

Capital Market Integrity as Cornerstone of Hong Kong as International Financial Centre

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Distinguished guests, ladies and gentlemen, good morning. It is my great privilege to address you at this inaugural Hong Kong Bar Association-World Justice Project Conference. Today, we are united by a solemn mission – to champion the rule of law and justice – pillars upon which the global reputation and vitality of Hong Kong’s capital markets rest. The Securities and Futures Commission (SFC) stands unwaveringly as a guardian of this mission, ensuring our markets function transparently, fairly, and with unassailable integrity.

As Chairman of the SFC, I speak not only as a financial regulator but also as a steadfast advocate for the rule of law, which is the indispensable foundation of market integrity and Hong Kong’s enduring global competitiveness. Effective financial regulation is more than oversight; it is an essential pillar of our rule of law ecosystem. The SFC embraces its weighty responsibility to uphold justice within our financial markets, to strengthen investor trust and market resilience.

Today, I will focus on three critical points: first, the paramount importance of the rule of law and market integrity to Hong Kong’s stature as a premier international financial centre (IFC); second, the robust enforcement strategies the SFC undertakes, particularly our cross-agency collaboration to uphold market integrity; and third, the vital necessity of misconduct prevention through superior governance and investor education.

Rule of Law: Bedrock of Hong Kong’s International Financial Centre Status

As we all know, the rule of law is not merely one factor among many – it is the non-negotiable foundation enabling Hong Kong’s success as a global financial hub. Complemented by an open economy, a business-friendly environment, and globally aligned regulatory frameworks, Hong Kong’s rule of law remains its ace card.

The 2024 World Justice Project Rule of Law Index recognises Hong Kong’s excellence, especially in “Absence of Corruption”, where we rank in the world’s top 10 with continuous year-on-year improvement. This is a testament to Hong Kong’s steadfast commitment to anti-corruption and to the integrity that underpins our vibrant economy.

Note: This is the text of the speech as drafted, which may differ from the delivered version.

Yet, this progress demands vigilance, not complacency. The World Justice Project's findings serve both as a validation and a call to action – urging us to build further on our strengths and relentlessly push the boundaries of integrity in our financial markets.

Government reports and surveys reaffirm this connection. The HKSAR Government's latest business environment report¹ shows unswerving confidence in Hong Kong's rule of law, drawing global capital and businesses to our shores, as manifested in sustained capital inflows and flourishing stock market performance.

The SFC's *Asset and Wealth Management Activities Survey 2024* also serves as a testament to Hong Kong's strong progress as a global hub of asset and wealth management. Its assets under management grew 13% to \$35 trillion last year, with net fund inflows surging 81% to \$705 billion. Underlying this strength is a well-diversified global investor base, which demonstrates the international trust in Hong Kong's market stability.

Moreover, Hong Kong has reclaimed the world's top position in initial public offerings, with a staggering six-fold increase in funds raised in the first seven months of this year. Daily turnover in securities markets also soared by 85%. These extraordinary achievements are the fruit of years of our collective efforts to embed integrity and resilience firmly into the very fabric of our markets – fuelling Hong Kong's global competitiveness and strengthening its pivotal role in supporting national development.

Enforcement as Vanguard of Market Integrity through Collaboration

Turning to enforcement, the SFC is the frontline defender of market discipline under the Securities and Futures Ordinance (SFO). Our mandate is clear – to deliver impactful enforcement actions that not only punish wrongdoings but also deter criminality and restore investor confidence.

Our strategy is multi-pronged and uncompromising. We dismantle criminal syndicates, freeze illicit assets, pursue rigorous legal actions against corporate wrongdoers, and scrutinise intermediaries' internal controls. This is not merely enforcement – it is an unyielding fight to uphold the sanctity of our markets.

Crucially, our enforcement victories are forged through close collaboration. The SFC's partnerships with the Hong Kong Police Force (the Police) and the Independent Commission Against Corruption (ICAC) have led to the dismantling of major ramp-and-dump syndicates and the disruption of money laundering and fraud conspiracies. In July 2024, the Court of First Instance imposed the most severe jail sentences to date for market manipulation under the SFO – a landmark testament to our enforcement resolve.

Such collaboration is indispensable. The complexity and sophistication of financial crimes – and their frequent entwinement with corruption – demand integrated expertise and concerted actions among regulators and agencies.

Our collaboration with the Police spans case referral, joint investigations, intelligence sharing, and mutual investigative assistance. Addressing risks in emerging sectors, our joint working group tackles suspicious digital asset platforms.

¹ [*Report on Hong Kong's Business Environment: Unique Strengths under 'One Country, Two Systems'*](#) published in July 2025.

