

Breakdown of SFC activity data

Table 1 Authorised unit trusts and mutual funds – by type

	As at 31.3.2018		As at 31.3.2017	
	Number	Total NAV (US\$ million)	Number	Total NAV (US\$ million)
Bond	449 (22.7%)	569,700 (33.9%)	430 (21.9%)	466,096 ¹ (33.9%)
Equity	1,030 (52.1%)	787,889 (46.9%)	1,018 (51.9%)	638,848 (46.4%)
Diversified	172 (8.7%)	180,353 (10.7%)	162 (8.3%)	137,454 (10%)
Money market	45 (2.3%)	20,905 (1.2%)	44 (2.2%)	21,014 (1.5%)
Fund of funds	116 (5.9%)	22,897 (1.4%)	113 (5.8%)	19,865 (1.4%)
Index ²	157 (7.9%)	97,637 (5.8%)	182 (9.3%)	92,069 (6.7%)
Guaranteed	3 (0.2%)	105 (0%)	3 (0.2%)	127 (0%)
Hedge	1 (0.1%)	26 (0%)	2 (0.1%)	28 (0%)
Other specialised ³	5 (0.3%)	1,061 (0.1%)	7 (0.4%)	1,288 (0.1%)
Sub-total	1,978 (100%) ⁴	1,680,573 (100%)	1,961 (100%) ⁴	1,376,789 ¹ (100%)
Umbrella structures	237		242	
Total	2,215		2,203	

¹ These figures differ from those disclosed in the *Annual Report 2016-17* due to revised figures reported after the report's issuance.

² Including leveraged and inverse products.

³ Including futures and options funds, structured funds and funds which invest in financial derivative instruments.

⁴ These percentages do not add up to total due to rounding.

Table 2 Authorised unit trusts and mutual funds – by origin

	As at 31.3.2018				As at 31.3.2017		
	Umbrella funds	Sub-funds	Single funds	Total	Total NAV (US\$ million)	Total	Total NAV (US\$ million)
Hong Kong	144	534	80	758 (34.2%)	158,199 (9.4%)	735 (33.4%)	131,605 (9.6%)
Luxembourg	50	991	0	1,041 (47%)	1,105,904 (65.8%)	1,009 (45.8%)	910,351 (66.1%)
Ireland	26	211	2	239 (10.8%)	232,586 (13.8%)	256 (11.6%)	173,212 ¹ (12.6%)
United Kingdom	4	38	27	69 (3.1%)	109,340 (6.5%)	64 (2.9%)	90,987 (6.6%)
Mainland China	2	2	46	50 (2.3%)	20,855 (1.2%)	49 (2.2%)	17,056 (1.2%)
Other Europe	1	2	0	3 (0.1%)	137 (0%)	3 ² (0.1%)	94 ² (0%)
Bermuda	0	0	1	1 (0%)	173 (0%)	5 (0.2%)	217 (0%)
Cayman Islands	10	27	9	46 (2.1%)	9,033 (0.5%)	74 (3.4%)	11,546 (0.8%)
Others	0	0	8	8 (0.4%)	44,346 (2.6%)	8 ² (0.4%)	41,721 ² (3.0%)
Total	237	1,805	173	2,215 (100%)	1,680,573 (100%)³	2,203 (100%)	1,376,789¹ (100%)³

¹ These figures differ from those disclosed in the *Annual Report 2016-17* due to revised figures reported after the report's issuance.

² These figures differ from those disclosed in the *Annual Report 2016-17* due to different categorisation of funds' places of origin.

³ These percentages do not add up to total due to rounding.

Breakdown of SFC activity data

Table 3 Takeovers activities

	2017/18	2016/17	2015/16
Codes on Takeovers and Mergers and Share Buy-backs			
General and partial offers under Code on Takeovers and Mergers	59	73	50
Privatisations	11	13	7
Whitewash waiver applications	41	37	51
Other applications under Code on Takeovers and Mergers ¹	289	365	323
Off-market and general offer share buy-backs	1	4	1
Other applications under Code on Share Buy-backs ¹	0	2	3
Total	401	494	435
Executive Statements			
Sanctions imposed with parties' agreement ²	5	4	1
Takeovers and Mergers Panel			
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	2	0	0
Hearings before the Panel (disciplinary and non-disciplinary)	1	2	2
Statements issued by the Panel ³	1	2	4

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 4 Breaches noted during on-site inspections

