



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



Quarterly Report  
October - December 2025



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This third Quarterly Report of the Securities and Futures Commission for financial year 2025-26 covers the period from 1 October to 31 December 2025.



# 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, HKEX<sup>1</sup> has extended its enhanced default fund sizing methodology to the clearing house for stock options, strengthening financial resilience against defaults.

The SFC and SEHK<sup>2</sup> issued a joint letter to certain sponsors to express concerns over the declining quality of recent new listing applications and substandard behaviours observed<sup>3</sup>.

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/CFT<sup>4</sup> 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.

**1<sup>st</sup>**  
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



### 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



### 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.

### 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 REIT<sup>5</sup> 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 IOSCO<sup>6</sup> 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.

<sup>5</sup> Real estate investment trusts.

<sup>6</sup> 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 FSTB<sup>7</sup>. 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 HKMA<sup>8</sup>-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<sup>TX</sup> 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 nine<sup>9</sup>, 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.

<sup>7</sup> Financial Services and the Treasury Bureau.

<sup>8</sup> Hong Kong Monetary Authority.

<sup>9</sup> 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





# 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 securities markets to ensure smooth trading, clearing and settlement. During the quarter, the city's exchanges and brokers maintained smooth operations and robust risk management. Overall markets remained resilient and no irregularities were observed even under changing market conditions. This was the case when the Hong Kong stock market corrected on profit-taking activities after hitting a four-year high in early October. Trading stayed active during the quarter, with average daily turnover of \$229.8 billion.

For full-year 2025, the Hong Kong market showed resilient growth as the Hang Seng Index rose 27.8% and outperformed most major overseas markets. Average daily turnover increased 89.5% to \$249.8 billion in 2025.

## 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. With our approval, HKEX extended its enhanced default fund sizing methodology from the cash market and futures market to the stock options market from December onwards, ensuring all three on-exchange clearing houses can cover a simultaneous failure of their two largest clearing participants. This strengthens their financial resilience against defaults.

We also commenced an on-site inspection of HKEX's operational resilience and risk management framework in 2025 as part of our ongoing supervision.

<b>Inspections of licensed corporations</b>				
	<b>Quarter ended 31.12.2025</b>	<b>Nine months ended 31.12.2025</b>	<b>Nine months ended 31.12.2024</b>	<b>YoY change (%)</b>
On-site inspections commenced	<b>49</b>	167	191	-12.6

### 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 49 on-site inspections in the quarter.

During the quarter, the SFC and the Stock Exchange of Hong Kong Limited (SEHK) issued a joint letter to sponsors expressing concerns over the declining quality of recent new listing applications and certain substandard behaviours observed. The letter also reminded them that potential regulatory actions may be taken to uphold market quality and protect the investing public if such substandard behaviours persist or worsen<sup>1</sup>.

We issued a circular in November to urge licensed firms to detect and prevent layering activities in money laundering through the implementation of effective anti-money laundering and counter-financing of terrorism (AML/CFT) measures. We reiterated our expected robust standards and highlighted a rising trend in which bad actors exploit licensed firms for layering activities to obscure the fund flow of illicit proceeds.

In addition, we organised two AML/CFT webinars in November for over 1,650 senior management and compliance personnel from LCs to share our supervisory observations and regulatory responses concerning the securities and virtual asset sectors in Hong Kong.



### Combating suspicious activities and investment scams

#### 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 suspected entities.

During the quarter, the SFC added eight suspicious VATPs onto our Alert List to caution the public against unlicensed or suspicious VATPs. One of them is an unlicensed entity which falsely claimed to be a platform jointly established by HKEX, SEHK and the Hong Kong Futures Exchange Limited.

We also cautioned the public against 28 suspicious investment products by posting related information on our Suspicious Investment Products Alert List and issuing social media posts.

<sup>1</sup> After the reporting period, we issued a circular in January 2026 setting out our expectations of sponsors regarding their obligations in the quality of listing documents and the immediate remedial actions expected.

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

In October, we held the inauguration ceremony of the Virtual Asset Intelligence Taskforce (VAIT), which was attended by over 200 participants from the Government, regulators, law enforcement agencies, and virtual asset and Web3 service providers. The VAIT is a private-public partnership platform for intelligence exchange and operational collaboration to strengthen the detection, prevention and disruption of virtual asset-related crimes and associated cybersecurity threats, supporting a safe and compliant virtual asset ecosystem in Hong Kong.

### Stepping up anti-scam investor education

To raise anti-scam awareness, we shared tips to avoid falling prey to investment scams with students at the City University of Hong Kong in October, and with the elderly at a community centre in November. About 130 participants attended these talks.



Talks on investment scams for university students and senior citizens

As part of our “Don’t be Sucker” (咪做水魚) campaign, we participated in the Police’s Anti-Crime Elite Games 2025 in October to raise anti-scam awareness among the general public through educational games and giveaways. Besides, we launched MTR advertisements from November to December featuring the SFC’s anti-scam character Shui Yu (“水魚” in Cantonese) to alert against common investment scam tactics.



Shui Yu-themed educational game booths at anti-crime carnival

In addition, we collaborated with the Hong Kong Investment Funds Association (HKIFA) to launch an animated short clip in November to caution members of the public against the impersonation of fund managers and suspicious investment schemes.



Commission Secretary and Chief Governance Officer Mr Paul Yeung (right) and HKIFA’s Chairman Mr Sam Yu (left) promoted the animation “Corgi’s Scoop”, featuring the two organisations’ respective educational characters Shui Yu and Corgi

## Combatting misconduct of all forms

We fined three licensed corporations for a total of \$19.75 million. We disciplined five individuals by suspending their licences or prohibiting them from re-entering the industry for periods ranging from 3.5 months to life.

During the quarter, we initiated 21 new enquiries into listed company affairs under section 179<sup>2</sup> of the Securities and Futures Ordinance (SFO), and 46 new investigations into different forms of misconduct under section 182<sup>3</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 seven cases, we issued section 179 directions to gather additional information during the quarter. In addition, we conveyed our concerns to a listed company about the valuation of its proposed acquisition in one case.

## Counteracting insider dealing and market manipulation

During the quarter, we sought interim orders from the Court of First Instance (CFI) to freeze assets intended for compensation to affected investors in alleged market manipulation cases involving the shares of:

- Smartac International Holdings Limited, by restraining 11 suspected manipulators from disposing of their assets in Hong Kong up to \$82.4 million and one suspected manipulator from disposing of his assets in Hong Kong up to the value of assets in three accounts frozen by restrictive notices; and
- Eggriculture Foods Limited, by restraining one of the five defendants in the related criminal proceedings from disposing of assets up to \$62.6 million.

We secured the convictions of the following individuals:

- Choi Chun Wai, former Vice President of Computershare Hong Kong Investor Services Limited (Computershare), was sentenced to two months of imprisonment after the Court found him guilty of insider dealing in the shares of ENM Holdings Limited (ENM). Choi received inside information about ENM's privatisation and sold all his ENM shares in 2023, ahead of ENM's announcement of the lapse of the privatisation. Choi thereby avoided a loss of around \$289,500, and the Court ordered an equivalent amount to be paid as a fine; and
- Wong Yuk Lan, former Administration Controller of China All Access (Holdings) Limited (China All Access), was sentenced to eight months of imprisonment after the Court found her guilty of false trading in the company's shares. Wong, the "*de facto wife*" of Chan Yuen Ming, Chairman of China All Access, placed a series of bid orders for the company's shares in 2014 at prices above the prevailing market levels. The Court found that Wong wanted to create a false or misleading appearance of demand for the shares in order to alleviate the margin call pressure on Chan's China All Access shares.

Ongoing proceedings:

- The criminal trial of the insider dealing prosecution against businessman Wong Pak Ming continued at the Eastern Magistrates' Courts and he pleaded not guilty. Wong allegedly counselled or procured another person to deal in the shares of Pegasus Entertainment Holdings Limited in 2017 while he was the company's Chairman and controlling shareholder, having information which he knew was inside information on the company. The trial was adjourned to February 2026 for oral closing submissions.

2 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.

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

### **Tackling corporate fraud and related misfeasance**

We directed SEHK to suspend dealings in the shares of Dashan Education Holdings Limited (Dashan) under the Securities and Futures (Stock Market Listing) Rules in December, to maintain a fair and orderly market, and protect the interests of the investing public. During our investigation, we uncovered material discrepancies between bank statements submitted by Dashan and those we obtained independently. We also discovered material overstatements of bank balances in Dashan's financial statements. These issues raised serious concerns about the integrity of Dashan's management.

We obtained an order (by consent) from the CFI to freeze more than \$101 million in cash in the personal bank account of Ng Kwok Fai, a suspected shadow director of Teamway International Group Holdings Limited (Teamway), in legal proceedings under section 214<sup>4</sup> of the SFO. We found that Ng and another individual Yang Zhihui, as shadow directors of Teamway, engineered a series of transactions that prejudiced the interests of Teamway. We are seeking disqualification and compensation orders against Ng, Yang and 10 other former directors of the company for \$532 million in losses incurred.

We are seeking disqualification orders against three former directors of China Longevity Group Company Limited (China Longevity) in legal proceedings under section 214 of the SFO. Our investigation revealed overstatements of China Longevity's cash and cash equivalents balances by about RMB198.9 million and RMB302.4 million in 2011 and 2012 respectively. The former directors had allowed or caused the company to overstate its cash and cash equivalents and hence its net assets in its financial statements.

### **Acting against intermediary misconduct**

We reprimanded and fined:

- UBS AG \$8 million for deficiencies in its internal systems and controls, resulting in the firm's failure to ensure accurate classification of professional investors (PIs) for over 12 years. Our investigation revealed that UBS incorrectly classified 560 joint accounts as PI accounts, and around 100 of them had subscribed to services or products restricted to PIs;
- EFG Bank AG (EFG) \$10.85 million for failures relating to product due diligence, record-keeping and late reporting between 2015 and 2020. EFG had failed to take into account the special features of 322 bonds and update its internal policies in a timely way to reflect regulatory changes. It had also failed to provide customers with sufficient information and warning statements relating to certain complex products. Further, EFG had failed to keep product due diligence records for 141 bonds; and
- Tung Tai Securities Company Limited (Tung Tai) \$900,000 for failures relating to unauthorised sales of client securities and transfers of client funds. In 2019 and 2020, Tung Tai, acting on instructions from a bogus email address similar to that of an overseas client, sold shares in the client's account and transferred the sale proceeds of US\$3.3 million to three overseas bank accounts that were not designated by the client. It failed to establish effective internal control procedures to protect client assets.

