



# 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 nine months ended 31 December 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 31 December 2025 and the financial position of the Fund as at that date are set out in the unaudited condensed financial statements on pages 58 to 63.

## 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

11 February 2026

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

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended		Unaudited Three months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	31 Dec 2024 \$'000
<b>Income</b>					
Interest income		79,584	98,325	25,504	31,138
Exchange gain/(loss)		520	(11,321)	638	73
Recoveries	2	843	–	–	–
		<b>80,947</b>	87,004	<b>26,142</b>	31,211
<b>Expenses</b>					
Investor Compensation Company Limited expenses	3	4,725	4,755	1,556	1,566
Compensation expenses	5	45	–	45	–
Auditor's remuneration		136	157	33	40
		<b>4,906</b>	4,912	<b>1,634</b>	1,606
<b>Surplus and total comprehensive income for the period</b>		<b>76,041</b>	82,092	<b>24,508</b>	29,605

The notes on pages 62 and 63 form part of these condensed financial statements.

## Condensed statement of financial position

As at 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
<b>Current assets</b>			
Interest receivable		32,810	27,515
Fixed deposits with banks	4	2,795,366	2,724,489
Cash at bank	4	341	432
		<b>2,828,517</b>	2,752,436
<b>Current liabilities</b>			
Provision for compensation	5	3,439	3,394
Creditors and accrued charges		258	256
Amount due to the Investor Compensation Company Limited	6	288	295
		<b>3,985</b>	3,945
<b>Net current assets</b>		<b>2,824,532</b>	2,748,491
<b>Net assets</b>		<b>2,824,532</b>	2,748,491
Representing:			
<b>Compensation fund</b>		<b>2,824,532</b>	2,748,491

The notes on pages 62 and 63 form part of these condensed financial statements.

## Condensed statement of changes in equity

For the nine months ended 31 December 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	-	-	-	-	82,092	82,092
Balance at 31 December 2024	994,718	108,923	5,470	617	1,609,196	2,718,924
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	-	-	-	-	76,041	76,041
Balance at 31 December 2025	<b>994,718</b>	<b>108,923</b>	<b>5,470</b>	<b>617</b>	<b>1,714,804</b>	<b>2,824,532</b>

The notes on pages 62 and 63 form part of these condensed financial statements.

## Condensed statement of cash flows

For the nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

	Note	Unaudited Nine months ended	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
<b>Cash flows from operating activities</b>			
Surplus for the period		76,041	82,092
Adjustments for:			
Interest income		(79,584)	(98,325)
Exchange (gain)/loss		(520)	11,321
		(4,063)	(4,912)
Increase in provision for compensation		45	–
Increase in creditors and accrued charges		2	1
Change in amount due from/to the Investor Compensation Company Limited		(7)	337
Net cash used in operating activities		(4,023)	(4,574)
<b>Cash flows from investing activities</b>			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalents		(411,499)	876,370
Interest received		74,282	128,116
Net cash (used in)/generated from investing activities		(337,217)	1,004,486
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(341,240)</b>	999,912
Cash and cash equivalents at the beginning of the nine-month period		1,252,514	702,082
<b>Cash and cash equivalents at the end of the nine-month period</b>	3	<b>911,274</b>	1,701,994

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

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	910,933	1,701,408
Cash at bank	341	586
	<b>911,274</b>	1,701,994

The notes on pages 62 and 63 form part of these condensed financial statements.

## Notes to the condensed financial statements

For the nine months ended 31 December 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 nine months ended 31 December 2025.

### 2. Recoveries

For the nine months ended 31 December 2025, the Fund received HK\$843,000 under subrogation, which was recognised as recoveries (for the nine months ended 31 December 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 nine months ended 31 December 2025, the ICC incurred costs of \$4,725,000 for its operations (for the nine months ended 31 December 2024: \$4,755,000).

### 4. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	2,795,366	2,724,489
Cash at bank	341	432
Amounts shown in the condensed statement of financial position	2,795,707	2,724,921
Less: amounts with an original maturity beyond three months	(1,884,433)	(1,472,407)
Cash and cash equivalents in the condensed statement of cash flows	911,274	1,252,514

## Notes to the condensed financial statements

For the nine months ended 31 December 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.

	<b>Unaudited \$'000</b>
Balance at 31 March 2025 and 1 April 2025	3,394
Add: compensation expenses during the nine months ended 31 December 2025	45
Balance at 31 December 2025	3,439

The provision of compensation as at 31 December 2025 was \$3,439,000, 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 nine months ended 31 December 2025 and 2024.

As at 31 December 2025, the Fund had an amount due to the ICC of \$288,000 (as at 31 March 2025: \$295,000).

### 7. Contingent liabilities

In addition to the provision for compensation made as described in note 5, there were 18 outstanding claims as at 31 December 2025 (12 outstanding claims as at 31 March 2025). The maximum liability in respect of these claims in aggregate was \$2,807,000 (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 nine months ended 31 December 2025 and 2024, the Fund's exchange gain/loss was mainly driven by the revaluation of USD denominated financial assets.