

## Breakdown of SFC Activity Data

Table 1 Takeovers activities

	2021/22	2020/21	2019/20
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>			
General and partial offers under Code on Takeovers and Mergers	45	38	41
Privatisations	21	31	15
Whitewash waiver applications	22	33	13
Other applications under Code on Takeovers and Mergers <sup>1</sup>	291	361	281
Off-market and general offer share buy-backs	5	5	7
Other applications under Code on Share Buy-backs <sup>1</sup>	1	1	2
<b>Total</b>	<b>385</b>	<b>469</b>	<b>359</b>
<b>Executive Statements</b>			
Sanctions imposed with parties' agreement <sup>2</sup>	3	4	3
<b>Takeovers and Mergers Panel</b>			
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	1	0	0
Hearings before the Panel (disciplinary and non-disciplinary)	0	0	2
Statements issued by the Panel <sup>3</sup>	0	0	2

1 Including stand-alone applications and those made during the course of a code-related transaction.

2 Pursuant to section 12.3 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

3 Pursuant to section 16.1 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

Table 2 Breaches noted during on-site inspections

	2021/22	2020/21	2019/20
Failure to comply with Securities and Futures (Financial Resources) Rules	10	4	9
Failure to safekeep client securities	23	28	31
Failure to maintain proper books and records	20	20	19
Failure to safekeep client money	35	35	42
Unlicensed dealing and other registration issues	12	9	14
Breach of licensing conditions	0	1	3
Breach of requirements of contract notes/statements of account/receipts	53	28	33
Failure to make filing/notification	1	3	5
Breach of margin requirements	6	3	5
Marketing malpractices	3	0	0
Dealing malpractices	3	4	5
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	265	262	273
Breach of Corporate Finance Adviser Code of Conduct	11	6	7
Breach of Fund Manager Code of Conduct	135	142	79
Breach of regulation of online trading	12	3	7
Non-compliance with anti-money laundering guidelines	301	208	331
Breach of other rules and regulations of the Exchanges <sup>2</sup>	9	3	11
Internal control weaknesses <sup>3</sup>	427	515	451
Others	90	76	164
<b>Total</b>	<b>1,416</b>	<b>1,350</b>	<b>1,489</b>

1 Commonly related to risk management, client agreements, safeguarding of client assets and information for or about clients.

2 The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

3 Comprised deficiencies in management review and supervision, operational controls over the handling of client accounts, segregation of duties, information management, adequacy of audit trail for internal control purposes, among other weaknesses.

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**Table 3 Hong Kong domiciled authorised funds**

By type	As at 31.3.2022		As at 31.3.2021	
	Number	Total NAV (US\$ million)	Number	Total NAV (US\$ million)
Bond <sup>1</sup>	174 (24.1%)	30,925 (17.3%)	165 (24%)	39,395 (20.6%)
Equity <sup>1</sup>	199 (27.5%)	55,601 (31.1%)	201 (29.2%)	64,255 (33.7%)
Mixed <sup>1</sup>	110 (15.2%)	33,402 (18.7%)	109 (15.8%)	33,030 (17.3%)
Money market	37 (5.1%)	9,548 (5.3%)	33 (4.8%)	8,424 (4.4%)
Feeder funds <sup>2</sup>	41 (5.7%)	23 (0%)	37 (5.4%)	28 (0%)
Index <sup>3</sup>	161 (22.3%)	49,102 (27.5%)	142 (20.6%)	45,727 (24%)
Guaranteed	1 (0.1%)	41 (0%)	1 (0.1%)	52 (0%)
Sub-total	723 (100%)	178,642 (100%) <sup>4</sup>	688 (100%) <sup>4</sup>	190,909 <sup>4</sup> (100%)
Umbrella structures	143		147	
<b>Total</b>	<b>866</b>		<b>835</b>	

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

- 1 From 31 December 2021, funds of funds (excluding feeder funds) have been re-categorised into other types of funds based on the underlying exposure of their investment strategies. For comparison purposes, similar adjustments have been made to the number of funds and the total NAV figure of certain fund types as at 31 March 2021.
- 2 From 31 December 2021, feeder funds have been separated from the previous "Fund of funds" category. For comparison purposes, similar adjustments have been made to the number and the total NAV figure for feeder funds as at 31 March 2021. In addition, the NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total assets under management.
- 3 Including exchange-traded funds and leveraged and inverse products.
- 4 Figures do not add up to total due to rounding.