<sup>4</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.

### Other disciplinary actions

Entity	Breach	Action/Fine
Joey Lo Wai Hon	Failure to properly manage credit risks, and to identify and report suspicious trading patterns of clients	Suspended for four months
Cheng Lai Ho	Maintenance of secret accounts	Banned from re-entering the industry for seven months
Tang Wai Choi	Unauthorised transactions in client account	Suspended for seven months
Loretta Lee Si Kar	Neglect of duties resulting in failures relating to unauthorised sales of client securities and transfers of client funds	Suspended for three months and two weeks
Cheung Ngai Yi	Criminal conviction for stealing client assets totalling \$1.53 million	Banned from re-entering the industry for life

### Collaboration with law enforcement agencies and other regulators

In November, 16 suspects involved in the JPEX case were charged with, among others, conspiracy to defraud, fraud, and fraudulently or recklessly inducing others to invest in virtual assets. We have been working closely with the Police on this case over the past two years and will continue to provide assistance for the prosecutions.

We collaborated with SEHK in an enforcement action that led to a disciplinary action against Lu Qingxing, former non-executive director, and his son Lyu Zhufeng, former executive director of Universal Star (Holdings) Limited (Universal Star), for failing to procure the disclosure of material information in the company's prospectus. Our investigation found that the pair failed to disclose 13 outstanding loans involving a subsidiary of Universal Star totalling RMB49 million to the sponsor or the other directors of the company during its listing application in 2019.

### Other notable cases

We secured the first custodial sentence against a finfluencer Chau Pak Yin for provision of paid investment advice on a social media chat group without a licence. Chau was sentenced to six weeks' imprisonment. In 2021, Chau hosted a

chat group on Telegram named "Futu 真。財自 Private Group" where he circulated commentaries and recommendations on securities. He charged subscribers a monthly fee of US\$200 (or \$1,560) and earned \$43,680.

Following our legal proceedings against AMTD Global Markets Limited (AMTD; now known as oOo Securities (HK) Group Limited) for failing to comply with statutory notices issued, the CFI in October ordered AMTD to produce the outstanding records required under the notices by mid-January 2026. Additionally, the Court ruled that AMTD should be penalised for contempt of court for its past non-compliance with the notices.

We commenced criminal proceedings at the Eastern Magistrates' Courts against Chan Hoi Shing and Li Po Ching for employing a fraudulent scheme involving illegal short selling in the shares of 28 Hong Kong-listed companies, in contravention of section 300<sup>5</sup> of the SFO. In 2020, they falsely represented that Chan held sufficient shares in the 28 companies to support sell orders placed through Chan's securities account when in fact he did not. Consequently, they illegally short sold these companies' shares and made a profit of around \$11 million. The Court adjourned the case to March 2026.

<sup>5</sup> Under section 300 of the SFO, it is an offence to engage in any act, practice or course of business which is fraudulent or deceptive in a transaction involving securities.

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

In October, the High Court convicted Wong Ming Chun, former financial controller and company secretary of Hua Han Health Industry Holdings Limited (Hua Han), of two counts of money laundering charges in relation to the misappropriation of Hua Han's funds, and sentenced him to seven years and eight months'

imprisonment. Subsequently, we withdrew restriction notices that prohibited three brokers from disposing of or dealing with proceeds or assets in their client accounts into which part of the misappropriated proceeds in question were deposited, thereby enabling the return of such restricted assets to affected parties.

Enforcement activities				
	Quarter ended 31.12.2025	Nine months ended 31.12.2025 <sup>g</sup>	Nine months ended 31.12.2024	YoY change (%)
S179 <sup>a</sup> inquiries commenced	21	57	28	103.6
S181 <sup>b</sup> inquiries commenced (number of letters sent)	33 (999)	122 (3,760)	119 (3,868)	-2.8
S182 <sup>c</sup> directions issued	46	180	167	7.8
Investigations started	51	193	166	16.3
Investigations completed	77	200	154	29.9
Individuals and corporations charged in criminal proceedings	2	5	5	0.0
Criminal charges laid	10	69	13	430.8
Notices of Proposed Disciplinary Action <sup>d</sup> issued	8	24	20	20.0
Notices of Decision <sup>e</sup> issued	7	33	22	50.0
Individuals and corporations subject to ongoing civil proceedings <sup>f</sup>	238	238	275	-13.5
Compliance advice letters issued	84	234	136	72.1
Cases with search warrants executed	6	34	35	-2.9

a 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 in relation to fraud or other misconduct.

b 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.

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

d 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.

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

f As of the last day of the period.

g Figures have been adjusted for the period.

### Bolstering surveillance and cross-boundary enforcement cooperation

Our surveillance of untoward price and turnover movements resulted in 999 requests for trading and account records from intermediaries during the quarter. In addition, we received and assessed 131 notifications from intermediaries regarding suspicious equity and derivative trading.

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

We issued restriction notices to two brokers, prohibiting them from dealing with, or processing any withdrawals or transfers of assets held in the accounts ultimately owned by a board member of a listed corporation who is suspected of misconduct and a breach of duties to the listed corporation. Issuing the notices was considered necessary to ensure that funds would be available to meet any potential Court order, and desirable in the interest of the investing public or in the public interest.

### Enhancing investigatory toolkit with cryptech

As part of Pillar I (Infrastructure) of the **ASPIRe** roadmap for a resilient virtual asset ecosystem, we are developing a virtual asset trade surveillance system that will enhance the SFC's capabilities in monitoring trading activities on licensed VATPs. We issued an open tender and invited prospective vendors to take part in the initiative.

### Enforcement collaboration with the Mainland

We held a two-day joint enforcement training with the China Securities Regulatory Commission in November, which was attended by over 140 enforcement officers. The training covered a wide range of topics, including market surveillance, case sharing on market manipulation, intermediary and listed company misconduct, cross-border enforcement cooperation, and the use of technology in enforcement. The training allowed officers to exchange practical experiences and strengthen collaboration between the two regulators.

### Enhancing regulatory regimes

#### Enhancing ongoing public float requirements

We have worked closely with SEHK to review the open market requirements. Following our approval, SEHK published the consultation conclusions in December on proposals relating to ongoing public float requirements, which aim to allow issuers to better manage capital, whilst ensuring market transparency and continuous orderly trading. The new rules took effect on 1 January 2026.

#### 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. A public consultation on the proposed framework was launched in September, and closed in December. The initiative aims to advance investor protection by strengthening mechanisms for detecting and mitigating market misconduct in the exchange-traded derivatives market.



# Enhancing Hong Kong market competitiveness and appeal



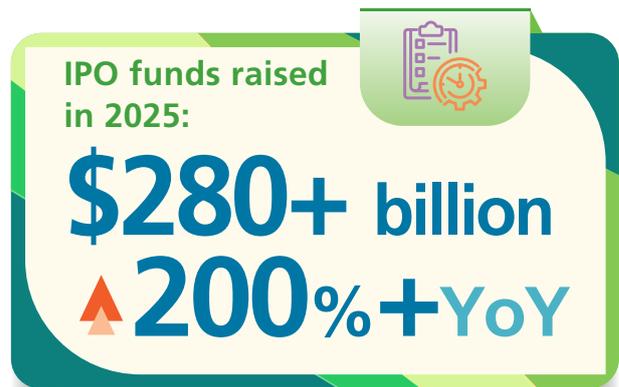
To bolster Hong Kong's competitiveness and its position as a premier fundraising and asset management hub, the SFC maintains its pivotal role in enhancing capital market liquidity and efficiency, while deepening regulatory cooperation with both the Chinese Mainland and global markets.

## Enhancing listing market competitiveness and efficiency

### Developing Hong Kong as premier listing platform

Hong Kong's initial public offering (IPO) market continued its momentum during the quarter, with 48 IPOs raising nearly \$100 billion in total. Funds raised surged more than 200% from a year ago. Hong Kong regained its position as the world's top IPO market in 2025, raising more than \$280 billion in total.

As at 31 December 2025, 12 Mainland leading enterprises had listed in Hong Kong since the China Securities Regulatory Commission's (CSRC) announcement in April 2024 to further support listings in Hong Kong. They are in the sectors of electrical appliances, beverages, artificial intelligence, logistics, electric vehicle batteries, ride hailing, supply chain, folding bicycles, automobile and autonomous driving.

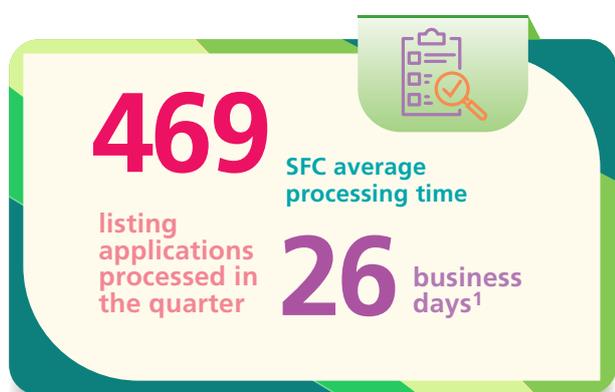


The Technology Enterprises Channel (TECH) has been well received by the market, with 73 applications from pre-profit biotech companies and 46 applications from specialist technology companies received from its launch in May 2025 to 31 December. The 10 IPOs of specialist technology and biotech companies raised a total of over \$9 billion in the quarter, up 800% from the same period in 2024.

### Gatekeeping listing applications

During the quarter, we processed 469 listing applications and cleared 156 of them. 169 of the processed ones were new listing applications, including 41 from pre-profit biotech companies and 19 from specialist technology companies.

The 156 cleared listing applications took us an average of 26 business days to process.



Under the enhanced timeframe for new listing application process, up to 31 December, we cleared 185 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>2</sup> of which were cleared within the vetting time of 40 business days.

### Strengthening securities market and enhancing its liquidity

#### Lowering transaction cost and boosting market efficiency

We have actively engaged with Hong Kong Exchanges and Clearing Limited (HKEX) to reduce funding costs for collateral posted by market participants. Effective October, HKEX implemented a revised interest rebate formula on cash collateral across its three on-exchange clearing houses. These changes benefit market participants with higher interest rebates. HKEX has also extended

this enhancement to OTC Clearing Hong Kong Limited since January 2026<sup>3</sup>. Additionally, the fees associated with the use of non-cash collateral for margin requirements have decreased, offering market participants greater flexibility in managing their funding to meet margin obligations.

