

Stakeholders

To promote a wider understanding of our work and provide up-to-date regulatory information, we engage with a broad range of stakeholders in an accessible and proactive manner through multiple channels.

Industry

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

The fourth SFC Regulatory Forum held in November 2021 attracted more than 1,100 industry participants (see sidebar on pages 97-98). In the same month, we co-organised the Hong Kong FinTech Week 2021, where Ms Julia Leung, our Deputy CEO and Executive Director of Intermediaries, spoke on the SFC’s approach to the regulation of financial technology and the latest developments.

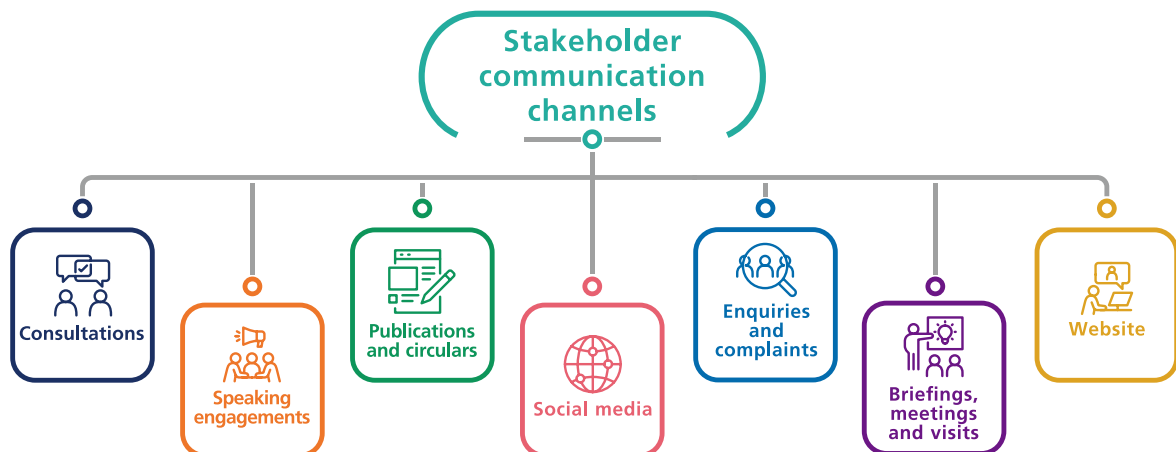
To introduce new climate-related risks management and disclosure requirements under the Fund Manager Code of Conduct, we organised two Facebook Live training sessions in October 2021 which were attended by around 1,000 participants. Together with the Joint Financial Intelligence Unit, we hosted a joint webinar in December on anti-money laundering and counter-terrorist financing for 1,600 management and compliance personnel from licensed corporations.



Mr Tim Lui, Chairman, at a CPA Australia event

During the year, our senior executives spoke at 98 local and international events on a wide range of topics within our remit, including financial regulation, asset management and climate finance. We supported 22 seminars and events organised by industry bodies.

In keynote speeches delivered in November 2021, our Chairman Mr Tim Lui discussed Hong Kong’s unique position to develop as the regional green finance hub at a summit co-hosted by the World Green Organisation and the United Nations Economic and Social Commission for Asia and the Pacific and an industry conference on ESG¹ technology and data.



1 Environmental, social and governance.



CEO Mr Ashley Alder at the HKEX Green Asia Summit 2021 (Photo: HKEX)

Also in November, our CEO Mr Ashley Alder attended the 26th United Nations Climate Change Conference of the Parties² in Glasgow, Scotland, where he spoke about sustainability disclosure and the significance of the establishment of the International Sustainability Standards Board. He also gave a keynote speech at the Green Horizon Summit on pathways to achieving net zero targets.

When proposing rules under the Securities and Futures Ordinance, we consistently exceed statutory requirements for public consultation. We also consult the public on proposed non-statutory codes and guidelines as well as amendments to them. By issuing consultation papers, we 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 publish a consultation conclusions paper summarising the main comments received and setting out our conclusions. During the year, we published three consultation papers and eight consultation conclusions.

