Enhancing institutional resilience and operational efficiency

To foster the stable development of Hong Kong's capital markets, we strive to strengthen our own institutional resilience and operating efficiency. In addition to robust budgeting and internal controls, we are committed to upholding sound corporate governance, enhancing processes as well as stepping up communication and engagement efforts.

Enhancing operations via technology

Ramping up regulatory efficiency with AI

Several generative artificial intelligence (GenAI) initiatives and enhancements were introduced during the quarter to strengthen our regulatory work. To enhance listed company monitoring and risk assessment, we deployed an internal platform leveraging GenAI to automate the extraction and analysis of data from corporate announcements. It enables efficient visualisation of relationships across entities and events, supporting timely identification of emerging risks and follow-up actions.

To detect potential financial scams more effectively, we also enhanced our AI-powered social media monitoring platform, SENSOR. The upgrade expanded monitoring coverage across social media channels, incorporated video content monitoring and introduced capabilities to track financial influencers and potentially fraudulent websites.

We continued to digitalise and automate the operational workflows of our enforcement work, including the promotion of using internal GenAI tools responsibly to support drafting, knowledge retrieval, transcription and evidence review preparation.

More broadly, we enhanced commission-wide daily work efficiency at scale by upgrading our internal GenAI tool with multiple leading large language models. The upgrade has increased reasoning, content generation and problem-solving capabilities of the tool.

To ensure that data and AI initiatives are aligned with the SFC's priorities and adopted responsibly across the organisation, we established the Data and AI Steering Committee to oversee the SFC's data and AI transformation strategy and governance. Also, an internal AI governance framework was implemented to support the safe, transparent and trusted use of AI.

Increasing enforcement and cybersecurity capabilities

To strengthen our enforcement operations, we upgraded our core technology infrastructure to improve case administration, operational reporting, data accessibility and workflow consistency across investigation teams.

Finance

($ million)	Quarter ended 30.6.2026	Quarter ended 31.3.2026	Quarter ended 30.6.2025	YoY change (%)
Income	**1,406**	971	966	45.5
Expenses including depreciation	**583**	580	559	4.3
Surplus	**823**	391	407	>100.0

We also collaborated with a law enforcement agency to conduct a cybersecurity drill and a security assessment, through which we strengthened system security and enhanced inter-organisational collaboration for more effective incident response during cybersecurity events.

Sound financial and resource management

We recorded a surplus of $823 million for the quarter ending June 2026. Our income was $1,406 million, up 44.7% from the previous quarter and 45.5% from the same quarter of 2025.

Income grew significantly due to the higher average daily turnover in the Hong Kong securities market, which increased 18.3% to $258 billion from $218 billion in the same quarter last year. Our investments recorded a net gain of $395 million for the quarter, up from $183 million a year ago, mainly contributed by returns of investments on equity pooled funds.

Chairman Dr Kelvin Wong (third from left) and Executive Director of Supervision of Markets Mr Rico Leung (second from left) with four prominent speakers at the SFC's "Two Sessions" sharing session

Our expenditure for the quarter was $583 million, up 4.3% from a year ago.

As of 30 June, our total available for use and liquid reserves stood at $5.7 billion, of which $0.6 billion was allocated to the acquisition of the two additional office floors and future principal bank loan repayments.

As of June, we had 973 staff members, up from 953 a year ago.

Promoting continuous staff learning

We organised a "Two Sessions" sharing session for our staff in April to enhance their understanding of the latest national development policies. In a panel discussion moderated by our Chairman Dr Kelvin Wong, four prominent speakers[1], who serve as members of the Legislative Council (LegCo) and also Hong Kong representatives to national bodies, shared their insights on the Two Sessions[2] concluded in March 2026 and the National 15th Five-Year Plan. They also discussed the implications for Hong Kong's capital markets as well as how the SFC's work can support the national development agenda. About 250 SFC staff members attended the session.

1 Speakers included Dr Hon Starry Lee, member of the Standing Committee of the National People's Congress (NPC) and LegCo President; Hon Ronick Chan, NPC deputy; Hon Rock Chen, NPC deputy; and Dr Hon Johnny Ng, Chinese People's Political Consultative Conference (CPPCC) member.

2 The "Two Sessions" refer to the fourth annual session of the 14th NPC and the fourth session of the 14th CPPCC National Committee.

Upholding effective institutional governance

Appointment of directors

Ms Elisa Ng Ka-li was appointed Executive Director (ED) of Investment Products for three years, effective 8 June, and Ms Lisa Chen Ping was reappointed ED of Legal Services for three years, effective 22 May.

Mr Bernard Man, SC, was appointed Non-Executive Director (NED) for two years and Mr Vincent Chan Chun-hung was reappointed NED for two years, both effective 1 August. Mr Victor Dawes, SC, stepped down as NED on 31 July after serving for six years[3].

