

30 August 2019

Circular to Licensed Corporations Launch of Key Risk Indicator Platform

The Securities and Futures Commission (SFC) has launched a Key Risk Indicator (KRI) platform to collect and analyse KRI data from certain licensed corporations (LCs). Leveraging advanced technologies and data analytic tools, the platform supplements the SFC's monitoring tools by enhancing its information gathering and analytical capabilities to better identify and manage both existing and emerging risks. This facilitates the SFC's supervision of global firms which are exposed to the changing dynamics of global markets and helps address issues identified by the SFC.

Initially, 22 global financial institutions which are considered as systemically important are in-scope¹ for the purposes of this platform. LCs from the in-scope global financial institutions are required to complete a KRI survey with data relating to their business operations (eg, financial information), conduct issues and prudential risk exposures on a monthly, quarterly and yearly basis. The survey covers all the regulated activities conducted by the participating LCs and their licensed representatives in Hong Kong, regardless of where the risk positions resulting from the associated regulated activities are ultimately booked.

The first submission of data should be made on or before 31 January 2020 for the reporting period ending 31 December 2019. The KRI survey should be submitted electronically through the SFC website using the "e-Submission Services" feature (wings.sfc.hk), where demonstration video and user guide have also been provided.

All the in-scope LCs of global financial institutions took part in pre-launch soft consultations and pilot tests of the KRI platform. The SFC will refine the platform from time to time and may consider expanding the scope of data collection and including additional LCs to enhance its regulatory oversight.

Should you have any queries regarding the contents of this circular, please contact your case officer.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

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¹ In-scope LCs of global financial institutions include Bank of America Merrill Lynch, Bank of New York Mellon, Barclays, BNP Paribas, Citigroup, Credit Agricole, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JP Morgan Chase, Mitsubishi UFJ FG, Mizuho FG, Morgan Stanley, Nomura, Royal Bank of Canada, Societe Generale, Standard Chartered, State Street, Sumitomo Mitsui FG, UBS and Wells Fargo.