

# Regulatory engagement

We participate in international policymaking through our involvement in global standard-setting bodies and collaborate closely with local and Mainland authorities on regulatory and market development initiatives.

## International

### IOSCO

We play an active role in the International Organization of Securities Commissions (IOSCO), which develops, implements and promotes adherence to internationally-recognised standards for securities regulation. We work closely with the IOSCO Secretariat to develop policy initiatives, facilitate collaboration between IOSCO and the Financial Stability Board (FSB) and promote interaction between members from emerging and developed economies.

Our Chief Executive Officer Mr Ashley Alder has served as Chairman of the IOSCO Board since May 2016. During his tenure, he has advanced IOSCO's priorities related to sustainable finance, structural vulnerabilities in asset management, market fragmentation and financial technologies (Fintech).

Mr Alder also co-chaired the CPMI<sup>1</sup>-IOSCO Steering Group, which coordinated regulatory policy work including the oversight and supervision of central counterparties and monitoring of the implementation of the Principles for Financial Market Infrastructures.

Our Chairman Mr Tim Lui participated in the IOSCO Asia-Pacific Regional Committee (APRC) meeting in October 2019, which discussed supervisory cooperation, sustainable finance and market conduct issues.

Also in October, Mr Alder participated in the European Union (EU)-Asia Pacific Forum where discussions continued between the European Commission, European Securities and Markets Authority and members of the IOSCO APRC on cross-border regulatory issues arising out of EU regulations. Topics included sustainable finance, crypto-assets, market fragmentation risks and EU regulations and proposals which may have an impact on the Asia Pacific region.



Chief Executive Officer Mr Ashley Alder at the May 2019 IOSCO annual conference

*Photo: IOSCO General Secretariat*

We participate in all eight IOSCO policy committees as well as the Committee on Emerging Risks, Assessment Committee, Sustainable Finance Network, Fintech Network and key task forces and working groups. We also lead the APRC working group on sustainable finance, a regional platform to support information sharing and capacity building with a focus on climate-related risk.

- We participated in the Committee on Regulation of Market Intermediaries' working group which examined conflicts of interest and conduct risks in the debt capital raising process for corporate bonds. A consultation report was published in December 2019.
- We chair the Committee on Investment Management exchange-traded fund (ETF) working group and participate in the index provider working group. We also contributed to IOSCO's *Final Report on Recommendations for a Framework Assessing Leverage in Investment Funds*.

### FSB

As Chairman of the IOSCO Board, Mr Alder participated in the FSB's Plenary and its Steering Committee meetings. The January 2020 meeting focused on monitoring the progress of the G20 reforms, financial vulnerabilities in the global financial system and non-bank financial intermediation.

1 Committee on Payments and Market Infrastructures.

## Regulatory engagement

We are a member of the FSB Standing Committee on Standards Implementation and contributed to its Implementation Monitoring Network, which considers the effects of the G20 reforms and conducts thematic monitoring and peer reviews. We worked with the Hong Kong Monetary Authority, the Insurance Authority and the Financial Services and the Treasury Bureau on the FSB's annual exercise to monitor the implementation of the G20 reforms.

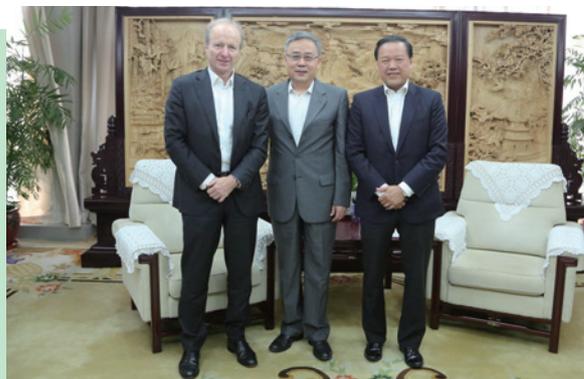
We are a member of the FSB Regional Consultative Group for Asia, to which we contribute views on regulatory policy, and the Cross-Border Crisis Management Group for Financial Market Infrastructures, which monitors and promotes the implementation of resolution regimes for central counterparties. We also participate in FSB workstreams and exercises such as the survey on non-bank financial intermediation.

### Mainland China

To advance Hong Kong's unique position as the international financial centre connecting Mainland and international capital flows, we take an active part in Mainland-Hong Kong cooperation initiatives and hold regular discussions with the China Securities Regulatory Commission (CSRC) to enhance our supervisory and regulatory cooperation. The fifth biannual SFC-CSRC high-level meeting was held in May 2019 in Hong Kong and the sixth was held in November 2019 in Shenzhen.



Meeting with PBoC and SAFE officials



From left: Mr Ashley Alder, Chief Executive Officer, Mr Guo Shuqing, CBIRC Chairman, and Mr Tim Lui, Chairman

In July 2019, Mr Lui and Mr Alder met Mr Guo Shuqing, Chairman of the China Banking and Insurance Regulatory Commission (CBIRC), in Beijing to discuss collaboration between the SFC and the CBIRC, particularly in the supervision of Hong Kong subsidiaries of Mainland banks and insurance companies.

We met with the People's Bank of China (PBoC) and State Administration of Foreign Exchange (SAFE) and received visitors from the National Development and Reform Commission to exchange views on market development and cooperation initiatives. We also engaged with Mainland exchanges and clearing houses to discuss their operations in Hong Kong and the further opening-up of the Mainland capital market.

We organise training programmes and seminars for executives from Mainland authorities and businesses to better understand the Hong Kong securities market and our regulatory framework. We shared Hong Kong's experience in regulating leveraged foreign exchange trading at a SAFE-World Bank Roundtable in April 2019 and spoke at a Securities Association of China seminar in October 2019.

In July 2019, we entered into a tripartite Memorandum of Understanding with the Ministry of Finance of the People's Republic of China and the CSRC on access to audit working papers for Hong Kong-listed Mainland companies.

We support the HKSAR Government in strengthening cooperative relationships with Mainland authorities to develop Hong Kong's financial services sector and access to Mainland markets. We participated in the formulation and negotiation of amendments to the Agreement on Trade in Services of the Mainland and Hong Kong Closer Economic Partnership Arrangement, signed in November 2019, which provide new business opportunities for Hong Kong's financial industry. We also work closely with Mainland authorities to implement initiatives set out in the Greater Bay Area development plan.

### Other engagement

During the year, we maintained regular dialogue with other regulators to share information about global financial institutions. We attended supervisory meetings hosted by the Swiss Financial Market Supervisory Authority in Hong Kong and Zurich, where

Swiss-headquartered global banks provided updates on their internal controls and monitoring programmes, as well as supervisory colleges for US-headquartered investment banks hosted in New York and London by the US Federal Reserve.

We also attended supervisory meetings jointly hosted by the Australian Prudential Regulation Authority and Australian Securities and Investments Commission in June 2019, as well as a meeting organised by Japan's Financial Services Agency in February 2020, to share regulatory experience and enhance the cross-border monitoring of financial institutions.

In November 2019, we held the eleventh Bilateral Regulatory Meeting with the Taiwan Financial Supervisory Commission where we exchanged views on the regulation of virtual assets, bond ETFs and real estate investment trusts.

### Requests for regulatory cooperation

	2019/20		2018/19		2017/18	
	Received	Made	Received	Made	Received	Made
Enforcement-related requests for assistance	103	95	113	99	136	104
Licensing-related requests for assistance	143	18	121	597	112	1,178