HKEX issued a public consultation on enhancements to the board lot framework in December. To improve trading, clearing and settlement efficiency, the proposal would limit board lot units to eight choices with a value from \$1,000 to \$50,000.

### Introducing Hang Seng Biotech Index Futures

We approved HKEX's proposal to launch Hang Seng Biotech Index Futures, which commenced trading in November. It tracks the performance of the 30 largest southbound Stock Connect-eligible biotech, pharmaceuticals and medical devices companies listed in Hong Kong. It recorded an increasing trading volume and a continuous build-up of open interest as of end-2025.

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

#### Building offshore RMB and risk management hub

#### Steady growth of Swap Connect

The trading volume of Swap Connect has been growing since its debut in mid-2023, with active participation from both Mainland and overseas investors. As of end-December, 87 overseas investors had participated in the scheme. The aggregate notional amount of executed RMB interest rate swap transactions had surpassed RMB9.9 trillion since launch, representing a daily average of about RMB15.4 billion. In view of trading growth, the daily trading quota of Swap Connect was raised to RMB45 billion in October.

<sup>1</sup> For the 156 cleared cases of listing applications.

<sup>2</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 where the applicants and their sponsors provided materially incomplete responses or failed to satisfactorily address regulators' comments.

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

### Advances in HKD-RMB dual counter trading

Following the implementation of HKEX's Single Tranche Multiple Counter settlement model in June 2025, the Hong Kong market is technically prepared to accommodate RMB counters under southbound Stock Connect. During the quarter, HKEX and its Mainland counterparts were working closely to ensure all relevant systems are ready by mid-2026, paving the way for the eventual inclusion of RMB counters.

### Enhancing mutual access schemes with Mainland

#### Stock Connect maintains strong momentum

Stock Connect saw robust southbound inflows in 2025, totalling \$1,404.8 billion – a rise of 74% from 2024. In addition, average daily southbound trading increased 151% year-on-year to \$121.1 billion. This accounted for 24.2% of market turnover in Hong Kong, up from 18.3% in 2024. As of end-December, cumulative southbound net inflows reached more than \$5.1 trillion since launch in November 2014.

In the fourth quarter, southbound inflows reached \$237.3 billion. Average daily southbound trading was \$105.7 billion and accounted for 23.0% of market turnover in Hong Kong.



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

During the quarter, Hong Kong funds and Mainland funds recorded net subscriptions of about RMB4.68 billion and net redemptions of about RMB73.35 million respectively under the Mainland-Hong Kong MRF scheme.

As at 31 December, 40 Mainland funds had been authorised by the SFC and 42 Hong Kong funds approved by the CSRC. Cumulative net subscriptions amounted to about RMB125.20 billion for Hong Kong funds and about RMB677.99 million for Mainland funds as at 31 December.

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

	Three months ended 31.12.2025			Nine months ended 31.12.2025			Nine months ended 31.12.2024		
	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	37	110	(73)	123	304	(181)	91	187	(96)
Hong Kong funds	18,441	13,763	4,679	50,554	76,540	(25,986)	33,461	16,401	17,060

a Based on data from the State Administration of Foreign Exchange.  
b Figures may not add up to total due to rounding.

### Enhancements to Wealth Management Connect

To facilitate interaction between participating brokers and their clients, we issued a circular on enhancements to the Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area in November, including enhanced arrangements for promotion and sales as well as the issuance of research reports. With valid one-off written consent from cross-boundary clients, brokers can explain product information to these clients remotely based on their needs and selected product categories. Brokers can also provide the clients with research reports on individual investment products prepared by their partner brokers. The new measures help to improve service efficiency, client experience and information flow, while ensuring regulatory compliance.

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

#### Enhancing regulation of unit trusts and mutual funds

We launched a three-month consultation on proposed amendments to the Code on Unit Trusts and Mutual Funds (UT Code) in October. The proposals would broaden product offerings of SFC-authorized funds for investors, aligning Hong Kong's regulatory regime with the latest international regulatory standards. Among the key revisions, we would allow an alternative approach for managing derivative investments in retail funds, updating requirements for fund liquidity risk management, and enhancing the requirements for money market funds.

### Facilitating new REIT offerings

To further advance the development of the real estate investment trusts (REIT) market in Hong Kong, we launched a new REIT Channel in October to enable both local and global REIT applicants to consult the SFC regarding their applications on a confidential basis, thereby enhancing their listing preparation and efficiency.

In parallel, we streamlined the authorisation process and documentary requirements for REITs. Under the streamlined process, we anticipate that a new REIT authorisation application can be decided on within four weeks from take-up under normal circumstances. In addition, we streamlined the documentary requirements to facilitate secondary offerings of SFC-authorized REITs.

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

As at 31 December, there were 1,041 Hong Kong domiciled funds, up 1.9% from the previous quarter and up 9.1% from a year ago. Their assets under management (AUM) increased 0.4% from the previous quarter and increased 38.3% year-on-year to \$2,275.8 billion (US\$292.4 billion). Net fund inflows of about \$35.7 billion (US\$4.6 billion) were recorded in the quarter.

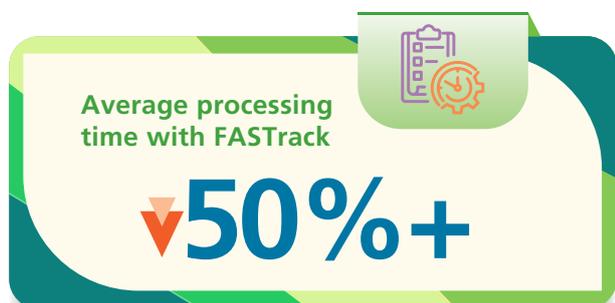
During the year, net fund inflows amounted to \$356.7 billion (US\$45.7 billion), up 118.5% year-on-year.

## Further streamlined measures for EU-regulated retail funds

We launched a series of streamlined post-authorisation measures for SFC-authorised UCITS funds<sup>4</sup> to facilitate their implementation of changes that are in compliance with their home regulations. With the measures coming into effect by end-November, scheme change applications by UCITS funds are estimated to drop by about 50%<sup>5</sup>.

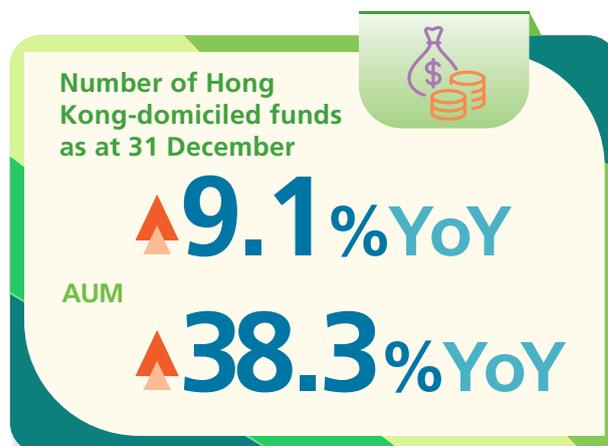
## Fast-tracking authorisation of simple funds from other markets

Under the Fund Authorisation Simple Track (FASTrack), we pledge a 15-day authorisation timeframe for simple funds from jurisdictions with an MRF arrangement with Hong Kong (MRF jurisdictions)<sup>6</sup>. During the quarter, we authorised nine FASTrack-eligible funds within this timeframe, while reducing the average processing time by more than 50% compared to 2024<sup>7</sup>.



## Authorising investment products

During the quarter, we authorised 47 unit trusts and mutual funds (including 35 Hong Kong-domiciled funds), one paper gold scheme and 18 unlisted structured investment products for public offering in Hong Kong.



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

As at 31 December, there were 676 registered OFCs, of which 51<sup>8</sup> were newly registered during the quarter. The number of registered OFCs increased 43.2% year-on-year.



4 UCITS funds means (i) Undertakings for Collective Investment in Transferable Securities (UCITS) domiciled in France, Luxembourg, Ireland and the Netherlands, and (ii) collective investment schemes domiciled in the United Kingdom authorised as UK UCITS.

5 Based on the number of scheme changes applications submitted to the SFC by UCITS funds over the past 12 months before the measures came into effect, and the number of these applications that may be eligible for the proposed streamlined measures.

6 MRF jurisdictions currently include Australia, France, Ireland, Luxembourg, Mainland, Malaysia, the Netherlands, Switzerland, Taiwan China, Thailand, the United Arab Emirates and the United Kingdom.

7 Compared to the average processing time for standard applications for simple funds from MRF jurisdictions in 2024 prior to the introduction of the FASTrack.

8 This figure includes 50 private OFCs.

### Expanding ETF and L&I product markets

As at 31 December, 200 SFC-authorized ETFs and 29 SFC-authorized leveraged and inverse (L&I) products were listed on SEHK, rising 18.0% from a year ago in aggregate. They had a total market capitalisation of \$618.7 billion (US\$79.3 billion), up 33.7% from the previous year. During the quarter, these ETFs and L&I products recorded net inflows of \$9.2 billion (US\$1.2 billion) and an average daily turnover of \$33.2 billion (US\$4.3 billion), equivalent to 14% of the turnover of Hong Kong's stock market.

As at 31 December, 23 ETFs were eligible for southbound trading under Stock Connect. During the quarter, southbound ETF trading had an average daily turnover of \$2.9 billion (US\$366.7 million), contributing 4.9% to the total turnover of eligible Hong Kong ETFs.

### Driving Integrated Fund Platform (IFP) development

As of end-2025, a total of 45 firms including fund distributors, asset managers and transfer agents have joined the IFP, a new financial infrastructure

to facilitate retail fund distribution in Hong Kong. Following the launch of the fund repository<sup>9</sup> in December 2024 and the order routing service<sup>10</sup> in July 2025, we are working closely with HKEX and other parties to implement the platform and nominee services as the next phase of the IFP which is expected to be launched in 2026.