	2017/18	2016/17	2015/16
Failure to comply with Securities and Futures (Financial Resources) Rules	12	13	16
Failure to safekeep client securities	38	58	41
Failure to maintain proper books and records	33	36	34
Failure to safekeep client money	59	62	45
Unlicensed dealing and other registration issues	23	13	33
Breach of licensing conditions	7	8	10
Breach of requirements of contract notes/statements of account/receipts	62	85	69
Failure to make filing/notification	2	8	6
Breach of margin requirements	5	6	5
Marketing malpractices	0	1	0
Illegal short selling of securities	0	1	1
Dealing malpractices	3	11	2
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ¹	320	441	388
Breach of Corporate Finance Adviser Code of Conduct	8	18	9
Breach of Fund Manager Code of Conduct	93	82	56
Breach of regulation of online trading	4	8	14
Non-compliance with anti-money laundering guidelines	175	201	223
Breach of other rules and regulations of the Exchanges ²	17	14	12
Breach of other rules and regulations of the Mandatory Provident Fund Schemes Authority	0	0	3
Internal control weaknesses ³	535	598	571
Others	80	91	146
Total	1,476	1,755	1,684

¹ Commonly related to risk management, record keeping, client agreements, safeguarding of client assets and management responsibilities.

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

³ Comprise 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.

Breakdown of SFC activity data

Table 5 Successful prosecutions

Unauthorised activities

Defendants	Date of conviction	Fine (\$)	Investigation costs awarded (\$)
ETRADE Securities (Hong Kong) Limited	21.9.2017	40,000	109,857
Total		57,000	255,768

Provision of false/misleading representation to the SFC

Defendants	Date of conviction	Fine (\$)	Investigation costs awarded (\$)
YAN Ching Ching	27.7.2017	15,000	9,891
Total		35,000	38,482

Short selling

Defendants	Date of conviction	Fine (\$)	Investigation costs awarded (\$)
SHIU Kin Keung, Sammy	8.6.2017	35,000	19,435
Total		51,000	30,869

Disclosure of interests

Defendants	Date of conviction	Fine (\$)	Investigation costs awarded (\$)
CHEUNG Pui Lam	28.9.2017	27,000	6,881
Triken Limited	28.9.2017	12,000	6,881
Four Seas Mercantile Holdings Limited	11.5.2017	12,000	13,371
Total		56,500	35,895

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

Table 6 Other public disciplinary actions

Name	Date of action	Conduct	Action
HUI Lam Chiu	22.5.2017	Failures to ensure compliance with anti-money laundering regulatory requirements when processing third party fund transfers	Suspended for six months
WONG Ching Man, Bernie	22.5.2017	Forged a client's signature	Banned from re-entering the industry for four months
LI Bo	13.6.2017	Failure to disclose to his employer his personal trading account and beneficial interests in his friend's securities accounts	Banned from re-entering the industry for eight months
WU Biwei	19.6.2017	Failure to ensure compliance with anti-money laundering regulatory requirements when processing third party fund transfers	Suspended for six months
FOK Chi Kin	22.6.2017	Transferred proprietary information and client data from his former employer without authorisation	Banned from re-entering the industry for eight months
CHAN Wai Ling	26.7.2017	Accepted third party instructions to conduct unauthorised trades in clients' accounts	Suspended for 12 months
XU Tao	11.10.2017	Failure to comply with regulatory requirements of the SFC's Code of Conduct ¹ in recording client order instructions	Banned from re-entering the industry for four months
NG Chau	27.12.2017	Conducted unauthorised transactions in a client's account	Banned from re-entering the industry for six months
WU Hon Cheung	9.1.2018	Failure to keep proper records of a client's order instructions	Reprimanded and fined \$50,000
CHAN Wai Nun	22.1.2018	Transferred client data from his former employer without authorisation	Banned from re-entering the industry for six months

¹ The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.

Note: See Enforcement on pages 59-67 for details of the most significant disciplinary actions.

