

Message from Chairman and CEO



Tim Lui
Chairman

“Hong Kong will remain an essential gateway for global firms and investors to access the Mainland.”

In everything we do, we are ever mindful of the need to uphold our reputation for integrity, impartiality and accountability. No matter how complex our operating environment becomes, we remain acutely aware of the critical importance of public confidence in our work and strive to carry out our duties objectively, independently and transparently.

Steadfast in times of change

“Business as usual” regulation is at the heart of all of our efforts, day in and day out, in the face of varied and at times extraordinary challenges. Above all else, this means ensuring that we act in a consistent and principled manner, whilst keeping a laser focus on the areas of greatest risk where our work must have the greatest impact.

A top priority is to ensure that the market as a whole remains open and operates in an orderly fashion with integrity, particularly amidst disruptions and uncertainty. Staying vigilant and adaptive has allowed us to respond quickly to rapidly changing market conditions.

For example, we further stepped up our efforts to encourage firms to maintain robust business continuity plans to manage the disruptions brought by the prolonged COVID-19 pandemic. This has led to market volatility and presented major operational challenges associated with special work arrangements and other emergency measures

across the financial industry. We adopted a pragmatic approach whilst ensuring market integrity and investor interests were not compromised, deferring regulatory timetables to ease pressure on stretched resources across a range of regulated firms and allowing more flexibility in licensing matters. We also promptly clarified the requirements for listed companies’ general meetings and the filing of audited financial statements.

Building on the fundamentals

The proactive, risk-based approach we have pursued over the past few years helps us maintain our effectiveness when operating in an uncertain and always fast-changing environment. We are now oriented around a few key areas.

To maintain a quality listing market, we have doubled down on our “front-loaded” approach to tackle misconduct related to initial public offerings (IPOs) and post-IPO activities. We closely scrutinise problematic listing applications and use our power to take early action to impose listing conditions where necessary. When changes to the listing rules are contemplated, such as the recently introduced framework for special purpose acquisition companies, we work hard to ensure they are suitable for the unique characteristics of the Hong Kong market.

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Ashley Alder
Chief Executive Officer



In our policy work, we aim to construct frameworks which limit risk, establish certainty and enable markets to thrive. For example, the SFC was amongst the first regulators who set out a defined licensing path for virtual asset (or crypto) trading platforms.

At the same time, we are pursuing multiple initiatives to maintain Hong Kong’s distinctive status, develop its unique advantages and establish a sound foundation for the future. To ensure we address the most important threats as they emerge, we maintain a determined focus on managing risks in firms, including through stress tests and enhanced conduct and licensing requirements. Updates to our rules, such as requirements for fund managers to consider climate-related risks and new guidance for investment-linked assurance schemes, help us stay on top of emerging risks and protect investors’ interests.

Expanding Hong Kong’s role as a risk management centre is a top priority. We will build on the recent success of MSCI China A 50 Connect Index Futures to introduce other risk management products. These initiatives offer global investors the tools necessary to hedge exposures in the Mainland markets. We will also support offshore renminbi (RMB) initiatives such as the introduction of RMB-denominated securities in Hong Kong and RMB counters for Stock Connect southbound trading.

As markets become more complex and interconnected, our work is increasingly multidisciplinary and cross-jurisdictional. High-profile, collaborative operations with other law enforcement agencies and regional counterparts to tackle online ramp and dump schemes

and other misconduct help make our enforcement efforts more targeted and timely. Internally, we pull together as “One SFC” to leverage our resources and tackle issues holistically. We embrace the benefits of innovative technology for investors as well as for our own supervisory and investigation work.

Connecting China and the world

Hong Kong will remain an essential gateway for global firms and investors to access the Mainland as it continues to deepen financial reforms and build more connections with other markets. The further expansion of mutual market access schemes, including through Wealth Management Connect and the inclusion of exchange-traded funds in Stock Connect, and the rapid development of the Greater Bay Area will provide significant new opportunities for investors and the industry.

To enhance Hong Kong’s unique position vis-à-vis the Mainland, we foster an ever more collaborative relationship with our key counterpart, the China Securities Regulatory Commission, both in market development and enforcement efforts, ensuring market access structures are based on sound regulatory understandings which allow us to manage cross-boundary risks.

Through our involvement in key leadership roles in the International Organization of Securities Commissions (IOSCO) and the Financial Stability Board, we are active in international standard setting and promote Hong Kong’s position as an international financial centre.

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Acting on climate change

Hong Kong is extremely well-placed to take on a leading role in the global effort to transition the financial system to address the threat of climate change; we play an active part in sustainable finance initiatives both locally and internationally.

We co-lead Hong Kong's Green and Sustainable Finance Cross-Agency Steering Group, which has made it a priority to support the effort to embed emerging international standards for corporate disclosures to address climate-related risks and to pursue carbon market opportunities for Hong Kong.

Through our leadership of IOSCO, we also contribute to global initiatives to coordinate the efforts of securities regulators to support sustainable finance policies and address the problem of greenwashing. The sustainability disclosures proposed by the new International Sustainability Standards Board, and to be evaluated by IOSCO, are a major step forward and we are now examining how to incorporate them in Hong Kong.

Looking ahead

Our markets have demonstrated strong resilience throughout unprecedented challenges. We are confident Hong Kong's status as a leading global financial centre is secure.

In trying times, we are exceptionally grateful to our staff for their hard work to deliver important outcomes. They demonstrate perseverance and adaptability in the face of rapid change and remain committed to carrying out our mission up to exacting standards and beyond. The daily work we do to maintain the building blocks of our regulatory system and instil market trust and public confidence will remain a key ingredient of Hong Kong's success.

We are also thankful to our Board members for their continuous guidance and support.

Tim Lui
Chairman

Ashley Alder
Chief Executive Officer