Table 4 Non-Hong Kong domiciled authorised funds

a) By origin	As at 31.3.2022				As at 31.3.2021			
	Umbrella funds	Sub-funds	Single funds	Total	Total NAV (US\$ million)		Total	Total NAV (US\$ million)
Luxembourg	50	982	1	1,033 (74.8%)	1,319,312 (75.5%)	1,035 (74.9%)	1,399,343 (76%)	
Ireland	23	217	2	242 (17.5%)	249,259 (14.3%)	238 (17.2%)	275,782 (15%)	
United Kingdom	3	8	18	29 (2.1%)	75,548 (4.3%)	30 (2.2%)	75,015 (4.1%)	
Mainland China	2	2	45	49 (3.5%)	27,853 (1.6%)	51 (3.7%)	25,234 (1.4%)	
Bermuda	0	0	1	1 (0.1%)	135 (0%)	1 (0.1%)	128 (0%)	
Cayman Islands	3	15	4	22 (1.6%)	2,048 (0.1%)	22 (1.6%)	4,358 (0.2%)	
Others	0	0	5	5 (0.4%)	73,155 (4.2%)	5 (0.4%)	61,049 (3.3%)	
<b>Total</b>	<b>81</b>	<b>1,224</b>	<b>76</b>	<b>1,381 (100%)</b>	<b>1,747,310 (100%)</b>	<b>1,382 (100%)<sup>1</sup></b>	<b>1,840,909 (100%)</b>	

1 Figures do not add up to total due to rounding.

b) By type	As at 31.3.2022		As at 31.3.2021	
	Number	Total NAV (US\$ million)	Number	Total NAV (US\$ million)
Bond <sup>1</sup>	358 (27.5%)	523,431 (30%)	348 (26.7%)	609,603 (33.1%)
Equity <sup>1</sup>	757 (58.2%)	918,428 (52.6%)	754 (58%)	941,707 (51.2%)
Mixed <sup>1</sup>	142 (10.9%)	182,033 (10.4%)	137 (10.5%)	162,558 (8.8%)
Money market	14 (1.1%)	9,039 (0.5%)	16 (1.2%)	11,375 (0.6%)
Feeder funds <sup>2</sup>	3 (0.2%)	0 (0%)	3 (0.2%)	0 (0%)
Index <sup>3</sup>	25 (1.9%)	114,244 (6.5%)	42 (3.2%)	115,538 (6.3%)
Hedge	1 (0.1%)	135 (0%)	1 (0.1%)	128 (0%)
Sub-total	1,300 (100%) <sup>4</sup>	1,747,310 (100%)	1,301 (100%) <sup>4</sup>	1,840,909 (100%)
Umbrella structures	81		81	
<b>Total</b>	<b>1,381</b>		<b>1,382</b>	

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

- From 31 December 2021, funds of funds (excluding feeder funds) have been re-categorised into other types of funds based on the underlying exposure of their investment strategies. For comparison purposes, similar adjustments have been made to the number of funds and the total NAV figure of certain fund types as at 31 March 2021.
- From 31 December 2021, feeder funds have been separated from the previous "Fund of funds" category. For comparison purposes, similar adjustments have been made to the number and the total NAV figure for feeder funds as at 31 March 2021. In addition, the NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total assets under management.
- Including exchange-traded funds.
- Figures do not add up to total due to rounding.

