b>Surplus/(deficit) and total comprehensive income for the period</b>		<b>1,033,454</b>	<b>(41,411)</b>

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

## Condensed consolidated statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
<b>Non-current assets</b>			
Fixed assets		4,240,853	4,288,119
Right-of-use assets		18,500	22,168
Deposits and prepayments		469,729	469,729
Financial assets at amortised cost – debt securities	9(b)	1,276,482	1,703,416
		6,005,564	6,483,432
<b>Current assets</b>			
Financial assets at amortised cost – debt securities	9(b)	1,880,878	1,445,025
Financial assets at fair value through profit or loss – pooled funds	9(a)	1,339,492	1,065,993
Debtors, deposits and prepayments		483,762	362,879
Fixed deposits with banks	3	1,109,721	486,687
Cash held for Grant Scheme	4	14,452	50,003
Cash at bank and in hand	3	82,676	58,677
		4,910,981	3,469,264
<b>Current liabilities</b>			
Fees received in advance		67,964	8,319
Creditors and accrued charges		297,344	243,953
Bank loan	5	18,262	18,262
Lease liabilities		8,041	8,393
		391,611	278,927
<b>Net current assets</b>		4,519,370	3,190,337
<b>Total assets less current liabilities</b>		10,524,934	9,673,769
<b>Non-current liabilities</b>			
Bank loan	5	1,621,447	1,800,432
Lease liabilities		11,174	14,478
Provisions for reinstatement costs		1,764	1,764
		1,634,385	1,816,674
<b>Net assets</b>		8,890,549	7,857,095
<b>Funding and reserves</b>			
Initial funding by Government		42,840	42,840
Reserve for property acquisition		1,108,884	1,108,884
Accumulated surplus		7,738,825	6,705,371
		8,890,549	7,857,095

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

## Condensed consolidated statement of changes in equity

For the six months ended 30 September 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 period	–	–	(41,411)	(41,411)
Balance at 30 September 2024	42,840	1,186,800	6,345,326	7,574,966
Balance at 1 April 2025	<b>42,840</b>	<b>1,108,884</b>	<b>6,705,371</b>	<b>7,857,095</b>
Surplus and total comprehensive income for the period	–	–	<b>1,033,454</b>	<b>1,033,454</b>
Balance at 30 September 2025	<b>42,840</b>	<b>1,108,884</b>	<b>7,738,825</b>	<b>8,890,549</b>

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.

## Condensed consolidated statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Cash flows from operating activities</b>			
Surplus/(deficit) for the period		1,033,454	(41,411)
Adjustments for:			
Depreciation – Fixed assets		87,898	95,015
Depreciation – Right-of-use assets		4,504	5,484
Finance costs		42,693	48,984
Investment income		(339,482)	(212,694)
Exchange loss		3,969	32,648
Loss on disposal of fixed assets		1	7
		833,037	(71,967)
Increase in debtors, deposits and prepayments		(116,533)	(92,451)
Decrease in cash held for Grant Scheme		35,551	22,553
Increase/(decrease) in fees received in advance		59,645	(1,107)
Increase in creditors and accrued charges		55,983	68,755
Net cash generated from/(used in) operating activities		867,683	(74,217)
<b>Cash flows from investing activities</b>			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalents		(277,159)	25,050
Interest received		54,306	59,828
Pooled funds sold		3,173	3,165
Debt securities at amortised cost purchased		(2,370,028)	(2,368,873)
Debt securities at amortised cost redeemed at maturity		2,361,294	2,247,562
Fixed assets purchased		(42,546)	(40,705)
Net cash used in investing activities		(270,960)	(73,973)
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(180,000)	–
Interest expense on bank loan		(42,044)	(48,600)
Principal element of lease payments		(4,492)	(5,510)
Interest element of lease payments		(313)	(154)
Net cash used in financing activities		(226,849)	(54,264)
<b>Net increase/(decrease) in cash and cash equivalents</b>		369,874	(202,454)
Cash and cash equivalents at the beginning of the six-month period		545,364	731,251
<b>Cash and cash equivalents at the end of the six-month period</b>	3	915,238	528,797

### Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	832,562	496,350
Cash at bank and in hand	82,676	32,447
	915,238	528,797

The notes on pages 55 to 59 form part of these condensed consolidated financial statements.



## Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 1. Basis of preparation

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

The condensed consolidated financial statements contain selected explanatory notes which provide 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 condensed consolidated financial statements do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed consolidated financial statements are 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 September 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 condensed consolidated financial statements.

There were no significant changes in the operations of the Group for the six months ended 30 September 2025.

### 2. Recognition of income

We recognise income in the condensed consolidated statement of profit or loss and other comprehensive income when or as the Group satisfies a performance obligation by transferring promised services to the customers in an amount to which the Group expects to be entitled in exchange for these services. We record our income as follows:

#### (a) Levies

We recognise levies from the Stock Exchange of Hong Kong Limited (SEHK) and Hong Kong Futures Exchange Limited (HKFE) as income on the trade date which the transactions are entered by investors and executed in SEHK and HKFE which is on a point in time basis.

#### (b) Fees and charges

We recognise annual fees as income on a straight-line basis over the periods to which they relate as the services are performed over time. We record other fees and charges as income when the performance obligation is satisfied which is on a point in time basis. We record other fees and charges received in advance as a liability.

We also record interest income and gain/loss on financial assets at fair value through profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

## Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 3. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	1,109,721	486,687
Cash at bank and in hand	82,676	58,677
Amounts shown in the condensed consolidated statement of financial position	1,192,397	545,364
Less: amounts with an original maturity beyond three months	(277,159)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	915,238	545,364

### 4. 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.

### 5. 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.

### 6. 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 six months ended 30 September 2025 and 2024, the exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets and there was no RMB exposure.

## Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 7. 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 September 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).

### 8. 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 six months ended 30 September 2025, \$3,169,000 was recovered from the ICF for the ICC's expenses (six months ended 30 September 2024: \$3,189,000). As at 30 September 2025, the ICC had an amount due to the ICF of \$23,000 (as at 31 March 2025: amount due from the ICF of \$295,000).

#### (b) Remuneration of key management personnel

	Unaudited Six months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Directors' fee	1,883	1,883
Salaries, allowances and benefits	17,110	16,354
Retirement scheme contributions	1,711	1,600
	20,704	19,837

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 six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 9. 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
<u>At 30 September 2025 (Unaudited)</u>				
Pooled funds	1,339,492	–	–	1,339,492
<u>At 31 March 2025 (Audited)</u>				
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 six months ended 30 September 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 September 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
<u>At 30 September 2025 (Unaudited)</u>					
Financial assets at amortised cost – debt securities	3,157,360	3,103,187	–	3,103,187	–
<u>At 31 March 2025 (Audited)</u>					
Financial assets at amortised cost – debt securities	3,148,441	3,061,532	–	3,061,532	–

## Notes to the condensed consolidated financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 10. Capital commitment

The Group had capital commitments contracted for but not yet incurred as follows:

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Land and buildings	939,176	939,176
Other fixed assets	56,654	30,168
	995,830	969,344

On 17 November 2023, a Sales and Purchase agreement was entered into between the SFC and its landlord with a consideration of \$5.4 billion to acquire 12 office floors. Transaction of the nine office floors was completed in December 2023, one office floor will be completed by December 2025 and the remaining two office floors will be completed by 2028. As at 30 September 2025, a down payment of \$468,606,000 (as at 31 March 2025: \$468,606,000) was included in deposits and prepayments.





# 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 six months ended 30 September 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 September 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 62 to 68.