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

	As at 31.12.2025	As at 31.3.2025	Change (%)	As at 31.12.2024	YoY change (%)
Number of SFC-authorized ETFs and L&I products <sup>c</sup>	229	210	9.0	194	18.0
Market capitalisation <sup>d</sup> (\$ billion)	618.7	520.3	18.9	462.7	33.7

	Nine months ended 31.12.2025	Nine months ended 31.3.2025	Change (%)	Nine months ended 31.12.2024	YoY change (%)
Average daily turnover (\$ billion)	35.8	28.5	25.6	20.7	72.9
Net fund flow <sup>d</sup> (\$ billion) – Net inflow (outflow)	48.5	12.8	N/A	5.0	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.

<sup>9</sup> An online database on the IFP providing one-stop access to information on SFC-authorized funds, enabling distributors and investors to easily access and compare fund offerings.

<sup>10</sup> This service enhances connectivity between fund distributors and transfer agents on the IFP, improving the process for order placements including fund subscriptions and redemptions.

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

Nine 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)
31.12.2025	23	334,705	3,733	5.9	(7,683)
31.3.2025	17	306,402	3,639	7.6	(7,601)
31.12.2024	17	255,461	2,639	7.7	(21,717) <sup>b</sup>

a Based on data from HKEX.

b Figure was restated to align with market data adjustments.

## Authorised collective investment schemes

	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
Unit trusts and mutual funds – Hong Kong domiciled	1,041 <sup>a,b</sup>	976	6.7	954	9.1
Unit trusts and mutual funds – non-Hong Kong domiciled	1,459 <sup>c</sup>	1,445	1.0	1,429	2.1
Investment-linked assurance schemes	320	319	0.3	319	0.3
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	195	2.6
Paper gold schemes	16	15	6.7	15	6.7
REITs	11	11	0.0	11	0.0
<b>Total</b>	<b>3,102</b>	<b>3,021</b>	<b>2.7</b>	<b>2,980</b>	<b>4.1</b>

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

b This figure includes 220 Hong Kong domiciled ETFs and L&I products.

c This figure includes nine non-Hong Kong domiciled ETFs and L&I products.

## Authorised unlisted structured investment products

	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
Unlisted structured investment products <sup>^</sup>	426	391	9.0	385	10.6

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

## Registered OFCs

	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
OFCs	676 <sup>^</sup>	520	30.0	472	43.2

<sup>^</sup> This figure includes 631 private OFCs.

## SFC-authorized renminbi (RMB) investment products

	As at 31.12.2025
<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	58
Unlisted funds (non-RMB denominated) with RMB share classes	509
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	45
ETFs (non-RMB denominated) with RMB trading counters and/or RMB share classes	65
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 31 December, Hong Kong-domiciled funds reported overall net inflows of \$35.7 billion (US\$4.6 billion), which was primarily attributed to equity funds and money market funds.

	Three months ended 31.12.2025			Nine months ended 31.12.2025			Nine months ended 31.12.2024		
	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	4,434	4,462	(28)	16,687	19,180	(2,493)	13,320	9,946	3,373
Equity	7,069	5,010	2,058	16,313	15,391	922	11,115	14,177	(3,062)
Mixed	2,566	2,146	421	7,362	7,062	300	3,899	5,593	(1,694)
Money market	82,968	81,771	1,197	233,440	219,243	14,197	107,258	89,905	17,352
Feeder funds <sup>c</sup>	20	6	14	47	23	24	66	11	55
Index <sup>d</sup>	31,060	30,146	914	108,737	103,791	4,947	76,032	75,620	411
Guaranteed	-	1	(1)	19	3	16	0	3	(3)
Commodity and virtual asset <sup>e</sup>	143	137	7	779	418	361	877	611	266
<b>Total<sup>b</sup></b>	<b>128,261</b>	<b>123,679</b>	<b>4,581<sup>f</sup></b>	<b>383,386</b>	<b>365,111</b>	<b>18,274</b>	<b>212,566</b>	<b>195,866</b>	<b>16,699</b>

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 amount 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 fund outflows of \$3.0 billion (US\$0.4 billion) reported by retail approved pooled investment funds which MPFs may invest in and may also be offered to the public in Hong Kong.

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

Fund application streams <sup>^</sup>	Three months ended 31.12.2025	
	No. of funds authorised during the quarter	Processing time
FASTrack	9	11.33 business days (ie, 0.58 month)
Standard	9	1.29 months
Non-standard	29	2.19 months
<b>Total</b>	<b>47</b>	

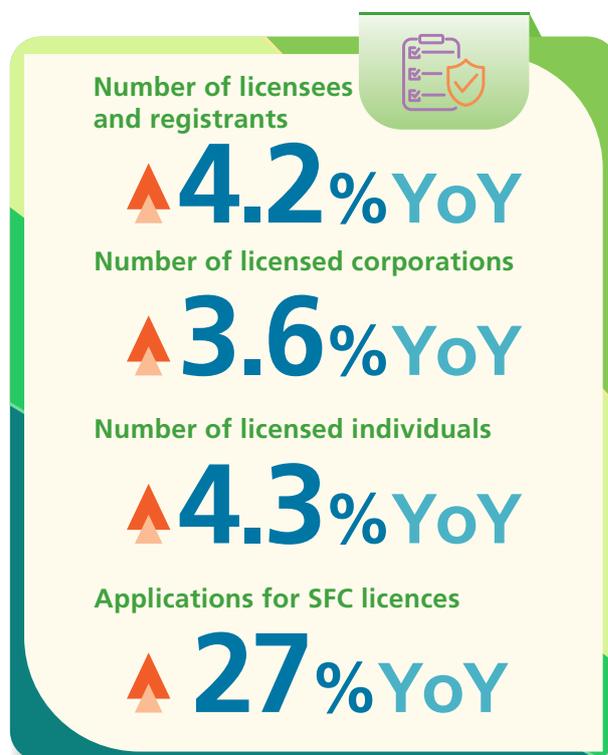
<sup>^</sup> New fund applications are processed under three different application streams. The SFC aims to grant authorisation for application, if successful, within the following target timeframe for the respective application streams: (i) FASTrack: within 15 business days; (ii) Standard: within 1-2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

## Gatekeeping securities industry

### Increasing number of licensees under SFO

For 2025, we received 9,637 licence applications including 9,338 individuals and 299 corporations, a 17% increase from 2024<sup>11</sup>. Between October and December, we received 2,488<sup>12</sup> licence applications including 2,423 individuals and 65 corporations, down 11% from the previous quarter but up 27% from the same quarter last year.

As of 31 December, there were 50,613 licensees and registrants, including 3,424 licensed corporations (LCs), 47,079 individuals and 110 registered institutions. During the quarter, the total number of new licensees and registrants was 4,165<sup>13</sup>, amongst which 4,096 were individuals, and 69 were LCs and registered institutions.



### Licensees and registrants under the SFO

	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
Licensed corporations	3,424	3,328	2.9	3,305	3.6
Registered institutions	110	108	1.9	109	0.9
Licensed individuals	47,079	45,389	3.7	45,145	4.3
<b>Total</b>	<b>50,613</b>	<b>48,825</b>	<b>3.7</b>	<b>48,559</b>	<b>4.2</b>

### Licensing applications under the SFO

	Quarter ended 31.12.2025	Nine months ended 31.12.2025	Nine months ended 31.12.2024	YoY change (%)
Applications to conduct new regulated activity	7,832	23,207	19,266	20.5
Applications for SFC licences <sup>^</sup>	2,488	7,533	6,392	17.9

<sup>^</sup> Figures do not include applications for provisional licences. During the quarter, we received 1,352 provisional licence applications compared with 938 in the same quarter last year.

<sup>11</sup> Change from calendar year 2024 to 2025. This does not include applications for provisional licences.

<sup>12</sup> The figure does not include applications for provisional licences.

<sup>13</sup> Including provisional licensed representatives.

ATS providers					
	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
Under Part III	54	53	1.9	53	1.9
Under Part V	37	36	2.8	33	12.1

Amongst the LCs approved during the quarter, Type 9 (asset management) regulated activity<sup>14</sup> (RA) accounted for 85% and Type 4 (advising on securities) RA for 62%. Compared to 30 September, the number of firms licensed for Type 9 RA increased by 50 (or 2%) to 2,358.

### Automated trading services

As of 31 December, there were 54 automated trading services (ATS) providers<sup>15</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.

### Enhancing regulatory regimes and market infrastructure

#### Development of advanced platforms

We continue to exercise vigilant oversight of HKEX's ongoing initiatives to enhance market infrastructure, with a particular focus on the development of the Orion Cash Platform and the Orion Derivatives Platform.

### FRR enhancements to develop OTC derivatives market

The SFC launched in November a three-month public consultation on the Chinese version of the draft amendments to the Securities and Futures (Financial Resources) Rules (FRR). This corresponded to the published English draft FRR amendments, which aim to implement internationally comparable capital requirements for LCs engaging in OTC derivative activities and support market development.

### Strengthening global regulatory collaboration

#### Advancing links with overseas markets

To enhance the breadth and depth of our international engagement, the SFC has been proactively strengthening ties with regulatory counterparts in both developed and emerging markets, particularly in the realm of asset management.

Building on the successful signing of the Memorandum of Understanding (MoU) between the SFC and the Ontario Securities Commission (OSC) of Canada in May 2025, we signed another MoU in October with the Autorité des marchés financiers (AMF) of Québec, Canada, on the exchange of information for supervision of cross-border investment management activities. Both MoUs serve to promote greater transparency and facilitate industry collaboration between Hong Kong and these Canadian markets.

<sup>14</sup> Each LC may have multiple RA licences.

<sup>15</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 Hong Kong market competitiveness and appeal



CEO Ms Julia Leung (second from left) signed an MoU with AMF of Québec, Canada, in Madrid, Spain, in October

In November and December, we co-hosted industry webinars with the OSC and the AMF for asset managers in Hong Kong and Canada, respectively. These sessions introduced the local market landscapes and highlighted new opportunities available to asset managers arising from the recent MoUs.

### Driving greater cooperation with Southeast Asian markets

To foster collaboration between the financial sectors of Hong Kong and Southeast Asian jurisdictions, the SFC met with a high-level delegation from Vietnam in December, including senior officials from the Ministry of Finance of Vietnam and the State Bank of Vietnam. We exchanged views on international best practices, market development and regulatory approaches.



CEO Ms Leung and the SFC's senior executives met with the Vietnamese delegation led by the Deputy Minister of Justice

During the quarter, we also met with the delegation from the Securities and Exchange Regulator of Cambodia led by its Director General to discuss areas of mutual interest and opportunities for regulatory cooperation.

