

Corporate Developments

We foster a positive and supportive workplace culture with an emphasis on staff's wellbeing to help make our workforce more engaged and productive. To ensure our regulatory effectiveness, we use our resources prudently and regularly upgrade our systems and technology infrastructure to keep in step with market developments.

Corporate Developments

People

We are committed to making the SFC an employer of choice. For the 16th consecutive year, the SFC was named a “Caring Organisation” by the Hong Kong Council of Social Service. In addition, the Employees Retraining Board (ERB) recognised our efforts to promote staff learning and development with an award as an “ERB Manpower Developer” for the ninth consecutive year.

Talent management

To help retain talent and expertise, we reassessed our retirement policy and the timetable to gradually raise our retirement age to 65 was moved forward from 2027 to 2024.

We participated in the Government’s Job Creation Scheme and opened an additional 30 temporary positions for external applicants during the year. We will also provide more stable fixed-term contract opportunities for staff supporting new and ongoing projects and policy initiatives.

Professional development

Our Chief Executive Officer (CEO) communicates important organisational matters and regulatory developments and addresses questions from staff during regular CEO sharing sessions. We also arrange internal Commission Connection sessions to update our staff on new policy initiatives.

We strive to provide staff with career development opportunities and refine our merit-based human resources policies to better align our people and culture with the SFC’s regulatory objectives.

Recognising the benefits of broader professional exposure, we offer short-term internal secondments for staff through a cross-divisional exchange programme. External secondment opportunities are also provided, such as those with the Financial Services and Treasury Bureau and the China Securities Regulatory Commission (CSRC). This year, two CSRC counterparts were seconded to us under an SFC-CSRC memorandum of understanding.

Locally, we held joint training workshops with participants from the Hong Kong Monetary Authority, Hong Kong Police Force and Immigration Department. We also invited local and overseas regulators and industry professionals to share their views on a wide range of topics including listing regulation, financial products and the latest developments in overseas markets.

During the year, our employees spent an average of 29 hours on structured learning courses, which included workshops, seminars and training programmes.

A total of 53 summer and winter interns were placed across our various divisions this year.

Employee statistics

	As at 31.3.2022		As at 31.3.2021		As at 31.3.2020	
	Actual	Budget	Actual	Budget	Actual	Budget
Professional	728	805	743	805	736	805
Support	185	183	190	183	185	183
Total	913	988	933	988	921	988

	As at 31.3.2022	As at 31.3.2021	As at 31.3.2020
Male	310	315	312
Female	603	618	609
Average years of service	9.5	9.3	8.8
Female staff at Senior Manager grade or above	59%	60%	60%



SFC Women's Network workshop

Engaged workforce

We strive to cultivate a supportive culture and a positive working environment as part of our core values.

To help staff navigate the pandemic, we organised webinars and workshops and shared reference materials to provide staff with ways to maintain good mental health and holistic wellbeing under the new normal both at home and at work.

To keep our operations sufficiently resourced at all times while safeguarding the health of our staff, we implemented temporary split-team arrangements for staff to work remotely on a rotating basis. This arrangement was a result of our risk assessments, employee feedback and a consideration of our operational needs. In support of Hong Kong's drive to encourage COVID-19 vaccinations, we offered vaccination leave for all staff.

Considering the global trend towards flexible and remote working during the ongoing pandemic and the positive impact of these progressive practices, we introduced a Work From Home policy.

The SFC Women's Network helps advance women's professional growth and development in leadership. We were the first statutory body in Hong Kong to set up a women's group for staff. During the year, our Women's Network organised talks and published

Training

	2021/22	2020/21	2019/20
Percentage of employees who participated in internal training [^]	99%	94%	93%
Average hours of internal training per employee [^]	29	18.8	24.3

[^] Including lectures, workshops, seminars, webinars and e-learning.

newsletters to engage and support female colleagues at work and encourage career development for all.

Quality workplace

The new office in use since 2020 provides an open layout which allows more efficient use of space and a greener working environment.

Height-adjustable desks are installed at all workstations to safeguard the health of staff and improve productivity. Well-equipped wellness rooms and communal areas are specifically designed to cater to staff's needs.

An air quality treatment system helps ensure a healthy working environment. Sensors are installed to automatically turn off or dim lights when sufficient daylight is available or the room is not in use. Bins for recycling paper, plastic, metal and glass are conveniently placed around the office.

Our recommended work practices and other measures help staff maintain social distancing in the workplace in conformity with the Government's pandemic control measures. Face masks and rapid test kits are provided to staff in the office and the workplace is disinfected frequently.

Legal support

Our Legal Services Division handles criminal cases and manages civil litigation and Market Misconduct Tribunal cases initiated by the SFC. It also defends judicial reviews and other cases brought against the SFC.

