



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.



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

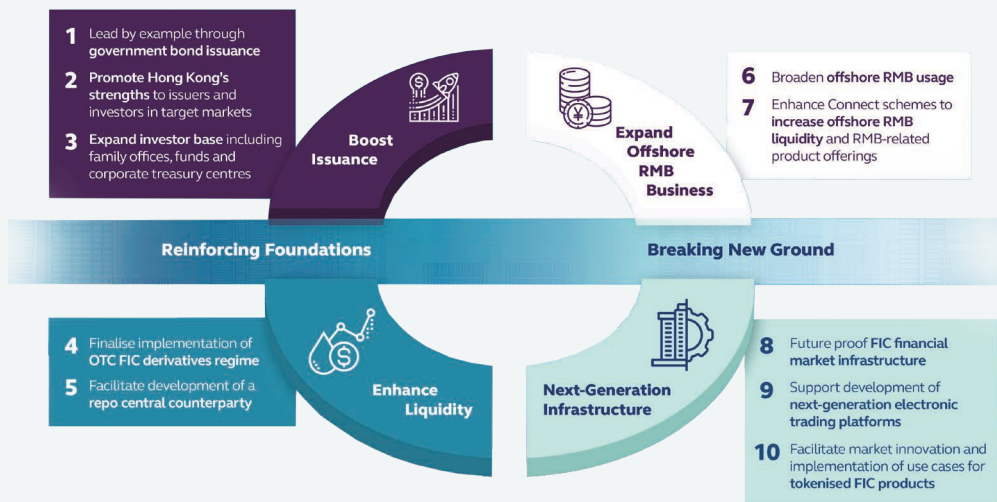
The SFC and HKMA jointly announced the Roadmap for the Development of Fixed Income and Currency (FIC) Markets in September, aiming to position Hong Kong as a global FIC hub and further strengthen its role as the premier offshore renminbi centre.

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.

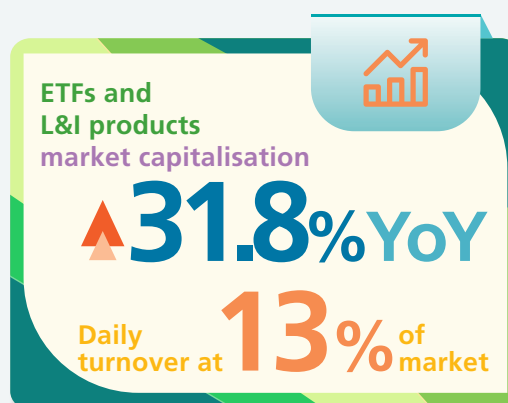


Hong Kong as asset and wealth management hub

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-authorized 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.

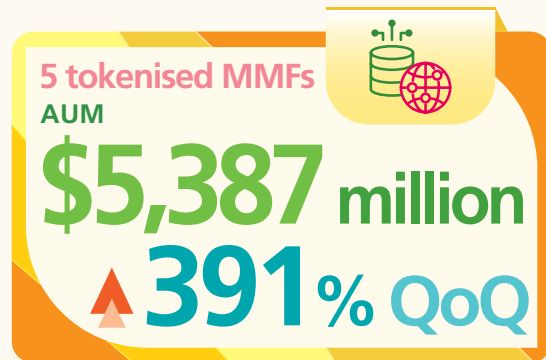
We further authorised three new VA spot ETFs investing directly in Bitcoin and Ether in July, increasing the total to nine. The total market capitalisation of VA spot ETFs has surged since launch, up 217% to US\$920 million as at end-September.

Tokenisation to increase market efficiency

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

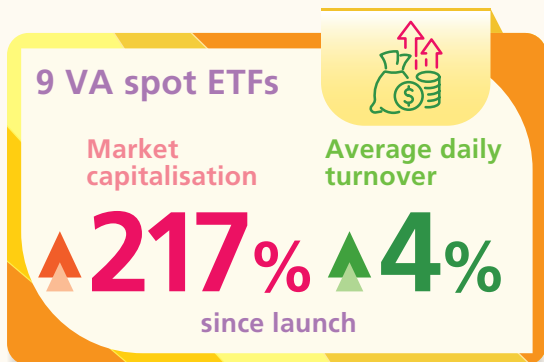
applies to tokenised ETFs, thus supporting their secondary trading and expanding access to tokenised FIC products.

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 quarter¹.



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

¹ These include the introduction of tokenised classes to existing SFC-authorized 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 WINGS² 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.