### 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. We continue to shape international policies through our leadership roles in the committees and working groups of the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board (FSB).

#### IOSCO

In October, our Chief Executive Officer (CEO) Ms Julia Leung and senior executives attended the IOSCO Board meeting in Madrid, Spain, to discuss IOSCO's 2026 workplan and proposed modernisation of its structures. At the meeting, Ms Leung provided an update on the activities of the IOSCO Asia-Pacific Regional Committee which she chairs.



Representatives of the SFC and the Securities and Exchange Regulator of Cambodia met in Hong Kong

As a member of the IOSCO Policy Committee on Investment Management, we co-lead the open-ended funds liquidity data work and actively take part in initiatives including the formulation and publication of IOSCO's consultation report on valuing collective investment schemes, which was released in November.

During the quarter, we participated in a number of IOSCO meetings for its Financial Stability Coordination Group, Financial Stability Engagement Group, Committee on Emerging Risks, and Assessment Committee's IOSCO Standards Implementation Monitoring Review Team.

### FSB

In October, our CEO Ms Leung attended the FSB Steering Committee meeting in Washington DC, US, to discuss regulatory modernisation and private credit.

In the same month, our Executive Director of Supervision of Markets, Mr Rico Leung, attended the FSB Regional Consultative Group of Asia meeting, in Sydney, Australia, to discuss 2026 priorities, global and regional vulnerabilities, crisis preparedness and management, digital assets and stablecoins, and operational resilience.

During the quarter, we also attended the FSB Standing Committee on Standards Implementation meeting to discuss country peer reviews, progress update on the thematic review of out-of-court corporate debt workouts, the thematic review of public-sector backstop funding and 2026 work priorities.

### Regulatory collaboration with Mainland

During the quarter, we maintained close and effective communications with our Mainland counterparts to further advance various Mainland-related cooperation initiatives.

In November, we welcomed visits from the top management of the CSRC and the People's Bank of China. We updated each other on recent developments in our respective financial markets and also explored ways to further enhance mutual market access schemes and deepen regulatory cooperation.

In December, we visited the CSRC, National Financial Regulatory Administration, and State Administration of Foreign Exchange in Beijing to share views on Hong Kong's financial market development, further strengthen regulatory cooperation and reinforce Hong Kong's role as a leading international financial centre.



SFC top management met with the CSRC's Vice Chairman Mr Li Ming (middle) in Hong Kong in November

We also made use of side meetings with Mainland regulators at international regulatory events to ensure timely communications on the latest market developments.

Our frequent interactions with Mainland authorities at the working level continued in the quarter. We actively facilitated communications between our operational divisions and relevant Mainland authorities to push forward cross-boundary cooperation initiatives.

Additionally, we delivered a sharing session to the CSRC to exchange our experiences and perspectives on the impact of recent technological advancements in the regulatory sector. We also hosted a training programme for the fourth batch of CSRC senior executives, who engaged with our operational divisions, local regulators and industry associations in Hong Kong to better understand Hong Kong's regulatory framework and market landscape.

We continued to support HKSAR Government-led initiatives on Mainland-Hong Kong financial cooperation. In addition to providing input on various cooperation frameworks, we attended the third meeting of the Shenzhen-Hong Kong Financial Co-operation Committee in November, contributing to discussions on the latest market developments and cooperation between Shenzhen and Hong Kong.

We participated in the sixth Anti-Money Laundering and Counter-Financing of Terrorism Tripartite Meeting (Chinese Mainland, Hong Kong and Macao) in Hong Kong in December, to discuss the money laundering and terrorist financing trends, regulatory developments and preparations for the upcoming mutual evaluation.

### Other regulatory engagement

In November, we participated in the 17th bilateral regulatory meeting with the Financial Supervisory Commission of Taiwan, China. We exchanged perspectives on mechanisms to facilitate fundraising for start-up companies, as well as recent advancements in products and regulatory regimes in our respective futures markets.

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



# Leading financial market transformation through technology and ESG



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

## Driving digital asset ecosystem development

During the quarter, we continued to drive the development of Hong Kong's digital asset markets under a five-pillar framework set out in the SFC's **ASPIRe** roadmap<sup>1</sup>.

## Augmenting regulatory framework

We published in December joint consultation conclusions with the Financial Services and the Treasury Bureau (FSTB) on legislative proposals to regulate virtual asset (VA) dealing and custodian service providers in Hong Kong. Having received broad market support, we will proceed with

the legislative proposals for the two regimes, which mark a pivotal step in completing Hong Kong's regulatory framework to support a robust and secure VA ecosystem under the **ASPIRe** roadmap. Through proactive engagement, we also encouraged interested parties to reach out to us to initiate pre-application discussions on the regimes.

Moreover, in response to market feedback, the FSTB and the SFC launched a further consultation on the same day to expand the licensing framework to VA advisory and management service providers. The proposed regimes will empower the SFC to regulate VA advisors and managers, and establish clear standards for them. Adhering to the "same business, same risks, same rules" principle, these regimes are modelled on those regulating similar services in the securities market.

<sup>1</sup> The SFC's **ASPIRe** roadmap was launched in February 2025 to enhance the security, innovation and growth of Hong Kong's VA market under five pillars: **A**ccess, **S**afeguards, **P**roducts, **I**nfrastructure and **R**elationships.



### Driving digital asset ecosystem vibrancy

The SFC authorised two new VA spot exchange-traded funds (ETFs) during the quarter, including Asia's first Solana spot ETF in October, as part of our ongoing efforts to expand VA product offerings. Their launch increased the total count of VA spot ETFs to 11.

The total market capitalisation of all 11 ETFs had surged 142% to US\$702 million as of end-December since the city's initial launch of VA spot ETFs. Their average daily turnover rose 1% to US\$5.9 million. Additionally, three of these ETFs are permitted to be engaged in staking through licensed VATPs.



The SFC also facilitates participation in the VA market. As at end-December, we had licensed 11 VATPs and were reviewing licence applications of eight VATP applicants.

### Licensees under the AMLO<sup>^</sup>

	As at 31.12.2025	As at 31.3.2025	change (%)	As at 31.12.2024	YoY change (%)
Licensed providers	11	10	10.0	7	57.1
Licensed individuals	135	104	29.8	74	82.4
<b>Total</b>	<b>146</b>	<b>114</b>	<b>28.1</b>	<b>81</b>	<b>80.2</b>

<sup>^</sup> Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

### Licensing applications under the AMLO

	Quarter ended 31.12.2025	Nine months ended 31.12.2025	Nine months ended 31.12.2024	YoY change (%)
Applications for SFC licences	22	63	131	-51.9

The SFC issued new guidance for SFC-licensed virtual asset trading platforms (VATPs) to tap global liquidity and broaden their product and service offerings to develop Pillars **A** (Access) and **P** (Products) of the **ASPIRe** roadmap.



### Key focus areas:

1. Tap global liquidity
2. Broaden products and services

In one of our circulars issued in November, we allow SFC-licensed VATPs to combine their orders with those of their affiliated overseas VATPs in a shared order book. Seamless cross-platform order matching and execution enable Hong Kong investors to benefit from enhanced market liquidity and more competitive pricing, underpinned by robust safeguards. Enhanced liquidity helps further attract global platforms, order flows and liquidity providers.

In another November circular, we allow SFC-licensed VATPs to offer trading in VAs without a 12-month track record for professional investors and in Hong Kong Monetary Authority (HKMA)-licensed stablecoins for both professional and retail investors. We expand product offerings and services also by allowing these VATPs to distribute tokenised securities and digital asset-related investment products. Additionally, associated entities of SFC-licensed VATPs may provide custody services for VAs or tokenised securities not traded on their platforms.

### Strengthening relationships

Under Pillar **Re** (Relationships) of the **ASPIRe** roadmap, we are committed to empowering the industry through education, engagement and transparency.

In October, we spoke at a seminar organised by the Association of Fund Administrators of Hong Kong and the Greater Bay Area (AFA) held at the SFC's office premises for raising the industry's awareness of regulatory compliance standards in the fast-evolving digital asset sector. More than 150 participants<sup>2</sup> attended the seminar, which discussed risk management and control measures for managing digital asset funds and tokenised funds. This highlighted the importance of strengthening digital asset-related technical and regulatory compliance capabilities while adopting innovative technologies in fund management.



Our Executive Director of Intermediaries, Dr Eric Yip, delivered a keynote speech at the AFA's seminar

During the quarter, the SFC also engaged in active dialogues on Fintech matters with industry participants, regulatory bodies and other stakeholders by taking part in more than 15 conferences, seminars, panel discussions, training sessions and events organised by or partnered with government authorities, regulatory bodies, industry associations and academic institutions, both locally and internationally<sup>3</sup>.

<sup>2</sup> Including fund and digital asset professionals as well as legal and compliance experts.

<sup>3</sup> See "Enhancing SFC's institutional resilience and efficiency" on pages 35-41 for more details.

## Tokenisation to increase industry efficiency

Since the launch of Project Ensemble in 2024, the SFC has co-led tokenisation initiatives with the HKMA for the asset management sector and Ensemble Sandbox participants have completed their tokenisation experiments under our regulatory guidance. In November, the HKMA announced the launch of Ensemble<sup>TX</sup>, marking the commencement of Project Ensemble's pilot phase. This new phase enables real-value transactions involving tokenised deposits and digital assets in a controlled environment.

As a key partner and member of the Ensemble Architecture Community, the SFC will continue to collaborate closely with the HKMA and the industry to advance the practical applications of tokenisation technology across a diverse set of asset classes, use cases, and sectors within the financial industry.

During the quarter, the SFC authorised three tokenised retail MMFs, bringing the total number of tokenised retail products to nine as of end-December<sup>4</sup>. Total assets under management (AUM) of their tokenised classes reached \$8,663 million (US\$1,111 million), up 14% from the previous quarter.



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

During the quarter, we actively participated in international initiatives<sup>5</sup> and spoke at various public events. These included the Hong Kong Green Finance Association workshop on responsible investments and transition planning, Green Tech Summit 2025, HSBC Nature Finance Roundtable, China Sustainable Investment Forum (China SIF) Annual Conference and the United Nations Sustainable Stock Exchange Roundtable.

<sup>4</sup> These include the introduction of tokenised classes to existing SFC-authorized MMFs.

<sup>5</sup> We are a member of the International Platform on Sustainable Finance, 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.