The division supports our day-to-day work by providing advice and guidance on legislative drafting and regulatory matters such as licensing issues, supervision of risky brokers, front-loaded regulation of listing matters, takeovers activities, investor compensation and enforcement investigations as well as on administrative affairs including employment, data privacy and procurement contracts.

Corporate Developments

Technology

Our information technology strategy focuses on digitalisation, information sharing and risk-detection capabilities.

Digitalised workflow

In January 2022, a new licensing system was introduced on WINGS¹ to enable a fully digitalised licensing process. The secured paperless system offers greater convenience for the industry. Its new business intelligence and data analytics capabilities also significantly aid in our daily work.

In addition, a new feature was added on WINGS for the online submission of bank records required for investigations under the Securities and Futures Ordinance, providing central audit trails which conveniently track submission status. This secured submission system will be expanded to all the member banks of the Hong Kong Association of Banks.

We also enhanced other technology platforms to ensure they remain effective for market participants, including the investment-linked assurance scheme authorisation system. Internally, we expanded system capacity to facilitate remote working for all staff.

Recognition for public service

Two SFC staff members received the Ombudsman's Awards 2021 in recognition of excellence in handling public complaints. The awardees, Hazel Law, Associate Director, Investment Products and Vincent Ng, Manager, Complaints Team, Corporate Affairs, both joined the SFC in 2008.

Law has more than 14 years of experience handling complaints related to investment products. Her background as a senior derivatives and structured finance lawyer at an international law firm helps her navigate the legal and regulatory context and critically analyse these cases. The most important thing, Law believes, is to step into complainants' shoes, show empathy and take prompt action to address their problems professionally and in an impartial manner.

As a CFA charterholder, Ng has a solid understanding of the financial market's operations. This helps him explain complicated concepts to the general public in layman's terms. Many investors filed complaints with the SFC because they suffered losses or were treated unfairly, he related, and some may be very upset or even hostile. To facilitate communication, it is



Hazel Law, Associate Director, Investment Products

important to remain patient and listen attentively to their grievances and concerns.

The awardees were encouraged by the recognition and said it would motivate them to strive for continuous improvement and provide quality service to the public.

¹ Web-based INteGrated Service.



Internal sharing session

Risk detection and monitoring

To make our monitoring of market risk more effective, we introduced a new platform during the year which integrates data from electronic submissions of Financial Resources Rules (FRR) returns, replacing manual data collection processes. The platform also generates analytics reports and instant alerts and facilitates ad-hoc FRR submissions for financial stress testing. By streamlining the extraction and consolidation of data from isolated systems, the platform provides for more timely supervision.

We deploy advanced technology in our regulatory work for greater effectiveness. During the year, AI²-assisted data search technologies were adopted in vetting listing applications. For more comprehensive and accurate entity risk assessment, we also utilised AI-assisted technology to analyse connections among firms and consolidate information from a wide range of data sources.

Finance

As a publicly-funded organisation, we follow a disciplined approach to drawing up our budget. We appoint external investment managers to manage our reserves according to investment guidelines approved by the Financial Secretary. An independent external firm conducts an internal audit to assess the effectiveness of our controls and identify the key risks of our business processes each year³.

² Artificial intelligence.

³ See Corporate Governance on pages 14-35.

⁴ Full waivers covered 2009-10, 2012-14, 2014-16, 2016-18, 2018-19, 2020-21, 2021-22 and 2022-23, and a 50% discount was provided for 2019-20.

Funding

We are operationally independent of the Government and are funded mainly by transaction levies and fees from market participants. The current levy rate is 0.0027% for securities transactions, which is significantly lower than the initial rate of 0.0125% set in 1989. We have not revised our fees and charges since 1994. We have offered waivers for annual licensing fees nine times since 2009⁴. A full waiver was granted for 2021-22 and extended for another year beginning 1 April 2022.

Income

Total income for the year was \$2,247 million, down 25% from \$3,008 million last year. Owing to the lower securities market turnover in the current year, our levy income decreased 6% from last year to \$2,141 million. Our income from fees and charges decreased 17% from \$181 million to \$151 million. Our investments recorded a loss of \$88 million for the year, compared to a gain of \$528 million last year mainly contributed by the performance of our pooled fund investments.