Our publications aim to update the industry on our regulatory work, topical issues and other developments. This year, we issued 13 thematic publications, including newsletters, market reviews and surveys.

We issue circulars and publish frequently asked questions on our website to help the industry better understand our regulatory requirements. During the year, 85 circulars provided guidance on a range of

matters, including the disclosure of funds' ESG-related features, over-the-counter derivatives trade reporting, business continuity planning under the COVID-19 pandemic 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, including licensing, listings and takeovers, product authorisation and short position reporting. Designated e-mail addresses are provided to help us handle enquiries on specific topics more efficiently.

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. We received 67 Fintech-related enquiries during the year.

Government

We attend Legislative Council (LegCo) meetings, including meetings of the Panel on Financial Affairs and relevant Bills Committees, to 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.

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

Regulatory counterparts

We collaborate closely with local, Mainland and overseas regulatory counterparts³, particularly with the China Securities Regulatory Commission. During the year, we held more than 60 memoranda of understanding meetings with other authorities.

To contribute to global policymaking which may have an impact on our markets, we take an active part in the global regulatory arena and participate in both the International Organization of Securities Commissions and the Financial Stability Board.

² See Green and Sustainable Finance on page 37.

³ See Regulatory Engagement on pages 89-93.

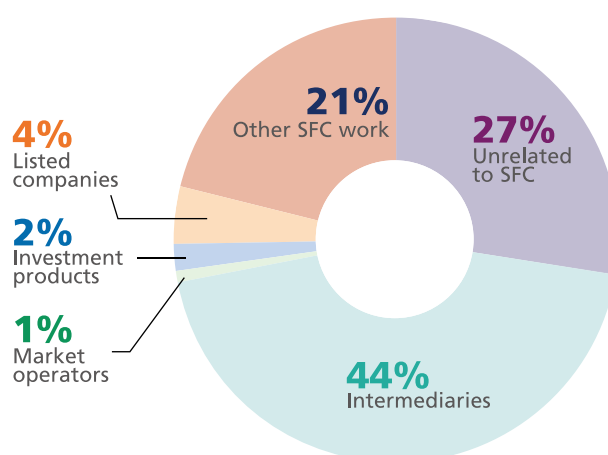
Stakeholders



Ms Julia Leung, Deputy CEO and Executive Director of Intermediaries, at the Hong Kong FinTech Week 2021

with Bloomberg and CNBC, Mr Alder discussed green and sustainable finance, including the importance of establishing global standards around company sustainability reporting.

General enquiries



The public

We formulate and execute media strategies to enhance public understanding of our work by proactively engaging the media and explaining our policies, initiatives and regulatory actions.

We address public concerns and enquiries regarding the securities and futures markets. This year, we received 4,207 general enquiries and 4,041 complaints.

Our senior executives gave media interviews to foster public understanding of Hong Kong's financial regulatory framework and the SFC's role. In interviews

We issued 111 press releases to inform the public of the latest regulatory actions and other SFC news. We also published three policy statements and announcements explaining our regulatory approach to specific issues, including a statement with the Stock Exchange of Hong Kong Limited in May 2021 on our joint efforts to combat misconduct and improper behaviour in new listings.

Complaints against intermediaries and market activities

	2021/22	2020/21	2019/20
Conduct of licensees	725	802	583
Conduct of registered institutions	27	20	27
Listing-related matters and disclosure of interests	1,761	2,856	2,065
Market misconduct ^a	512	922	478
Product disclosure	17	85	14
Unlicensed activities	96	108	176
Breach of offers of investments	50	142	98
Boiler rooms and suspicious websites	374	600	486
Scams and frauds ^b	270	554	276
Other financial activities not regulated by SFC ^c	209	295	288
Total	4,041	6,384	4,491

a Primarily, alleged market manipulation and insider dealing.

b Such as identity fraud and impersonation.

c For example, bullion trading and banking services.

Publications and other communications

	2021/22	2020/21	2019/20
Press releases	111	132	123
Policy statements and announcements	3	8	8
Consultation papers	3	8	4
Consultation conclusions	8	6	4
Industry-related publications	13	12	15
Codes and guidelines ^a	5	6	5
Circulars to industry	85	65	73
Corporate website average daily page views ^b	35,415	33,834	42,816
General enquiries	4,207	6,969	6,037

a Includes updates to previous versions.

