



Highlights



Maintaining market resilience and mitigating harm



Managing systemic risks

We actively monitored Hong Kong's capital markets and observed no irregularities amid volatility during the quarter. With the SFC's approval, HKEX¹ has extended its enhanced default fund sizing methodology to the clearing house for stock options, strengthening financial resilience against defaults.

The SFC and SEHK² issued a joint letter to certain sponsors to express concerns over the declining quality of recent new listing applications and substandard behaviours observed³.

We commenced 49 on-site inspections to review licensed corporations' (LCs) regulatory compliance and operational resilience. Moreover, we urged LCs to detect and prevent layering activities in money laundering through effective AML/CFT⁴ measures. Over 1,650 LC representatives attended our AML/CFT webinars.

Combatting investment scams

We are part of the Virtual Asset Intelligence Taskforce inaugurated by the Hong Kong Police Force (Police) in October, which is a private-public partnership platform to support a safe and compliant virtual asset (VA) ecosystem in Hong Kong.

We work closely with the Police on the JPEX case. In November, 16 suspects involved were charged with conspiracy to defraud, fraud, and fraudulently or recklessly inducing others to invest in VAs.

1 Hong Kong Exchanges and Clearing Limited.

2 The Stock Exchange of Hong Kong Limited.

3 After the reporting period, we issued a circular in January 2026 setting out our expectations of sponsors regarding their obligations in listing document quality and remedial actions expected.

4 Anti-money laundering and counter-financing of terrorism.

Investor alerts and anti-scam education

We added 28 suspicious investment products and eight suspicious virtual asset trading platforms (VATPs) to our website’s alert lists in the quarter.

We launched MTR advertisements as part of our “Don’t be Sucker” (咪做水魚) anti-scam campaign and shared anti-scam tips with university students and the elderly. We also participated in the Police’s Anti-Crime Elite Games.



“Don’t be Sucker” MTR advertisements



Talks on investment scams for senior citizens



Anti-Crime Elite Games 2025

Cracking down on misconduct

We secured the first custodial sentence against a finfluencer for provision of paid investment advice on social media without a licence.

1st
custodial sentence
against unlicensed
finfluencer

We fined three LCs for \$19.75 million in total and disciplined five individuals by suspending them or prohibiting their re-entry to the industry for 3.5 months to life.

We initiated 21 new enquiries into listed company affairs and 46 new investigations into different forms of misconduct.

Enhancing regulatory regimes

Following our approval, SEHK concluded a consultation on proposals for ongoing public float requirements, effective 1 January 2026.

To enhance investor protection, we propose to extend the investor identification regime to exchange-traded derivatives. Our consultation closed in December.

Enhancing Hong Kong market competitiveness



Hong Kong as a premier listing platform

The past quarter saw 48 initial public offerings (IPOs), raising nearly \$100 billion in total, up more than 200% year-on-year (YoY). Hong Kong was the world's top IPO venue in 2025, raising over \$280 billion. The Technology Enterprises Channel has been well received since launch.

In the quarter:

48 IPOs
 ~\$100 billion raised

IPO funds raised in 2025

\$280+ billion
 ▲ **200%+** YoY



Gatekeeping listing applications

During the quarter, we received 169 new listing applications, including those from 41 pre-profit biotech companies and 19 specialist technology companies. As at 31 December, we had received a total of 73 applications from pre-profit biotech companies and 46 applications from specialist technology companies since the launch of the Technology Enterprises Channel in May 2025.

Enhancing securities market and liquidity

Following our active engagement with HKEX, changes were made to enable market participants to benefit from higher interest rebates, reducing their funding costs for collateral.

Following discussions with the SFC, HKEX consulted the public in December on enhancing the board lot framework to support trading, clearing and settlement efficiency.

Average daily turnover for Hong Kong stock market

▲ **22.7%** YoY
 in the quarter

▲ **89.5%** YoY
 in 2025



Hong Kong as super-connector

Swap Connect's aggregate notional amount of executed RMB interest rate swap transactions surpassed RMB9.9 trillion. Daily trading quota was raised to RMB45 billion.

Southbound trading of Stock Connect saw inflows of \$1,404.8 billion in 2025, up 74% YoY. Average daily southbound trading accounted for 24.2% of Hong Kong's market turnover, up from 18.3%.

Bolstering asset and wealth management hub

We launched a consultation on proposed amendments to the Code on Unit Trusts and Mutual Funds aimed to align Hong Kong's regulatory regime with international regulatory standards and broaden product offerings.

We launched a new REIT⁵ Channel in October to facilitate local and global REIT applicants' listing preparations and enhance efficiency. We also streamlined the REIT authorisation process.

