

Highlights



Regulatory enhancements

Competency framework: We consulted the public on proposals to update our competency framework for intermediaries and individual practitioners.

Investor identification: We launched a consultation on proposals to introduce an investor identification regime for the Hong Kong securities market.

Real estate investment trusts (REITs): We concluded a consultation on proposed amendments to the REIT Code to provide Hong Kong REITs with more flexibility in making investments.

Open-ended fund companies (OFCs): We released conclusions to our consultation on anti-money laundering and counter-financing of terrorism measures for OFCs.

Pooled retirement funds (PRFs): We launched a consultation on proposed changes to enhance requirements for the operation of PRFs.

Green and sustainable finance

Climate-related risks in funds: We began a consultation on proposed requirements for fund managers to consider climate-related risks in their investment and risk management processes and make appropriate disclosures.

Steering Group: With other members of the Green and Sustainable Finance Cross-Agency Steering Group, we released a green and sustainable finance strategy alongside five action points for Hong Kong.

International engagement: We and the Hong Kong Monetary Authority became members of the European Commission's International Platform on Sustainable Finance to represent Hong Kong and encourage private capital to make environmentally sustainable investments.

Listing regulation

Listing applications: We vetted 34 new listing applications, including two from companies with weighted voting rights structures and four from pre-profit biotech companies.

Corporate conduct: As part of our review of corporate disclosures, we issued section 179 directions to gather additional information in 10 cases and wrote to detail our concerns in two transactions.

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Intermediaries

Licensing: As at 31 December 2020, the number of licensees and registrants totalled 47,217, of which 3,122 were licensed corporations.

Supervision: We conducted 74 on-site inspections¹ of licensed corporations to review their compliance with regulatory requirements.

Licensing services: We previewed new electronic licensing functions on WINGS, our online platform for electronic forms and online submission services.

Virtual asset trading platforms: We granted the first licence to a virtual asset trading platform in Hong Kong, which will only serve professional investors.

Anti-money laundering: In a circular and webinars, we shared the findings of our inspections of anti-money laundering and counter-financing of terrorism controls and compliance practices, including the roles and responsibilities of senior management in managing risks and ensuring compliance.

Compliance Forum: At the SFC Compliance Forum 2020, we discussed the latest regulatory developments with financial industry participants.

Products

Product authorisations: We authorised 51 unit trusts and mutual funds (including 23 Hong Kong-domiciled funds) and 18 unlisted structured investment products for public offering in Hong Kong.

Mutual recognition of funds (MRF): We entered into an MRF arrangement with the Securities and Exchange Commission of Thailand in January 2021 which allows eligible Hong Kong and Thai public funds to be distributed in the other market through a streamlined process.

Enforcement

Disciplinary actions: We disciplined three licensed corporations and three individuals during the quarter resulting in total fines of approximately \$2.72 billion.

Market surveillance: We made 2,157 requests for trading and account records triggered by untoward price and turnover movements.

Regulatory cooperation

International: Our Chief Executive Officer Mr Ashley Alder chaired the meeting of the Board of the International Organization of Securities Commissions which was held virtually in conjunction with the organisation's Annual Meeting in November.

Mainland China: We held the eighth high-level meeting with the China Securities Regulatory Commission to discuss cross-boundary regulatory cooperation and key market development initiatives.

¹ Including inspections conducted remotely in light of the COVID-19 pandemic.