## Leading local sustainable finance efforts

Together with the HKMA, the SFC co-chairs the Green and Sustainable Finance Cross-Agency Steering Group<sup>6</sup> and actively participates in all of its working groups.



### Strategic priorities 2026-28<sup>^</sup>

- 1 Strengthen sustainable finance and disclosure ecosystem
- 2 Support and scale transition and adaptation financing

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

In October, we hosted a roundtable with Ms Sue Lloyd, Vice Chair of the ISSB, Ms Rowena Chu, Trustee of the International Financial Reporting Standards (IFRS) Foundation and Steering Group members to discuss the progress of implementing the IFRS Sustainability Disclosure Standards in Hong Kong.

In the same month, we spoke at the Hong Kong Institute of Certified Public Accountants' preparer readiness training session jointly organised with the IFRS Foundation to promote the adoption of the ISSB Standards.

In November, we organised a roundtable with Ms Paula DiPerna, an environmental policy advisor, and the Steering Group's Carbon Market Workstream members to discuss the challenges and opportunities of scaling voluntary carbon markets in Hong Kong and the region.



Steering Group meeting with the IFRS Foundation and ISSB

## Gatekeeping ESG funds

During the quarter, we continued to facilitate ESG fund development while rigorously gatekeeping against greenwashing. As at 31 December, there were 197 SFC-authorized ESG funds with total assets under management of \$1,136 billion (US\$146 billion).

<sup>6</sup> Established in May 2020, the Steering Group is co-chaired by the SFC and HKMA. Other members include the Financial Services and the Treasury Bureau, 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 \$357 million for the quarter. Our income was \$929 million, down 21.7% from the previous quarter and up 42.6% from the same quarter of 2024. For the first nine months of this financial year, our income increased 78.4% year-on-year.

Income growth is largely attributable to the significantly higher average daily turnover (ADT)

in Hong Kong's securities market since late 2024. The ADT increased by 22.7% to \$216 billion in the quarter from \$176 billion in the same quarter of 2024.

Our expenditure for the quarter was \$572 million, comparable to both the previous quarter and the same quarter last year. For the first nine months of this financial year, expenditure also remained stable compared to the same period last year.

As of 31 December, our total available for use and liquid reserves stood at \$4.5 billion, of which \$0.7 billion was allocated to the acquisition of the two additional office floors for the SFC and future principal bank loan repayments.

As of 31 December, the number of our staff totalled 967, up from 959 a year ago.

Finance				
(\$ million)	Quarter ended 31.12.2025	Nine months ended 31.12.2025	Nine months ended 31.12.2024	YoY change (%)
Income	929	3,080	1,726	78.4
Expenses including depreciation	572	1,690	1,690	0.0
Surplus	357	1,390	36	>100.0

### Upholding effective institutional governance

#### Appointment of CEO and directors

In November, the Government reappointed Ms Julia Leung as the SFC's Chief Executive Officer (CEO) for a term of two years, effective 1 January 2026. Earlier, in October, Mr Johnson Kong and Mr Dieter Yih were also reappointed as Non-Executive Directors for a further two-year term commencing on 15 November 2025.

#### Strengthening governance quality

The SFC received the Corporate Governance Award of the Hong Kong Institute of Certified Public Accountants' (HKICPA) Best Corporate Governance and ESG<sup>1</sup> Awards 2025 in October, which recognises our ongoing commitment to governance excellence.

The SFC's Board of Directors held its annual retreat in December to foster a shared commitment at the SFC to its long-term vision and success. They had an immersive discussion of board effectiveness and governance, culture and succession planning.

### Caring for community in spirit of solidarity

As a public organisation, the SFC supports the victims and affected families of the tragic fire at Wang Fuk Court in Tai Po in November.

The SFC worked closely with major brokers, including those operating in Tai Po District, to assist the family members of deceased victims in expediting the handling of the victims' securities

accounts. Family members could make account-related enquiries to the SFC through assigned social workers, and, after receiving the account information, contact the brokers or visit branch offices for follow-up.

The SFC initiated a staff donation drive and reallocated funds budgeted for its annual staff dinner towards this donation. These combined efforts contributed approximately HK\$2.1 million to the HKSAR Government's "Support Fund for Wang Fuk Court in Tai Po", offering essential aid to those impacted.

### Communicating with stakeholders via multiple channels

To facilitate stakeholders' understanding of our work, we issued a variety of updates and publications in different formats.

A total of 122 posts were published on the SFC's social media platforms to promote public awareness of various matters, such as alerts against investment scams, updates on key policy initiatives and collaboration with regulatory counterparts.



Social media posts promote awareness of a range of topics

1 Environmental, social and governance.

## Enhancing SFC's institutional resilience and efficiency

In December, we published the SFC's *July-September 2025 Quarterly Report* to summarise our key regulatory work, corporate developments and financial information. We also published the quarterly *Takeovers Bulletin* in the same month.

In October, we released the second issue of *Enforcement Reporter* in 2025. The newsletter explored the emerging trends in financial scams and featured the SFC's SENSOR system for monitoring social media.

During the quarter, we issued 18 circulars to guide the industry on a wide range of topics, including updates on streamlined measures for SFC-authorized UCITS funds, as well as Anti-Money Laundering/Counter-Financing of Terrorism.

### Driving operational efficiency via technology

We have continued to upgrade our WINGS<sup>2</sup> system, enabling major banks in Hong Kong to provide structured transaction data to the SFC via WINGS. This will streamline the analysis process conducted by investigators.

### Proactively communicating with industry to facilitate efficiency and transparency in our regulation

We keep stakeholders up-to-date on regulatory developments and communicate our initiatives through industry events, publications and a variety of online and physical channels. During the quarter, our senior executives participated as speakers at over 40 local and international conferences on wide-ranging topics including corporate governance, mutual market access and digital assets. Additionally, we served as a supporting organisation for six industry events.

In November, we jointly hosted the Conversations with Global Investors forum – the concluding event of the three-day 2025 Global Financial Leaders' Investment Summit

– with the Hong Kong Monetary Authority (HKMA) and Hong Kong Academy of Finance. The forum drew 300 financial leaders from around the world. In his welcome remarks, our Chairman Dr Kelvin Wong reaffirmed the SFC's parallel commitments to robust regulation and market development, which ensure Hong Kong's markets serve as the standard for Asian excellence.

Besides, Executive Director of Intermediaries Dr Eric Yip moderated a panel discussion on new economic order, which examined geo-economic fragmentation and risk management strategies.



Chairman Dr Kelvin Wong (left) and Executive Director of Intermediaries Dr Eric Yip (first left in the right picture) spoke at the Conversations with Global Investors forum

2 Web-based INteGrated Service.

Also at the Global Financial Leaders' Investment Summit, our CEO Ms Julia Leung moderated a panel where top leaders from investment banking and asset management examined global financial market trends, risks and opportunities. Noting macro uncertainties and divergence, she facilitated an insightful discussion on the sustainability of market trends among panellists, who exchanged valuable views on asset diversification and strategies to navigate headwinds.



Joining CEO Ms Julia Leung at Global Financial Leaders' Investment Summit panel were (from left) Mr Mike Gitlin, President and CEO of Capital Group, Mr Ted Pick, Chairman and CEO of Morgan Stanley and Mr David Solomon, Chairman and CEO of Goldman Sachs

As part of our efforts to promote Fintech development, the SFC co-organised the Hong Kong FinTech Week 2025 in November. Ms Leung shared her regulatory vision behind the integration of local digital asset ecosystem with global liquidity. She also examined the city's upcoming initiatives to build a competitive and sustainable digital asset ecosystem.

Dr Yip outlined the SFC's bold vision for digital asset regulation and market development. He also encouraged the Fintech community to collaborate even more closely with the SFC by embracing responsible innovation in an efficient way.

In addition, Director and Head of Fintech unit, Intermediaries Ms Elizabeth Wong moderated a panel discussion on global harmonisation and collaboration in the digital asset era. She also joined a fireside chat to share the SFC's new guidance on tapping global liquidity and diversifying product and service offerings.



CEO Ms Leung shared her insights at a fireside chat at the Hong Kong FinTech Week 2025



Executive Director of Intermediaries Dr Eric Yip spoke at the Hong Kong FinTech Week 2025



Ms Elizabeth Wong, Director and Head of Fintech unit, Intermediaries (left) discussed the SFC's recent virtual asset policy initiatives

In October, Dr Wong addressed legal regulators from around the world at the International Conference of Legal Regulators hosted by the Law Society of Hong Kong. He elaborated the SFC's balanced approach, or Golden Mean, in capital market regulation, which is essential in navigating fast global changes.



Chairman Dr Wong spoke at the International Conference of Legal Regulators

At the 4th ASEAN+3 Economic Cooperation and Financial Stability Forum in November, Ms Leung emphasised in her keynote speech the importance of collaboration and regulatory progress in navigating increasingly connected markets and complex dynamics. She highlighted a confluence of driving forces in capital markets, such as private market growth and technological advancements. She called on regulators to remain adaptive and collaborative to transform global challenges into regional opportunities.

#### Financial Landscape: Implications for Monetary and



Ms Leung delivered a keynote address at the 4th ASEAN+3 Economic Cooperation and Financial Stability Forum

At the HKICPA's Best Corporate Governance and ESG Awards 2025, Dr Wong gave a speech to underscore the importance of robust corporate governance and ESG practices to the success of Hong Kong's financial markets. He highlighted how corporate performance, quality reporting and investor trust reinforce one another, while rigorous ESG practices improve corporate competitiveness.



Dr Wong delivered a speech at the award presentation ceremony

Also in October, Ms Leung participated in a panel discussion on the Global Regulatory Growth Agenda at the Bloomberg Regulatory Forum in New York, where she discussed the risks and vulnerabilities faced by financial markets and the importance of more cross-border regulatory cooperation in pioneering areas such as digital assets, tokenisation and artificial intelligence.



Ms Leung spoke at a panel discussion at the Bloomberg Regulatory Forum in New York in October

Dr Wong delivered several other speeches in the last quarter, including his keynote about Beijing-Hong Kong capital market cooperation at the 2025 Financial Street Forum in October. At the China International Finance Forum in November, he shared his views on how the SFC implements effective regulation to shape Hong Kong's financial ecosystem for tomorrow.