Furthermore, our collaboration with the ICAC is critical because misconduct constituting violations of the SFO such as insider dealing frequently involves corrupt practices such as bribery, collusion and money laundering. Often more complex in nature and harder to predict, these misconduct cases not only amplify the harm to investors, but also underscore the importance of inter-agency collaboration in detection, enforcement, and deterrence.

Reflecting this necessity, the SFC and the ICAC signed a Memorandum of Understanding in 2019 to leverage our complementary powers and expertise. Our enforcement cooperation has achieved remarkable successes in combatting intricate syndicates that threaten market fairness and public trust.

Beyond Hong Kong's borders, the SFC's regulatory collaboration with the China Securities Regulatory Commission (CSRC) and at the International Organization of Securities Commissions (IOSCO) helps us to counter misconduct spanning jurisdictions. Our strategic alliance with the CSRC enables joint action against misconduct across the boundary, which is especially important to Hong Kong's market integrity as Mainland firms now comprise 80% of the market capitalisation of Hong Kong's listed companies.

Globally, the IOSCO's multilateral cooperation framework facilitates gathering critical overseas evidence, which is essential in prosecuting cross-border market manipulation and corporate fraud.

Prevention: Cornerstone of Sustainable Market Integrity

While enforcement is vital, it is reactive by nature. As the maxim goes, "prevention is better than cure". We must invest equally in proactive measures that prevent misconduct and foster a culture of integrity.

Robust preventive measures can be effective in mitigating vulnerabilities and pre-empting misconduct. These measures include the establishment of strong corporate governance frameworks for our listed companies, and promoting financial education among our investors.

Championing high standards of corporate governance is pivotal in bolstering the quality of Hong Kong's listed companies. This effectively mitigates the risk of corporate misconduct through robust oversight and internal controls, and holding boards of directors accountable for the performance of their firms.

On this front, the SFC worked closely with the Stock Exchange of Hong Kong Limited (SEHK) on enhancements to the Corporate Governance (CG) Code, which came into effect just in July, aiming to improve listed companies' board governance, accountability, diversity as well as risk management.

To provide greater support to boards in applying the Code effectively, the SFC collaborated with SEHK to update the "Corporate Governance Guide for Boards and Directors". The guide offers practical suggestions and examples to directors on how they can better fulfil their responsibilities, including integrity management insights from the ICAC – further embedding ethical stewardship for listed companies and their directors.

Looking ahead, the ICAC's forthcoming Integrity Compliance Management System (ICMS), scheduled for release in 2026, promises a comprehensive framework to strengthen anti-corruption practice within listed companies. The upcoming ICMS will provide a structured framework to strengthen the corporate culture of integrity, governance practices and

management of corruption risks for listed companies, therefore further boosting public trust and Hong Kong's corporate governance standards in the long run.

Equally critical is investor education, which shapes market conduct and builds resilience against fraud. The SFC, along with its subsidiary the Investor and Financial Education Council (IFEC), provides quality investor education in Hong Kong to allow public investors to understand financial products' features and risks before making informed investment decisions. We also strive to raise the public's anti-scam awareness for them to form the first line of defence against investment fraud and scams.

The SFC adopts a holistic investor education strategy that combines proactive market outreach such as education talks, seminars, trainings, as well as both online and offline publicity campaigns. The IFEC delivers free and impartial investor and financial education resources through its online platform and also develops mass media education campaigns.

More specifically, on the anti-corruption front, the SFC collaborates with the ICAC in educating the business sector. We have actively supported the ICAC's Ethics Promotion Programme for Listed Companies to train company directors, senior executives and other professionals on ethical challenges and anti-corruption practices, in an effort to foster a culture of integrity among listed companies and equip them with the tools to manage corruption risks.

Conclusion: Unified Commitment to Upholding Market Integrity

In conclusion, Hong Kong's standing as a pre-eminent international financial centre rests squarely on our uncompromising fidelity to the rule of law and zero tolerance of corruption. The SFC is resolutely committed to employing every regulatory tool to protect market integrity, ensuring that those adhering to the highest standards thrive, while wrongdoers face justice swiftly and unequivocally.

But this mission is broader than regulators alone. It calls for the unwavering dedication of all participants—legal professionals, law enforcement agents, listed companies, intermediaries and investors alike—to uphold trust, which is the true currency of both law and capital markets.

As the saying goes, "trust takes years to build, seconds to break, and forever to repair." Let us stand united to cement the hard-earned global trust in our rule of law, and further elevate Hong Kong's standing as an international beacon of capital market integrity.

Thank you.