## 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

15 December 2025

## Report on review of condensed financial statements To the Securities and Futures Commission

### Introduction

We have reviewed the condensed financial statements of Investor Compensation Fund (the “Fund”) set out on pages 63 to 68, which comprise the condensed statement of financial position as of 30 September 2025 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed financial statements. The directors of the Securities and Futures Commission are responsible for the preparation and presentation of these condensed financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong  
15 December 2025

## Condensed statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>		
Interest income	26,260	33,692
Exchange loss	(14,103)	(7,750)
Recoveries	843	–
	13,000	25,942
<b>Expenses</b>		
Investor Compensation Company Limited expenses	1,599	1,621
Auditor's remuneration	51	59
	1,650	1,680
<b>Surplus and total comprehensive income for the quarter</b>	<b>11,350</b>	<b>24,262</b>

This condensed statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

## Condensed statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>			
Interest income		54,080	67,187
Exchange loss		(118)	(11,394)
Recoveries	2	843	–
		54,805	55,793
<b>Expenses</b>			
Investor Compensation Company Limited expenses	3	3,169	3,189
Auditor's remuneration		103	117
		3,272	3,306
<b>Surplus and total comprehensive income for the period</b>		<b>51,533</b>	52,487

The notes on pages 67 and 68 form part of these condensed financial statements.

## Condensed statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
<b>Current assets</b>			
Interest receivable		26,216	27,515
Amount due from the Investor Compensation Company Limited	6	23	–
Fixed deposits with banks	4	2,777,092	2,724,489
Cash at bank	4	312	432
		2,803,643	2,752,436
<b>Current liabilities</b>			
Provision for compensation	5	3,394	3,394
Creditors and accrued charges		225	256
Amount due to the Investor Compensation Company Limited	6	–	295
		3,619	3,945
<b>Net current assets</b>		2,800,024	2,748,491
<b>Net assets</b>		2,800,024	2,748,491
Representing:			
<b>Compensation fund</b>		2,800,024	2,748,491

The notes on pages 67 and 68 form part of these condensed financial statements.



## Condensed statement of changes in equity

For the six months ended 30 September 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 period	–	–	–	–	52,487	52,487
Balance at 30 September 2024	994,718	108,923	5,470	617	1,579,591	2,689,319
Balance at 1 April 2025	<b>994,718</b>	<b>108,923</b>	<b>5,470</b>	<b>617</b>	<b>1,638,763</b>	<b>2,748,491</b>
Surplus and total comprehensive income for the period	–	–	–	–	<b>51,533</b>	<b>51,533</b>
Balance at 30 September 2025	<b>994,718</b>	<b>108,923</b>	<b>5,470</b>	<b>617</b>	<b>1,690,296</b>	<b>2,800,024</b>

The notes on pages 67 and 68 form part of these condensed financial statements.

## Condensed statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Cash flows from operating activities</b>			
Surplus for the period		51,533	52,487
Adjustments for:			
Interest income		(54,080)	(67,187)
Exchange loss		118	11,394
		(2,429)	(3,306)
Change in amount due from/to the Investor Compensation Company Limited		(318)	74
Decrease in creditors and accrued charges		(31)	(39)
Net cash used in operating activities		(2,778)	(3,271)
<b>Cash flows from investing activities</b>			
Withdrawal of fixed deposits other than cash and cash equivalents		234,788	579,076
Interest received		55,368	93,622
Net cash generated from investing activities		290,156	672,698
<b>Net increase in cash and cash equivalents</b>		287,378	669,427
Cash and cash equivalents at the beginning of the six-month period		1,252,514	702,082
<b>Cash and cash equivalents at the end of the six-month period</b>	4	1,539,892	1,371,509

### Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	1,539,580	1,370,845
Cash at bank	312	664
	1,539,892	1,371,509

The notes on pages 67 and 68 form part of these condensed financial statements.

## Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 1. Basis of preparation

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

The condensed financial statements contain selected explanatory notes which provide 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 condensed financial statements do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed financial statements are 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 condensed financial statements.

There were no significant changes in the operations of the Fund for the six months ended 30 September 2025.

### 2. Recoveries

For the six months ended 30 September 2025, the Fund received HK\$843,000 under subrogation, which was recognised as recoveries (for the six months ended 30 September 2024: nil).

### 3. 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 six months ended 30 September 2025, the ICC incurred costs of \$3,169,000 for its operations (for the six months ended 30 September 2024: \$3,189,000).