Dr Wong addressed the Financial Street Forum

To enhance engagement with derivatives market practitioners, Mr Rico Leung, Executive Director of Supervision of Markets, gave a keynote speech at the ISDA Derivatives Trading Forum Hong Kong in November. He highlighted Hong Kong's pivotal role as Asia's leading over-the-counter (OTC) derivatives hub and its unique position as the world's largest OTC derivatives market for Mainland assets.



Executive Director of Supervision of Markets Mr Rico Leung participated in a forum organised by the International Swaps and Derivatives Association (ISDA)

Publications and other communications		
	Quarter ended 31.12.2025	Nine months ended 31.12.2025
Press releases	49	165
Policy statements and announcements	0	3
Consultation papers	3	9
Consultation conclusions	2	5
Industry-related publications	2	6
Codes and guidelines <sup>a</sup>	0	4
Circulars to industry	18	47
Social media posts <sup>b</sup>	122	355
Corporate website average daily page views <sup>c</sup>	85,193	86,645
General enquiries	1,334	4,070

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 31.12.2025	Nine months ended 31.12.2025	Nine months ended 31.12.2024	YoY change (%)
Failure to comply with Securities and Futures (Financial Resources) Rules	6	10	11	-9.1
Failure to safekeep client securities	8	26	35	-25.7
Failure to maintain proper books and records	11	27	20	35.0
Failure to safekeep client money	6	17	41	-58.5
Unlicensed dealing and other registration issues	3	13	15	-13.3
Breach of licensing conditions	0	1	1	0.0
Breach of requirements of contract notes/statements of account/receipts	7	21	55	-61.8
Failure to make filing/notification	0	8	6	33.3
Breach of margin requirements	1	4	12	-66.7
Marketing malpractices	0	1	1	0.0
Illegal short selling of securities	0	0	1	-100.0
Dealing malpractices	2	4	1	300.0
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	85	265	286	-7.3
Breach of Corporate Finance Adviser Code of Conduct	1	1	12	-91.7
Breach of Fund Manager Code of Conduct	79	178	77	131.2
Breach of regulation of on-line trading	1	12	4	200.0
Non-compliance with anti-money laundering guidelines	53	166	211	-21.3
Breach of other rules and regulations of the Exchanges <sup>2</sup>	0	0	10	-100.0
Internal control weaknesses <sup>3</sup>	157	498	678	-26.5
Others	26	60	126	-52.4
<b>Total</b>	<b>446</b>	<b>1,312</b>	<b>1,603</b>	<b>-18.2</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.

<b>Table 2 Takeovers activities</b>				
	<b>Quarter ended 31.12.2025</b>	<b>Nine months ended 31.12.2025</b>	<b>Nine months ended 31.12.2024</b>	<b>YoY change (%)</b>
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>				
General and partial offers under Code on Takeovers and Mergers	<b>23</b>	57	31	83.9
Privatisations	<b>7</b>	18	24	-25.0
Whitewash waiver applications	<b>5</b>	16	13	23.1
Other applications under Code on Takeovers and Mergers <sup>1</sup>	<b>101</b>	258	227	13.7
Off-market and general offer share buy-backs	<b>1</b>	3	5	-40.0
Other applications under Code on Share Buy-backs <sup>1</sup>	<b>0</b>	6	0	N/A
<b>Total</b>	<b>137</b>	358	300	19.3
<b>Executive Statements</b>				
Sanctions imposed with parties' agreement <sup>2</sup>	<b>0</b>	0	1	-100.0
<b>Takeovers and Mergers Panel</b>				
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	<b>0</b>	0	1	-100.0
Hearings before the Panel (disciplinary and non-disciplinary)	<b>0</b>	0	0	0.0
Statements issued by the Panel <sup>3</sup>	<b>0</b>	0	0	0

1 Including standalone 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 31.12.2025	As at 31.3.2025	Change (%)	As at 31.12.2024	YoY change (%)
Bond	188	176	6.8	169	11.2
Equity	202	198	2.0	203	-0.5
Mixed	115	107	7.5	111	3.6
Money market	96	82	17.1	77	24.7
Feeder funds	49	50	-2.0	50	-2.0
Index <sup>1</sup>	186	179	3.9	164	13.4
Guaranteed	2	1	100.0	1	100.0
Commodity and virtual asset <sup>2</sup>	21	16	31.3	16	31.3
Sub-total	859	809	6.2	791	8.6
Umbrella structures	182	167	9.0	163	11.7
<b>Total</b>	<b>1,041</b>	<b>976</b>	<b>6.7</b>	<b>954</b>	<b>9.1</b>

b) Assets under management by type	Total NAV (US\$ million) as at 31.12.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 31.12.2024	YoY change (%)
Bond	45,276	45,802 <sup>5</sup>	-1.1	29,479	53.6
Equity	57,488	45,970	25.1	46,201	24.4
Mixed	28,483	25,022	13.8	24,245	17.5
Money market	76,085	60,294	26.2	46,753	62.7
Feeder funds <sup>3</sup>	114	73	56.2	69	65.2
Index <sup>1</sup>	83,327	71,154	17.1	63,520	31.2
Guaranteed	47	28	67.9	28	67.9
Commodity and virtual asset <sup>2</sup>	1,551	1,033	50.1	1,156	34.2
<b>Total<sup>4</sup></b>	<b>292,371</b>	<b>249,376<sup>5</sup></b>	<b>17.2</b>	<b>211,451</b>	<b>38.3</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 2024-2025 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 31.12.2025	As at 31.3.2025	Change (%)	As at 31.12.2024	YoY change (%)
Luxembourg	1,104	1,093	1.0	1,083	1.9
Ireland	264	257	2.7	252	4.8
United Kingdom	19	20	-5.0	20	-5.0
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>1,459</b>	<b>1,445</b>	<b>1.0</b>	<b>1,429</b>	<b>2.1</b>

b) Assets under management by origin	Total NAV (US\$ million) as at 31.12.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 31.12.2024	YoY change (%)
Luxembourg	1,462,232	1,210,237	20.8	1,196,860	22.2
Ireland	392,948	288,746	36.1	269,820	45.6
United Kingdom	45,072	37,337	20.7	37,347	20.7
Chinese Mainland	18,119	16,438	10.2	16,465	10.0
Bermuda	85	83	2.4	94	-9.6
Cayman Islands	1,158	1,121	3.3	1,099	5.4
Others	563,430	395,369	42.5	77,929	623.0
<b>Total<sup>1</sup></b>	<b>2,483,044</b>	<b>1,949,330</b>	<b>27.4</b>	<b>1,599,614</b>	<b>55.2</b>

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

c) Number of funds by type	As at 31.12.2025	As at 31.3.2025	Change (%)	As at 31.12.2024	YoY change (%)
Bond	392	378	3.7	370	5.9
Equity	768	774	-0.8	769	-0.1
Mixed	164	165	-0.6	163	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	24	4.2
Hedge	1	1	0.0	1	0.0
Commodity <sup>2</sup>	1	1	0.0	1	0.0
Sub-total	1,367	1,358	0.7	1,343	1.8
Umbrella structures	92	87	5.7	86	7.0
<b>Total</b>	<b>1,459</b>	<b>1,445</b>	<b>1.0</b>	<b>1,429</b>	<b>2.1</b>

d) Assets under management by type	Total NAV (US\$ million) as at 31.12.2025	Total NAV (US\$ million) as at 31.3.2025	Change (%)	Total NAV (US\$ million) as at 31.12.2024	YoY change (%)
Bond	628,720	519,226	21.1	487,038	29.1
Equity	949,040	771,439	23.0	786,219	20.7
Mixed	215,731	181,733	18.7	166,882	29.3
Money market	45,009	14,902	202.0	14,656	207.1
Feeder funds <sup>3</sup>	0	0	0.0	0	0.0
Index <sup>1</sup>	496,230	368,496	34.7	71,509	593.9
Hedge	85	83	2.4	94	-9.6
Commodity <sup>2</sup>	148,228	93,451	58.6	73,215	102.5
<b>Total<sup>4</sup></b>	<b>2,483,044</b>	<b>1,949,330</b>	<b>27.4</b>	<b>1,599,614</b>	<b>55.2</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 31.12.2025	Nine months ended 31.12.2025	Nine months ended 31.12.2024	YoY change (%)
Conduct of licensees	284	1,012	1,096	-7.7
Conduct of registered institutions	16	19	8	137.5
Listed companies and disclosure of interests	878	1,695	1,105	53.4
Market misconduct <sup>1</sup>	119	272	256	6.3
Product disclosure	2	2	16	-87.5
Unlicensed activities	51	204	134	52.2
Breach of offers of investments	2	4	6	-33.3
Boiler rooms and suspicious websites	49	175	134	30.6
Scams and frauds <sup>2</sup>	198	535	305	75.4
Other financial activities not regulated by the SFC <sup>3</sup>	106	274	209	31.1
<b>Total</b>	<b>1,705</b>	<b>4,192</b>	<b>3,269</b>	<b>28.2</b>

1 Primarily, alleged market manipulation and insider dealing.

2 Such as identity fraud and impersonation.

3 For example, bullion trading and banking services.

## Condensed consolidated 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>					
Levies	2(a)	2,447,866	1,460,271	738,179	623,127
Fees and charges	2(b)	198,502	107,213	92,348	48,078
Net investment income/(loss)					
Investment income/(loss)		437,536	193,451	98,054	(19,243)
Less: custody and advisory expenses		(8,692)	(7,934)	(3,097)	(2,581)
Recoveries from the Investor Compensation Fund	8(a)	4,725	4,755	1,556	1,566
Exchange gain/(loss)		392	(32,506)	1,785	256
Other income		54	836	4	55
		3,080,383	1,726,086	928,829	651,258
<b>Expenses</b>					
Staff costs and directors' emoluments	8(b)	1,266,501	1,256,260	425,586	418,449
Depreciation					
Fixed assets		130,337	144,268	42,439	49,253
Right-of-use assets		6,754	7,979	2,250	2,495
Other premises expenses		29,373	29,120	9,913	9,879
Finance costs		62,348	73,475	19,655	24,491
Other expenses		194,698	179,286	72,068	69,582
		1,690,011	1,690,388	571,911	574,149
<b>Surplus and total comprehensive income for the period</b>		1,390,372	35,698	356,918	77,109