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**Table 5 Successful prosecutions**

Defendant	Date of conviction	Fine	Investigation costs awarded
<b>Disclosure of interests</b>			
GAO Yuan	20.4.2021	\$18,000	\$6,326
LAM Ching Kui	30.12.2021	\$10,000	\$10,814
Wai Chun Holdings Group Limited	30.12.2021	\$10,000	\$10,814

Note: Cases with fines below \$10,000 are not shown in this table.

**Table 6 Other public disciplinary actions**

Name	Date	Breaches	Action
KIM Bum Suk	29.3.2022	Operated client accounts in a discretionary manner without obtaining written authorisation	Banned from re-entering the industry for 27 months
MA Kwok Ho	9.11.2021	Effected discretionary trades in client accounts without obtaining written authorisation	Banned from re-entering the industry for two years
GEE King Yip	9.11.2021	Traded stocks jointly with a client in the client's accounts without separately recording and clearly identifying the transactions as the firm's employee's	Banned from re-entering the industry for 16 months
CHEUNG Man Chit	30.8.2021	Submitted false client documents and information to his employers, transferred client money through his related bank accounts and conducted trades in a client's account without his employer's knowledge	Suspended for two years
BUDIARDJO Wilhelm Soeharsono and SHING Yan	19.7.2021	Failed to discharge their duties as responsible officers and members of senior management which contributed to their firm's breaches of anti-money laundering and counter-financing of terrorism (AML/CFT) regulatory requirements	Suspended for 10 months (BUDIARDJO) and seven months (SHING)
LEUNG Tak Shing, Raymond	5.7.2021	Failed to discharge his duties as a member of senior management which contributed to his firm's breaches of AML/CFT regulatory requirements	Reprimanded and fined \$400,000
LAU Kwo	5.7.2021	Made false representations in client account opening documents and conducted trades in client accounts without his employer's knowledge	Banned from re-entering the industry for 12 months
LUN Sheung Nim	10.6.2021	Failed to discharge his duties as a responsible officer and a member of senior management which contributed to his firm's breaches of licensing conditions and failures in its sale of unlisted bonds	Suspended for 7.2 months

Table 7 Other enforcement activities

	2021/22	2020/21	2019/20
S179 <sup>1</sup> inquiries commenced	57	42	31
S181 <sup>2</sup> inquiries commenced (number of letters sent)	203 (7,308)	246 (8,748)	231 (8,767)
S182 <sup>3</sup> directions issued	214	189	187
Rule 8 directions <sup>4</sup> issued	0	0	1
Show cause letters <sup>4</sup> issued	0	0	0
Cases with search warrants executed	37	28	17
Compliance advice letters issued	162	231	218
Criminal, Civil and Market Misconduct Tribunal (MMT) proceedings			
(a) Insider dealing			
Individuals/corporations summonsed (summons laid)	0 (0)	1 (1)	1 (2)
Individuals/corporations involved in ongoing civil proceedings	8	11	11
Individuals/corporations involved in ongoing MMT proceedings	2	3	7
(b) Market manipulation			
Individuals/corporations summonsed (summons laid)	0 (0)	6 (6)	1 (3)
Individuals/corporations involved in ongoing civil proceedings	18	18	18
Individuals/corporations involved in ongoing MMT proceedings	0	0	0
(c) Others			
Individuals/corporations summonsed (summons laid)	4 (28)	3 (21)	5 (5)
Individuals/corporations involved in ongoing civil proceedings	142	150	129
Individuals/corporations involved in ongoing MMT proceedings	11	20	27
Disciplinary enquiry			
Notices of Proposed Disciplinary Action <sup>5</sup> issued	37	27	35
Notices of Decision <sup>6</sup> issued (including S201 <sup>7</sup> agreement)	43	35	46
Securities and Futures Appeals Tribunal (SFAT) hearings			
Applications to SFAT	8	6	3
Applications/hearings completed or withdrawn	2	4	2

1 Section 179 of the Securities and Futures Ordinance (SFO) gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

2 Section 181 of the SFO gives the SFC the power to require information from intermediaries about trading transactions, including the identity information of the ultimate clients, the particulars and instructions relating to the transactions.