Appointment of regulatory committee members

Comprising a large number of members outside the SFC, our regulatory committees play a crucial role in institutional governance by bringing a wealth of diverse perspectives and professional experience. New appointments and reappointments to the following regulatory committees took effect from 1 April[4]:

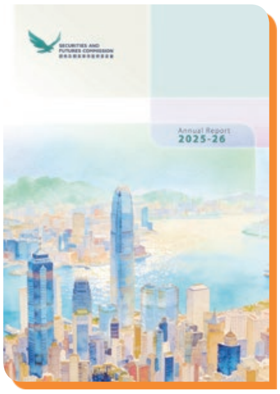
- Academic and Accreditation Advisory Committee
- Disciplinary Chair Committee
- Investor Compensation Fund Committee
- Nominations Committee
- Products Advisory Committee
- Public Shareholders Group
- Securities Compensation Fund Committee
- SFC (HKEC Listing) Committee
- Share Registrars' Disciplinary Committee
- Takeovers and Mergers Panel
- Takeovers Appeal Committee

20+ senior executive speaking engagements

Communicating with stakeholders via multiple channels

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

We released the SFC's *Annual Report 2025-26* in June, to highlight remarkable progress across multiple asset classes over the past year (ending March 2026)—investment funds, digital assets and equities delivered broad-based quality growth to reinforce Hong Kong's status as a leading international financial centre. The report also elaborates the SFC's initiatives to boost investor confidence and support inclusive, sustainable prosperity through a balanced regulatory approach.



The SFC's *Annual Report 2025-26*

Launching the SFC's official account on Rednote

During the quarter, we issued 15 circulars to guide the industry on a wide range of topics, including updates on tokenised investment products, controls for account opening, as well as Anti-Money Laundering/Counter-Financing of Terrorism. We also published the quarterly *Takeovers Bulletin* in June.

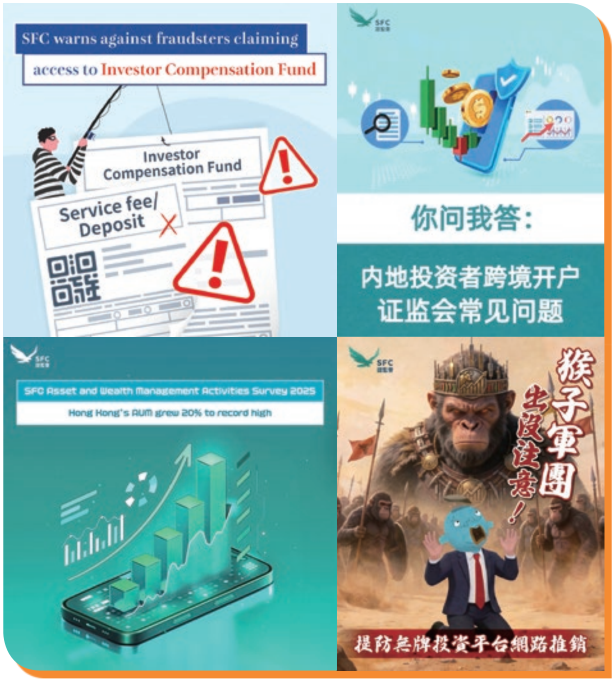
3 Post-reporting period.
4 See the SFC's press release of 31 March 2026.

To extend the reach of our regulatory messages to a broader spectrum of Hong Kong investors, we launched the SFC's official account on Rednote (also known as Xiaohongshu) in April. The account received overwhelming responses, attracting over 20,000 followers by end-June.

A total of 135 posts were published on the SFC's social media platforms to promote public awareness of various matters, such as investor alerts, executive speeches and updates on policy initiatives.

48 press releases

135 social media posts



Social media posts promote awareness on a range of topics

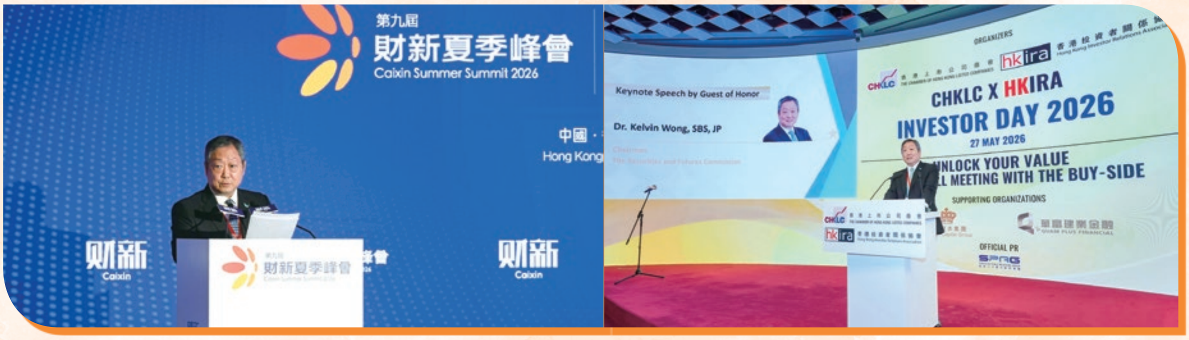
Seizing opportunities to articulate regulatory messages to the industry and the public

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 20 local, Mainland and international conferences on wide-ranging topics including corporate governance, mutual market access and digital assets. Additionally, we served as a supporting organisation for five industry events.