### 4. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	2,777,092	2,724,489
Cash at bank	312	432
Amounts shown in the condensed statement of financial position	2,777,404	2,724,921
Less: amounts with an original maturity beyond three months	(1,237,512)	(1,472,407)
Cash and cash equivalents in the condensed statement of cash flows	1,539,892	1,252,514

## Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 5. 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 September 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.

### 6. Related party transactions

The Fund has related party relationships with the SFC, the ICC and the Unified Exchange Compensation Fund. There were no related party transactions other than those disclosed in the condensed financial statements of the Fund for the six months ended 30 September 2025 and 2024.

As at 30 September 2025, the Fund had an amount due from the ICC of \$23,000 (as at 31 March 2025: amount due to the ICC of \$295,000).

### 7. Contingent liabilities

In addition to the provision for compensation made as described in note 5, there were 15 outstanding claims as at 30 September 2025 (12 outstanding claims as at 31 March 2025). The maximum liability in respect of these claims in aggregate was \$2,228,000 (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 5) or the amount claimed.

### 8. 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 six months ended 30 September 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 six months ended 30 September 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 September 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 September 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 71 to 77.

## 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

14 November 2025



## Report on review of condensed financial statements To the Securities and Futures Commission

### Introduction

We have reviewed the condensed financial statements of Unified Exchange Compensation Fund (the “Fund”) set out on pages 72 to 77, which comprise the condensed statement of financial position as of 30 September 2025 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period then ended, and notes to the condensed financial statements. The directors of the Securities and Futures Commission are responsible for the preparation and presentation of these condensed financial statements in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibility is to express a conclusion on these condensed financial statements based on our review, and to report our conclusion solely to you in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of these condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### Emphasis of matter

We draw attention to note 1 to the condensed financial statements which indicates that the Fund is in the process of terminating its business and operations and is no longer considered to be a going concern. Details about the basis of preparation of the condensed financial statements are set out in note 1 to the condensed financial statements. Our conclusion is not modified in respect of this matter.

**Deloitte Touche Tohmatsu**  
Certified Public Accountants

Hong Kong  
14 November 2025

## Condensed statement of profit or loss and other comprehensive income

For the three months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Unaudited and unreviewed Three months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>		
Interest income	456	1,087
Recoveries	2,961	–
	3,417	1,087
<b>Expense</b>		
Auditor's remuneration	23	28
<b>Surplus and total comprehensive income for the quarter</b>	<b>3,394</b>	<b>1,059</b>

This condensed statement of profit or loss and other comprehensive income for the three months ended 30 September 2025 is for information only.

## Condensed statement of profit or loss and other comprehensive income

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Income</b>			
Interest income		1,283	2,181
Recoveries	2	2,961	–
		4,244	2,181
<b>Expense</b>			
Auditor's remuneration		47	56
<b>Surplus and total comprehensive income for the period</b>		<b>4,197</b>	<b>2,125</b>

The notes on pages 76 and 77 form part of these condensed financial statements.

## Condensed statement of financial position

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

	Note	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
<b>Current assets</b>			
Interest receivable		212	455
Fixed deposits with banks	3	103,589	100,107
Cash at bank	3	1,120	364
		104,921	100,926
<b>Current liabilities</b>			
Creditors, accrued charges and other payable		10,214	10,216
Relinquished trading rights payable to SEHK	4	2,050	1,200
		12,264	11,416
<b>Net current assets</b>		92,657	89,510
<b>Net assets</b>		92,657	89,510
Representing:			
<b>Compensation fund</b>		92,657	89,510

The notes on pages 76 and 77 form part of these condensed financial statements.