3 Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.

4 A Rule 8 direction is issued by the SFC pursuant to Section 8 of the Securities and Futures (Stock Market Listing) Rules, directing the Stock Exchange of Hong Kong Limited (SEHK) to suspend trading in the shares of a listed company on grounds that the market is misinformed, disorderly or unfair. A show cause letter is sent by the SFC to inform a listed company that it is minded to exercise its power under the aforesaid Rules to direct SEHK to suspend trading in the shares of the company, in the absence of a satisfactory explanation.

5 A notice issued by the SFC to regulated persons that it proposes to exercise its disciplinary powers, on grounds that they appear to be guilty of misconduct or not fit and proper.

6 A notice that sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

7 Section 201 of the SFO gives the SFC the power to resolve disciplinary proceedings by agreement when the SFC considers it appropriate to do so in the interest of the investing public or in the public interest.

## Breakdown of SFC Activity Data

**Table 8 Statistical information and financial position of the Hong Kong securities industry<sup>1</sup>**

	As at 31.12.2021	As at 31.12.2020	As at 31.12.2019
Securities dealers and securities margin financiers	1,433	1,391	1,379
Active cash clients <sup>2</sup>	1,939,379	1,737,281	1,423,007
Active margin clients <sup>2</sup>	2,219,721	1,470,396	601,842
Active clients	4,159,100	3,207,677	2,024,849
<b>Balance sheet</b>	<b>(\$ million)</b>	<b>(\$ million)</b>	<b>(\$ million)</b>
Cash in hand and at bank <sup>3</sup>	694,492	640,379	505,627
Amounts receivable from margin clients <sup>4</sup>	218,436	201,916	165,919
Amounts receivable from clients and other dealers arising from dealing in securities	211,398	333,878	186,361
Proprietary positions	148,661	212,763	133,663
Other assets	385,566	423,539	331,341
Total assets	1,658,553	1,812,475	1,322,911
Amounts payable to clients and other dealers arising from dealing in securities	770,952	877,314	580,610
Total borrowings from financial institutions	98,429	156,267	119,934
Short positions held for own account	16,718	78,572	47,175
Other liabilities	244,242	234,265	159,784
Total shareholders' funds	528,212	466,057	415,408
Total liabilities and shareholders' funds	1,658,553	1,812,475	1,322,911
	12 months to 31.12.2021 (\$ million)	12 months to 31.12.2020 (\$ million)	12 months to 31.12.2019 (\$ million)
<b>Profit and loss</b>			
Total value of transactions <sup>5</sup>	160,931,088	129,651,195	85,831,384
Net securities commission income	31,329	28,374	19,901
Gross interest income	19,394	19,493	23,172
Other income <sup>6</sup>	166,746	150,159	118,809
Total operating income	217,469	198,026	161,882
Total overheads and interest expense	173,978	167,122	149,920
Total operating profit	43,491	30,904	11,962
Net profit on proprietary trading	21,397	16,649	13,201
Net profit for the period	64,888	47,553	25,163

1 Data were extracted from the monthly financial returns submitted under the Securities and Futures (Financial Resources) Rules by corporations licensed for dealing in securities or securities margin financing. Figures reported by an overseas incorporated licensed corporation which carries out its principal business activities outside Hong Kong and operates in Hong Kong as a branch office were excluded.

2 Active clients are clients for whom the licensed corporation is required to prepare and deliver monthly statements of account in respect of the relevant reporting month under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules.

3 Cash in hand and at bank include trust monies held on behalf of clients which totalled \$452,407 million (31.12.2020: 437,280 million).

4 As at 31.12.2021, the average collateral coverage was 4.2 times (as at 31.12.2020: 4.6 times). It represents the number of times the aggregate market value of securities collateral deposited by margin clients over the total amount of margin loan due from these clients on a given date on an industry-wide basis.

5 The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

6 Comprises fund management fee income, corporate finance income, inter-company management fee income and others.