

Stakeholders

To promote a wider understanding of our work and provide up-to-date regulatory information, we conduct timely, concerted outreach with a wide range of stakeholders.

Industry

We maintain an open and productive dialogue with industry associations, professional bodies and other market participants. We organise regular meetings and briefings and from time to time contribute articles to industry association newsletters to keep market participants informed about regulatory developments.

The SFC Compliance Forum 2019¹, held in June, was attended by more than 700 industry participants. We also hosted three half-day seminars during the year for over 800 management and compliance personnel from licensed corporations to present the findings of the Financial Action Task Force’s *Mutual Evaluation Report of Hong Kong*, provide an update on regulatory developments and share inspection findings and other supervisory observations related to anti-money laundering and counter-terrorist financing.

To introduce the new guidelines for securities margin financing activities, we briefed over 100 industry participants and posted an e-learning video on our website. About 1,000 industry participants attended our seminars on the implementation of new requirements for the sale of complex products.



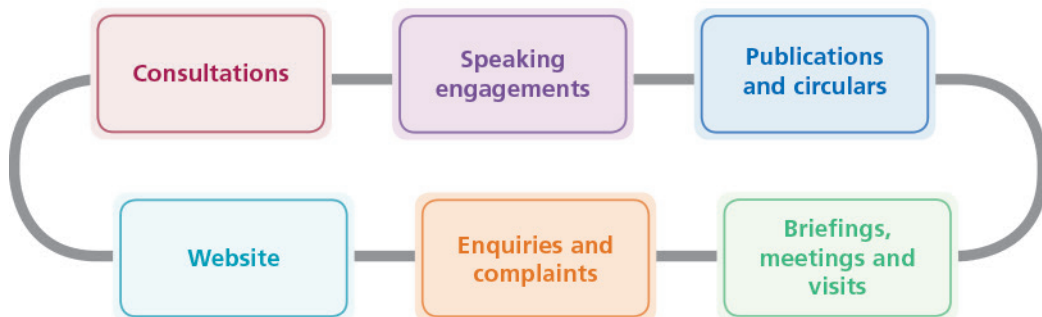
Chairman Mr Tim Lui at the Financial Services Development Council’s Career Day 2019

We gave presentations focusing on private equity firms and family offices for two industry associations, Mainland fund managers and the Asian Financial Forum 2020.

During the year, our senior executives took part in 103 speaking engagements on a wide range of topics within our remit, including listing regulation, asset management and financial technology (Fintech). We supported 11 seminars or events organised by industry bodies.

In November, the SFC supported the Hong Kong FinTech Week 2019 Main Conference as a regulatory partner. Our senior executives discussed the regulation of virtual asset trading platforms at the event.

Stakeholder communication channels



¹ See Intermediaries on pages 46-52.



Chief Executive Officer Mr Ashley Alder at Hong Kong FinTech Week 2019

When proposing rules under the Securities and Futures Ordinance, we consistently exceed statutory requirements for public consultation. We consult the public on proposed non-statutory codes and guidelines, as well as amendments to them. We issue consultation papers to detail our proposals and hold both formal and informal discussions to hear stakeholders' views as part of our consultation process.

After completing our analysis, we issue a consultation conclusions paper summarising the main comments received and setting out our conclusions. A total of four consultation papers and four consultation conclusions were published in the year.

Publications and other communications

	2019/20	2018/19	2017/18
Press releases	123	128	138
Policy statements and announcements	8	3	3
Consultation papers	4	5	11
Consultation conclusions	4	11	8
Industry-related publications	15	15	15
Codes and guidelines ^a	5	14	10
Circulars to industry	73	90	83
Corporate website average daily page views ^b	42,816	64,947	67,664
General enquiries	6,037	6,709	7,494

a Includes updates to previous versions.

b The average number of webpages browsed per day during the reporting period.

Our publications aim to update the industry on our regulatory work, topical issues and other developments. This year, we issued 15 thematic publications, including newsletters, market reviews and surveys. We also published a pamphlet to introduce open-ended funds, a new corporate investment fund vehicle in Hong Kong.

To help the industry better understand our regulatory requirements, we issue circulars and frequently-asked questions which we post on the SFC website. During the year, we published 73 circulars on various topics, including protection of client assets, client facilitation, third-party deposits and payments, complex financing arrangements, mutual recognition of funds and updates on anti-money laundering and counter-terrorist financing.

We respond verbally or in writing to enquiries from the industry on topics related to our rules and regulations, ranging from licensing, listings and takeovers matters, and product authorisation to short position reporting.

To help us handle enquiries on specific topics more efficiently, designated e-mailboxes are provided. The SFC Fintech Contact Point promotes communication with businesses involved in the development and application of financial technology in the conduct of regulated activities in Hong Kong.