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

We released our *Annual Report 2020-21* and quarterly reports to help our stakeholders and the public understand our key regulatory work and corporate developments. Our reporting efforts were recognised with a Gold Award and an Excellence Award in Environmental, Social and Governance Reporting in the Hong Kong Management Association's Best Annual Reports Awards 2021. The report also

won a Corporate Governance Award in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance and ESG Awards 2021.

On our corporate website, the public can easily obtain up-to-date information about our work and regulations.

SFC Regulatory Forum 2021

The fourth SFC Regulatory Forum, held on 25 November 2021, focused on the future of Hong Kong's unique role as China's international financial centre. The event opened with remarks from Chairman Mr Tim Lui, who emphasised that Hong Kong is now even better placed than before to be the hub for a range of investment flows between China and the rest of the world.

In the keynote address, Mr Paul Chan Mo-po, Financial Secretary of the Hong Kong Special Administrative Region, said that Hong Kong's financial system has remained stable and resilient, and he emphasised the importance of reviewing our regulatory mechanisms to ensure the smooth functioning of Hong Kong's financial system and overall stability.

Leaders of global firms joined Mainland and Hong Kong regulators for a panel discussion on Hong Kong's evolving role as the global financial industry gains greater access to the Mainland, capital flows remain strong and geopolitical tensions persist. CEO Mr Ashley Alder remarked that Hong Kong's unique position allowed it to construct the regulatory underpinnings for all of the global and Mainland financial activities in its markets, and this could not be replicated elsewhere.

"The relationship between the Mainland and Hong Kong capital markets is highly symbiotic because Hong Kong provides access to the global institutional capital the Mainland needs."

Mr Gokul Laroia, Co-Head of Global Equities and CEO of Asia Pacific, Morgan Stanley

Stakeholders



“As an international financial centre, Hong Kong provides a unique ecosystem offering legal certainty, experienced professionals, products accessible by Mainland investors and, most importantly, a solid regulatory framework.”

Mr Filippo Gori, Chief Executive Officer, Asia Pacific, J.P. Morgan

The second panel of the day focused on the challenges and opportunities facing the asset and wealth management industry in Hong Kong in the context of mutual market access schemes and emerging industry trends including ESG, new fund structures and digitalisation. Panellists noted that talent is a key priority and asset managers can play a significant role in supporting the development of China’s financial market.

During a panel discussion on the opportunities arising from the expansion of Mainland-Hong Kong mutual market access and market integration in the Greater Bay Area, speakers discussed the outlook for the industry and the need for firms to manage greater regulatory, operational and geopolitical risks. Misconduct and other issues with listed companies and initial

“Sustainable investing will have a fundamental strategic impact and change every aspect of the asset management industry.”

Mr Dan Watkins, Chief Executive Officer, Asia Pacific, J.P. Morgan Asset Management



“There is a need to keep improving governance standards in Hong Kong so that it remains attractive for international capital.”

Mr David Wong, Senior Investment Strategist, Head – Asia Business Development, Equities, Co-Chair – Responsible Investing Steering Committee, Asia Pacific, AllianceBernstein Hong Kong

public offerings was the topic of another panel, which considered what could be done to enhance the listing regime and examined the essential attributes of a quality fund-raising platform.

The final panel, comprising local law enforcement representatives and experts, discussed how the increasing interaction between technology and financial services has given rise to new kinds of fraud and misconduct which have made investigations and enforcement efforts more complex and challenging.

More than 1,100 senior representatives from the financial industry, listed companies, professional services firms and industry associations attended the full-day event in person or online. Videos of the proceedings and a summary of discussions were posted on the SFC website.

“Information sharing and joint efforts amongst enforcement agencies and regulators are crucial because no single agency can handle highly complex enforcement cases.”

Mr Wong Chi-kwong, Chief Superintendent of Police (Commercial Crime Bureau), Hong Kong Police Force