## Condensed statement of changes in equity

For the six months ended 30 September 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	(1,700)	–	–	–	–	–	(1,700)
Surplus and total comprehensive income for the period	–	–	–	–	2,125	–	2,125
Balance at 30 September 2024	48,350	353,787	630,000	6,502	44,602	(994,718)	88,523
Balance at 1 April 2025	<b>47,400</b>	<b>353,787</b>	<b>630,000</b>	<b>6,502</b>	<b>46,539</b>	<b>(994,718)</b>	<b>89,510</b>
Net contributions to SEHK	<b>(1,050)</b>	–	–	–	–	–	<b>(1,050)</b>
Surplus and total comprehensive income for the period	–	–	–	–	<b>4,197</b>	–	<b>4,197</b>
Balance at 30 September 2025	<b>46,350</b>	<b>353,787</b>	<b>630,000</b>	<b>6,502</b>	<b>50,736</b>	<b>(994,718)</b>	<b>92,657</b>

The notes on pages 76 and 77 form part of these condensed financial statements.

## Condensed statement of cash flows

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Six months ended	
		30 Sep 2025 \$'000	30 Sep 2024 \$'000
<b>Cash flows from operating activities</b>			
Surplus for the period		4,197	2,125
Adjustment for:			
Interest income		(1,283)	(2,181)
		2,914	(56)
Decrease in creditors and accrued charges and other payable		(2)	(9)
Increase in relinquished trading rights payable to SEHK		850	50
Net cash generated from/(used in) operating activities		3,762	(15)
<b>Cash flows from investing activities</b>			
Withdrawal of fixed deposits other than cash and cash equivalents		21,005	24,700
Interest received		1,526	2,235
Net cash generated from investing activities		22,531	26,935
<b>Cash flows from financing activity</b>			
Net trading rights deposits refunded to SEHK		(1,050)	(1,700)
Net cash used in financing activity		(1,050)	(1,700)
<b>Net increase in cash and cash equivalents</b>		25,243	25,220
Cash and cash equivalents at the beginning of the six-month period		79,466	62,362
<b>Cash and cash equivalents at the end of the six-month period</b>	3	104,709	87,582

### Analysis of the balance of cash and cash equivalents

	Unaudited	
	At 30 Sep 2025 \$'000	At 30 Sep 2024 \$'000
Fixed deposits with banks	103,589	87,295
Cash at bank	1,120	287
	104,709	87,582

The notes on pages 76 and 77 form part of these condensed financial statements.



## Notes to the condensed financial statements

For the six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 1. Basis of preparation

We have prepared the condensed financial statements 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 condensed financial statements 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. We have not provided for potential future claims and recoveries as these cannot be reliably estimated. We have also not provided in the condensed financial statements for all expenses expected to be incurred subsequent to the end of the reporting period and up to the date operations will cease and these are estimated to be immaterial.

The condensed financial statements contain selected explanatory notes which provide 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 condensed financial statements do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards.

The condensed financial statements are 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 condensed financial statements.

There were no significant changes in the operations of the Fund for the six months ended 30 September 2025.

### 2. Recoveries/Equity securities received under subrogation

For the six months ended 30 September 2025, the Fund received HK\$2,961,000 under subrogation, which was recognised as recoveries (for the six months ended 30 September 2024: nil).

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 September 2025, the equity securities received under subrogation amounted to \$14 (as at 31 March 2025: \$13). The balances as at 30 September 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 six months ended 30 September 2025 (Expressed in Hong Kong dollars)

### 3. Cash and cash equivalents

	Unaudited At 30 Sep 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	103,589	100,107
Cash at bank	1,120	364
Amounts shown in the condensed statement of financial position	104,709	100,471
Less: amounts with an original maturity beyond three months	–	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	104,709	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 six months ended 30 September 2025, deposits of \$150,000 in respect of 3 new trading rights were received from SEHK and deposits of \$350,000 in respect of 7 relinquished trading rights were refunded to SEHK. As at 30 September 2025, 41 trading rights totalling \$2,050,000 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 period was as follows:

	Unaudited Six months ended	
	30 Sep 2025 \$'000	30 Sep 2024 \$'000
Balance at the beginning of the six-month period	47,400	50,050
Add: new trading rights issued	150	–
Less: relinquished trading rights refunded	(350)	(1,650)
Adjustment for: net increase in relinquished trading rights payable to SEHK	(850)	(50)
Balance at the end of the six-month period	46,350	48,350

### 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 six months ended 30 September 2025 and 2024.



## Securities and Futures Commission

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