As at 31 December, the total market capitalisation of SFC-authorised exchange-traded funds (ETFs) and leveraged and inverse (L&I) products listed on SEHK increased 33.7% YoY to \$618.7 billion.

ETFs and L&I products

Total market capitalisation

▲ **33.7% YoY**
as at 31 December

Average daily turnover

▲ **72.9% YoY**
for nine months ending December

Gatekeeping securities industry

For 2025, we received 9,637 licence applications, up 17% from 2024. During the quarter, we received 2,488 licence applications, up 27% YoY, whilst the number of new licensees and registrants totalled 4,165. As at 31 December, there were 3,424 LCs, 47,079 individuals and 110 registered institutions, bringing the total to 50,613.

Applications for SFC licences

▲ **27% YoY**
in the quarter

▲ **17% YoY**
in 2025

Strengthening global regulatory collaboration

We signed a memorandum of understanding with the Autorité des marchés financiers of Québec, Canada, in October on the exchange of information for supervising cross-border investment management activities.

Our Chief Executive Officer (CEO) Ms Julia Leung attended the IOSCO⁶ Board meeting in Madrid, Spain, to discuss IOSCO's 2026 workplan. Moreover, to foster collaboration with the Southeast Asian markets, we met with high-level delegations from Vietnam and Cambodia in the quarter.

⁵ Real estate investment trusts.

⁶ International Organization of Securities Commissions.

Transforming markets via technology and ESG



Driving digital asset ecosystem development

We will proceed with the legislative proposals to regulate VA dealing and custodian service providers in Hong Kong, following our joint consultation conclusions with the FSTB⁷. We also launched a further consultation on new regimes for VA advisors and managers.

We authorised two new VA spot ETFs during the quarter, including Asia's first Solana spot ETF. This increased the total count to 11, and their total market capitalisation has surged 142% to US\$702 million since launch.



We have enabled SFC-licensed VATPs to tap global liquidity and broaden product and service offerings. SFC-licensed VATPs are allowed to integrate their order books with their affiliated overseas VATPs, and offer trading in VAs without a 12-month track record for professional investors and for HKMA⁸-licensed stablecoins.

Increase industry efficiency through tokenisation

To advance the applications of tokenisation in the financial industry, the SFC continues to collaborate closely with the HKMA, which launched Ensemble^{TX} as Project Ensemble entered the pilot phase.

During the quarter, the SFC authorised three tokenised retail money market funds, bringing the total number of tokenised retail products to nine⁹, with assets under management of their tokenised classes of \$8.66 billion (US\$1.11 billion), up 14% from the previous quarter.

Advancing sustainable finance

The SFC hosted a meeting between the Green and Sustainable Finance Cross-Agency Steering Group and the Vice-Chair of the International Sustainability Standards Board on the implementation of the IFRS Sustainability Disclosure Standards as well as a regulatory roundtable on the scaling of voluntary carbon markets.

⁷ Financial Services and the Treasury Bureau.

⁸ Hong Kong Monetary Authority.

⁹ These include the introduction of tokenised classes to existing SFC-licensed money market funds.

Enhancing SFC's resilience and efficiency



Upholding effective institutional governance

The Government reappointed Ms Leung as CEO for a two-year term, effective 1 January 2026. Mr Johnson Kong and Mr Dieter Yih were reappointed as Non-Executive Directors for two years from 15 November 2025.

We received the Corporate Governance Award at the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance and ESG Awards 2025, which recognises our commitment to governance excellence.

Caring for community

To support the victims and affected families of the tragic fire in Tai Po, we worked closely with major brokers in expediting the handling of victims' securities accounts. The SFC's staff donation drive contributed about HK\$2.1 million to the HKSAR Government's support fund.

Proactively communicating with industry

Our senior executives spoke at over 40 local and international conferences during the quarter, covering topics such as corporate governance, financial innovation, market resilience, and global cooperation.

We co-hosted the "Conversations with Global Investors" forum of the Global Financial Leaders' Investment Summit with the HKMA and Hong

Kong Academy of Finance in November. During the summit, our senior executives led panel discussions with prominent financial leaders.

To enhance our public communications on digital asset related initiatives, the SFC co-organised the Hong Kong FinTech Week 2025, where our senior executives shared their visions under our **ASPIRe** Roadmap.

Publications and other communications

We issued 49 press releases and 122 social media posts to promote public awareness of our work, including policy updates, scam alerts and stakeholder engagement.

In the quarter:

49 press releases

122 social media posts

36 scam alerts