Expenditure

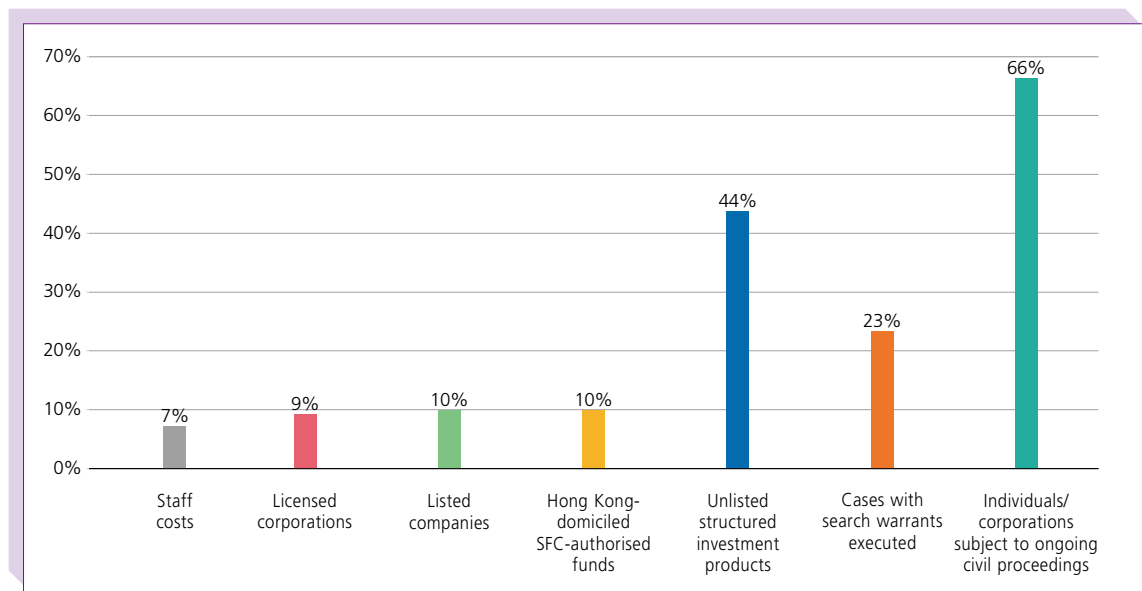
The costs of our operations totalled \$1,906 million, \$314 million below our original budget of \$2,220 million.

Over the past three years, our staff costs increased 7% while our regulatory work increased in both volume and complexity. The ratio of average expenses to income for the past three years was 86%. In the same period, the average increases in expenses and income were 1% and 18%, respectively.

We recorded a surplus of \$341 million for the year, compared to a surplus of \$979 million last year. As of 31 March 2022, our reserves stood at \$8 billion, of which \$3.3 billion was set aside for possible future acquisition of office premises.

Corporate Developments

Three-year change in staff costs and market statistics (2018/19-2021/22)



Income breakdown

	2021/22	2020/21	2019/20
Levies	95.3%	75.7%	90%
Fees and charges	6.7%	6%	10.2%
Net investment (loss)/income and others [^]	(2%)	18.3%	(0.2%)

[^] Net investment (loss)/income and others included foreign exchange gain or loss.

Expenditure breakdown

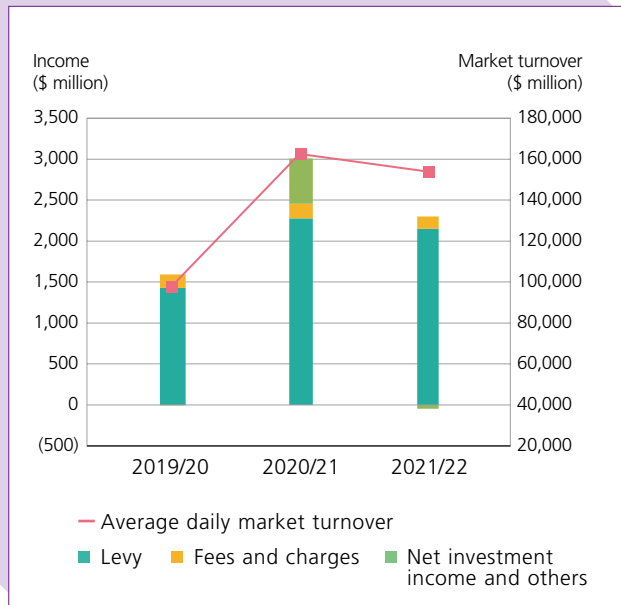
	2021/22	2020/21	2019/20
Staff costs	75.7%	73.2%	72.2%
Premises and related expenses [^]	1.8%	2.5%	2.3%
Other expenses	9.9%	8.7%	12.1%
Depreciation [^]	12.6%	15.6%	13.4%

[^] Operating lease expenses were recorded as depreciation from 2019/20 onwards due to a change in accounting policy.

Finance

(\$ million)	2021/22	2020/21	2019/20
Income	2,247	3,008	1,591
Expenses including depreciation	1,906	2,029	1,966
Surplus/(Deficit)	341	979	(375)

**Income vs market turnover
(2019/20-2021/22)**



**Income and operating expenses
(2019/20-2021/22)**