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

## Condensed consolidated 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>Non-current assets</b>			
Fixed assets	10	4,687,581	4,288,119
Right-of-use assets		16,251	22,168
Deposits and prepayments		401,258	469,729
Financial assets at amortised cost – debt securities	9(b)	1,547,010	1,703,416
		6,652,100	6,483,432
<b>Current assets</b>			
Financial assets at amortised cost – debt securities	9(b)	1,662,938	1,445,025
Financial assets at fair value through profit or loss – pooled funds	9(a)	1,398,405	1,065,993
Debtors, deposits and prepayments		309,727	362,879
Fixed deposits with banks	3	1,213,045	486,687
Cash held for Grant Scheme	4	9,693	50,003
Cash at bank and in hand	3	88,582	58,677
		4,682,390	3,469,264
<b>Current liabilities</b>			
Fees received in advance		91,699	8,319
Creditors and accrued charges		359,314	243,953
Bank loan	5	18,262	18,262
Lease liabilities		7,115	8,393
		476,390	278,927
<b>Net current assets</b>		4,206,000	3,190,337
<b>Total assets less current liabilities</b>		10,858,100	9,673,769
<b>Non-current liabilities</b>			
Bank loan	5	1,599,038	1,800,432
Lease liabilities		9,831	14,478
Provisions for reinstatement costs		1,764	1,764
		1,610,633	1,816,674
<b>Net assets</b>		9,247,467	7,857,095
<b>Funding and reserves</b>			
Initial funding by Government		42,840	42,840
Reserve for property acquisition		657,841	1,108,884
Accumulated surplus		8,546,786	6,705,371
		9,247,467	7,857,095

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

## Condensed consolidated statement of changes in equity

For the nine months ended 31 December 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
Surplus and total comprehensive income for the period	–	–	35,698	35,698
Balance at 31 December 2024	42,840	1,186,800	6,422,435	7,652,075
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>1,390,372</b>	<b>1,390,372</b>
Transfer to accumulated surplus	–	<b>(451,043)</b>	<b>451,043</b>	–
Balance at 31 December 2025	<b>42,840</b>	<b>657,841</b>	<b>8,546,786</b>	<b>9,247,467</b>

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

## Condensed consolidated 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		1,390,372	35,698
Adjustments for:			
Depreciation – Fixed assets		130,337	144,268
Depreciation – Right-of-use assets		6,754	7,979
Finance costs		62,348	73,475
Investment income		(437,536)	(193,451)
Exchange loss		2,112	32,937
Loss on disposal of fixed assets		1	15
		1,154,388	100,921
Increase in right-of-use assets		–	(16)
Decrease/(increase) in debtors, deposits and prepayments		66,277	(46,213)
Decrease/(increase) in cash held for Grant Scheme		40,310	(7,955)
Increase/(decrease) in fees received in advance		83,380	(1,091)
Increase in creditors and accrued charges		116,260	160,729
Net cash generated from operating activities		1,460,615	206,375
<b>Cash flows from investing activities</b>			
(Placement)/withdrawal of fixed deposits other than cash and cash equivalent		(779,191)	25,050
Interest received		82,062	86,535
Pooled funds sold		5,038	115,980
Debt securities at amortised cost purchased		(2,875,676)	(4,369,286)
Debt securities at amortised cost redeemed at maturity		2,816,956	4,227,450
Down payment of properties acquisition		(89,064)	(134,168)
Fixed assets purchased		(372,208)	(60,229)
Net cash used in investing activities		(1,212,083)	(108,668)
<b>Cash flows from financing activities</b>			
Repayment of bank loan		(202,916)	(202,916)
Interest expense on bank loan		(61,335)	(72,377)
Principal element of lease payments		(6,762)	(7,913)
Interest element of lease payments		(447)	(334)
Net cash used in financing activities		(271,460)	(283,540)
<b>Net decrease in cash and cash equivalents</b>		<b>(22,928)</b>	<b>(185,833)</b>
Cash and cash equivalents at the beginning of the nine-month period		545,364	731,251
<b>Cash and cash equivalents at the end of the nine-month period</b>	3	<b>522,436</b>	<b>545,418</b>

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

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	433,854	490,834
Cash at bank and in hand	88,582	54,584
	<b>522,436</b>	<b>545,418</b>

The notes on pages 52 to 56 form part of these condensed consolidated financial statements.

## Notes to the condensed consolidated financial statements

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

### 3. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	1,213,045	486,687
Cash at bank and in hand	88,582	58,677
Amounts shown in the condensed consolidated statement of financial position	1,301,627	545,364
Less: amounts with an original maturity beyond three months	(779,191)	–
Cash and cash equivalents in the condensed consolidated statement of cash flows	522,436	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 nine months ended 31 December 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 nine months ended 31 December 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 31 December 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 nine months ended 31 December 2025, \$4,725,000 was recovered from the ICF for the ICC's expenses (nine months ended 31 December 2024: \$4,755,000). As at 31 December 2025, the ICC had an amount due from the ICF of \$288,000 (as at 31 March 2025: \$295,000).

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

	Unaudited Nine months ended	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Directors' fee	2,824	2,824
Salaries, allowances and benefits	24,960	24,808
Retirement scheme contributions	2,489	2,445
	<b>30,273</b>	30,077

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 nine months ended 31 December 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 31 December 2025 (Unaudited)</u>				
Pooled funds	1,398,405	–	–	1,398,405
<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 nine months ended 31 December 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 31 December 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 31 December 2025 (Unaudited)</u>					
Financial assets at amortised cost – debt securities	3,209,948	3,164,215	–	3,164,215	–
<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 nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

### 10. Capital commitment

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

	<b>Unaudited At 31 Dec 2025 \$'000</b>	<b>Audited At 31 Mar 2025 \$'000</b>
Land and buildings	<b>534,383</b>	939,176
Other fixed assets	<b>55,992</b>	30,168
	<b>590,375</b>	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 was completed in December 2025 and the remaining two office floors will be completed by 2028. As at 31 December 2025, a down payment of \$400,135,000 (as at 31 March 2025: \$468,606,000) was included in deposits and prepayments. Transaction costs of \$473,265,000 related to the additional floor possessed in December 2025 have been capitalised as fixed assets during the period.



# 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>		(341,240)	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	911,274	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
	911,274	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.

# 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 nine months ended 31 December 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 31 December 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 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 65 to 70.

## 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

27 January 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		2,013	3,192	730	1,011
Recoveries	2	2,961	–	–	–
		4,974	3,192	730	1,011
<b>Expense</b>					
Auditor's remuneration		61	73	14	17
<b>Surplus and total comprehensive income for the period</b>		<b>4,913</b>	<b>3,119</b>	<b>716</b>	<b>994</b>

The notes on pages 69 and 70 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		479	455
Fixed deposits with banks	3	103,556	100,107
Cash at bank	3	760	364
		<b>104,795</b>	100,926
<b>Current liabilities</b>			
Creditors and accrued charges		10,222	10,216
Relinquished trading rights payable to SEHK	4	1,350	1,200
		<b>11,572</b>	11,416
<b>Net current assets</b>		<b>93,223</b>	89,510
<b>Net assets</b>		<b>93,223</b>	89,510
Representing:			
<b>Compensation fund</b>		<b>93,223</b>	89,510

The notes on pages 69 and 70 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						
	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	(2,050)	–	–	–	–	–	(2,050)
Surplus and total comprehensive income for the period	–	–	–	–	3,119	–	3,119
Balance at 31 December 2024	48,000	353,787	630,000	6,502	45,596	(994,718)	89,167
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>(1,200)</b>	–	–	–	–	–	<b>(1,200)</b>
Surplus and total comprehensive income for the period	–	–	–	–	<b>4,913</b>	–	<b>4,913</b>
Balance at 31 December 2025	<b>46,200</b>	<b>353,787</b>	<b>630,000</b>	<b>6,502</b>	<b>51,452</b>	<b>(994,718)</b>	<b>93,223</b>

The notes on pages 69 and 70 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		4,913	3,119
Adjustment for:			
Interest income		(2,013)	(3,192)
		2,900	(73)
Increase in creditors and accrued charges		6	8
Increase/(decrease) in relinquished trading rights payable to SEHK		150	(550)
Net cash generated from/(used in) operating activities		3,056	(615)
<b>Cash flows from investing activities</b>			
Withdrawal of fixed deposits other than cash and cash equivalents		8,101	32,972
Interest received		1,989	3,315
Net cash generated from investing activities		10,090	36,287
<b>Cash flows from financing activity</b>			
Net trading rights deposits refunded to SEHK		(1,200)	(2,050)
Net cash used in financing activity		(1,200)	(2,050)
<b>Net increase in cash and cash equivalents</b>		11,946	33,622
Cash and cash equivalents at the beginning of the nine-month period		79,466	62,362
<b>Cash and cash equivalents at the end of the nine-month period</b>	3	91,412	95,984

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

	Unaudited	
	At 31 Dec 2025 \$'000	At 31 Dec 2024 \$'000
Fixed deposits with banks	90,652	95,697
Cash at bank	760	287
	91,412	95,984

The notes on pages 69 and 70 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. 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 nine months ended 31 December 2025.

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

For the nine months ended 31 December 2025, the Fund received HK\$2,961,000 under subrogation, which was recognised as recoveries (for the nine months ended 31 December 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 31 December 2025, the equity securities received under subrogation amounted to \$11 (as at 31 March 2025: \$13). The balances as at 31 December 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 nine months ended 31 December 2025 (Expressed in Hong Kong dollars)

### 3. Cash and cash equivalents

	Unaudited At 31 Dec 2025 \$'000	Audited At 31 Mar 2025 \$'000
Fixed deposits with banks	103,556	100,107
Cash at bank	760	364
Amounts shown in the condensed statement of financial position	104,316	100,471
Less: amounts with an original maturity beyond three months	(12,904)	(21,005)
Cash and cash equivalents in the condensed statement of cash flows	91,412	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 nine months ended 31 December 2025, deposits of \$250,000 in respect of 5 new trading rights were received from SEHK and deposits of \$1,300,000 in respect of 26 relinquished trading rights were refunded to SEHK. As at 31 December 2025, 27 trading rights totalling \$1,350,000 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 Nine months ended	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Balance at the beginning of the nine-month period	47,400	50,050
Add: new trading rights issued	250	–
Less: relinquished trading rights refunded	(1,300)	(2,600)
Adjustment for: net (increase)/decrease in relinquished trading rights payable to SEHK	(150)	550
Balance at the end of the nine-month period	46,200	48,000

### 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 nine months ended 31 December 2025 and 2024.

## Securities and Futures Commission

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Hong Kong

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