Stakeholders

Government

By attending Legislative Council (LegCo) meetings, including meetings of the Panel on Financial Affairs and relevant Bills Committees, we provide legislators with details of our policy initiatives, explain the rationale behind our work and answer questions. We also respond to enquiries and complaints referred to us or raised by LegCo members and other government agencies.

In addition, we maintain close liaison with the Financial Services and the Treasury Bureau and provide updates on our regulatory initiatives through regular meetings and reports. We provide assistance and information to other government bureaux and departments on various issues.



Ms Julia Leung, Deputy Chief Executive Officer and Executive Director of Intermediaries, at Asian Financial Forum 2020

Regulatory counterparts

We are active in international regulatory cooperation. We participate in both the International Organization of Securities Commissions and the Financial Stability Board².

We maintain close contact with local, Mainland and overseas regulatory counterparts. During the year, we signed four memoranda of understanding (MoU) with other authorities and exchanges and held 83 MoU meetings. We also received visitors and delegates from Mainland and overseas authorities.

² See Regulatory engagement on pages 73-75.

³ One case may comprise multiple complaints.

⁴ Hong Kong Exchanges and Clearing Limited.

In May 2019, we hosted a high-level regulatory meeting in Hong Kong for senior officials from the Mainland, Hong Kong and the European Union to discuss the harmonisation of green finance efforts and standards.

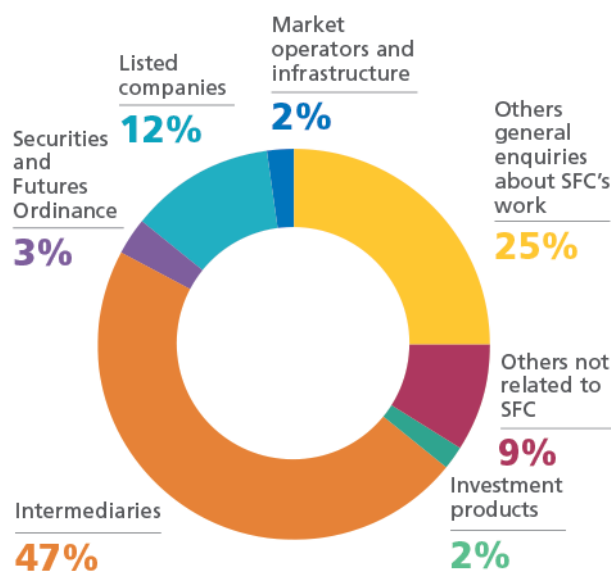
The public

We address public concerns and enquiries regarding the securities and futures markets. This year, we received a total of 6,037 general enquiries by phone or in writing.

We handled 4,491 complaints during the year. Complaints against intermediaries and market activities are first reviewed by our Complaints Control Committee, which comprises senior executives from across the organisation, and are allocated to responsible divisions for assessment where appropriate.

A total of 1,419 cases³ were allocated for further review and 509 were referred to HKEX⁴, other financial regulators or law enforcement agencies.

General enquiries



To increase public understanding of Hong Kong's financial regulatory framework and our role in it, we received visitors from local and overseas institutions and our senior executives gave media interviews. We issued 123 press releases to inform the public of the latest regulatory actions and other SFC news. We also published eight policy statements and announcements explaining our regulatory approach to specific issues, such as backdoor listings and virtual asset trading platforms, and providing guidance in areas of concern.

We released our *Annual Report 2018-19* and quarterly reports to help stakeholders understand our work. Our reporting efforts were recognised with a Gold Award and a Sustainability Reporting Award in the Hong Kong Management Association's Best Annual Reports Awards 2019. The report also won a Special Mention Award, public sector category, in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance Awards 2019.



Our executives at a regulatory seminar hosted by The Hong Kong Institute of Chartered Secretaries

The public can easily obtain up-to-date information about our work and regulations on our corporate website, which was updated and enhanced during the year to make it easier for users to find information.

Complaints against intermediaries and market activities

	2019/20	2018/19	2017/18
Conduct of licensees	583	453	357
Conduct of registered institutions	27	16	22
Listing-related matters and disclosure of interests	2,065	3,485	779
Market misconduct ^a	478	364	322
Product disclosure	14	8	12
Unlicensed activities	176	164	141
Breach of offers of investments	98	30	48
Boiler rooms and suspicious websites	486	378	319
Scams and frauds ^b	276	285	186
Other financial activities not regulated by SFC ^c	288	851	503
Total	4,491	6,034	2,689

a Primarily, alleged market manipulation and insider dealing.

b Such as identity fraud and impersonation.

c For example, bullion trading, banking complaints.

Message from Chairman and CEO

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