Dr Wong at the HKICPA x IFAC PAIB Conference, hosted by the Hong Kong Institute of Certified Public Accountants and the International Federation of Accountants

Chairman Dr Kelvin Wong spoke at HKIFA 19th Annual Conference

At the Hong Kong Investment Funds Association's (HKIFA) 19th Annual Conference, Chairman Dr Kelvin Wong emphasised active stewardship is a core duty for Hong Kong's asset managers and urged a shift of focus from quantity to quality. He called for more active engagement by asset managers to ensure corporate discipline and lasting impact.



Chairman Dr Wong spoke at Caixin Summer Summit 2026 (left) and Investor Day 2026 co-organised by CHKLC and HKIRA

In a keynote speech at the Caixin Summer Summit 2026, Dr Wong highlighted the importance to safeguard market trust and ensure risk management for Hong Kong's financial markets, while continuously driving innovation. At the APEC Workshop on "Promoting Integrity for Economic Prosperity", Dr Wong emphasised that markets with high integrity will create a powerful, self-sustaining virtuous circle, where trust underpins stability, liquidity and economic prosperity.

At the Investor Day 2026 co-organised by the Chamber of Hong Kong Listed Companies (CHKLC) and the Hong Kong Investor Relations Association (HKIRA), Dr Wong highlighted Hong Kong's priority to strengthen its function as a bridge between enterprises and capital amidst rising capital market uncertainties globally. At the Go Global Summit 2026, he elaborated how Chinese technology enterprises can leverage Hong Kong as a high-quality strategic hub to expand globally.

Speaking at the HKICPA × IFAC PAIB Conference, Dr Wong highlighted the importance of aligning Hong Kong's talent pipeline for Professional Accountants in Business (PAIBs) with rapidly changing market demand. In addition, he stressed the importance to uphold governance, integrity and audit excellence in Hong Kong's capital markets at Deloitte's Hong Kong CFO Forum.

Beyond the financial sector, Dr Wong addressed wide-ranging stakeholders across different sectors in the quarter. In particular, he gave keynote speeches at three university conferences^ on the SFC's strategic approaches to supporting digital innovation and Mainland enterprises' global expansion, as well as the challenges of stakeholder governance.

Speaking at the 2026 Lujiazui Forum in Shanghai in June, our CEO Ms Julia Leung highlighted the increasing significance of Hong Kong as the world's premier offshore RMB hub amid heightened geopolitical uncertainty. She anticipated the global demand for RMB assets, particularly China treasury bonds, will continue to grow as investors diversify exposure. She also called for closer cooperation between Shanghai and Hong Kong to strongly support the Nation's high-quality financial opening-up.

CEO Ms Julia Leung spoke at the 2026 Lujiazui Forum in Shanghai

^ Hong Kong Digital Finance Summit 2026 co-hosted by the Hong Kong University of Science and Technology, Tsinghua University, and Caijing Magazine; the HKU Corporate's Going Global Forum; and the Strategic Management Society Special Conference co-hosted with the Hong Kong Polytechnic University.

Executive Director of Intermediaries Dr Eric Yip (left) and Senior Director of Investment Products Ms Alexandra Yeong spoke at a panel discussion at HKIFA's 19th Annual Conference

In a panel discussion at the HKIFA's 19th Annual Conference, Executive Director of Intermediaries Dr Eric Yip shared his views on emerging market trends and investor demand which are reshaping the fund management industry. In the same panel, Senior Director of Investment Products Ms Alexandra Yeong noted that responsible innovation—expanding investor choice across traditional and digital assets—would define the next phase of asset management.

At the Law.com and Lexology Leadership in Law Hong Kong 2026 Conference, Executive Director of Legal Services Ms Lisa Chen reaffirmed the vital role of legal and governance leaders in sustaining the resilience that will protect Hong Kong's institutions in a keynote on emerging risk and the leadership habits that help reduce surprise.

Executive Director of Legal Services Ms Lisa Chen addressed at Law.com and Lexology Leadership in Law Hong Kong 2026 Conference

Publications and other communications

	Quarter ended 30.6.2026
Press releases	48
Policy statements and announcements	0
Consultation papers	0
Consultation conclusions	3
Industry-related publications	1
Codes and guidelines[a]	1
Circulars to industry	15
Social media posts[b]	135
Corporate website average daily page views[c]	66,667
General enquiries	1,245

a Includes updates to previous versions.
b Includes posts on the SFC's Facebook, LinkedIn, Rednote and WeChat pages, and the dedicated anti-scam Instagram page.
c The average number of webpages browsed per day during the reporting period.