Breakdown of SFC activity data

Table 7 Other enforcement actions

	2017/18	2016/17	2015/16
S179 ¹ inquiries commenced	24	27	24
S181 ² inquiries commenced (number of letters sent)	261 (8,461)	301 (8,960)	286 (7,997)
S182 ³ directions issued	274	407	507
Rule 8 directions ⁴ issued	12	4	2
Show cause letters ⁴ issued	11	3	0
Cases with search warrants executed	22	34	31
Compliance advice letters issued	277	548	453
Criminal, Civil and Market Misconduct Tribunal (MMT) proceedings			
(a) Insider dealing			
Individuals/corporations summonsed (summons laid)	4 (7)	0 (0)	1(3)
Individuals/corporations involved in ongoing civil proceedings	13	16	13
Individuals/corporations involved in ongoing MMT proceedings	0	0	2
(b) Market manipulation			
Individuals/corporations involved in ongoing MMT proceedings	3	3	16
(c) Others			
Individuals/corporations summonsed (summons laid)	10 (47)	10 (46)	20 (107)
Individuals/corporations involved in ongoing civil proceedings	84	110	87
Individuals/corporations involved in ongoing MMT proceedings	13	26	14
Disciplinary enquiry			
Notices of Proposed Disciplinary Action ⁵ issued	29	49	35
Notices of Decision ⁶ issued (including S201 ⁷ agreement)	32	56	42
SFAT hearings			
Applications to SFAT	4	1	4
Applications/hearings completed	3	4	4

¹ Section 179 of the 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.

Table 8 Statistical information and financial position of the Hong Kong securities industry¹

	As at 31.12.2017	As at 31.12.2016	As at 31.12.2015
Securities dealers and securities margin financiers	1,222	1,104	1,002
Active cash clients ²	1,320,332	1,289,563	1,259,868
Active margin clients ²	337,599	267,132	241,948
Active clients	1,657,931	1,556,695	1,501,816
Balance sheet	(\$ million)	(\$ million)	(\$ million)
Cash in hand and at bank ³	515,547	446,465	429,002
Amounts receivable from margin clients ⁴	205,977	171,633	145,307
Amounts receivable from clients and other dealers arising from dealing in securities	164,226	125,471	139,869
Proprietary positions	139,502	110,756	170,125
Other assets	312,152	224,196	205,673
Total assets	1,337,404	1,078,521	1,089,976
Amounts payable to clients and other dealers arising from dealing in securities	568,641	481,339	466,208
Total borrowings from financial institutions	170,411	86,731	111,265
Short positions held for own account	62,161	33,194	61,198
Other liabilities	164,033	143,941	146,989
Total shareholders' funds	372,158	333,316	304,316
Total liabilities and shareholders' funds	1,337,404	1,078,521	1,089,976
	12 months to 31.12.2017 (\$ million)	12 months to 31.12.2016 (\$ million)	12 months to 31.12.2015 (\$ million)
Profit and loss			
Total value of transactions ⁵	73,901,390	63,495,134	84,787,467
Net securities commission income	23,079	18,739	28,656
Gross interest income	17,259	14,026	12,203
Other income ⁶	107,079	98,344	106,044
Total operating income	147,417	131,109	146,903
Total overheads and interest expense	123,878	116,978	120,499
Total operating profit	23,539	14,131	26,404
Net profit on proprietary trading	11,667	6,893	16,799
Net profit for the period	35,206	21,024	43,203

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 that 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 \$286,461 million (31.12.2016: \$248,066 million).

⁴ As at 31.12.2017, the average collateral coverage was 4.1 times (as at 31.12.2016: 4 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.

Committees, panels and tribunal

A number of committees and panels have been set up to advise the SFC on various matters and perform other functions as set out in their terms of reference. Their responsibilities and members are listed in this section. For information on the board committees and Executive Committee, see our discussion in Corporate Governance on pages 12-31.

SFC Committees

Advisory Committee

Advises the SFC on any matter of policy regarding the performance of its functions.

Chairman	
TONG Carlson, SBS, JP	
Members	
ALDER Ashley Ian, JP	KUNG Yeung Ann Yun-chi (from 1.6.2017)
Dr AU King-lun, MH	LEUNG Fung Yee Julia, SBS (from 1.6.2017)
BENNETT Prudence Ann (from 1.6.2017)	LI Brian David Man Bun, JP (to 31.5.2017)
Prof CHAN Kalok (from 15.1.2018)	LO Chi Wai (Peter LO) (to 31.5.2017)
CHAN Jeffrey Lap-tak	LUI Kei Kwong Keith (to 31.5.2017)
CHOI Fung Yee Christina (from 1.6.2017)	SHIPMAN Mark Graham
CHRISTIANSON Sun Wei	Dr TAN Yue-heng (from 1.6.2017)
DING Chen	TSANG Frederick Sui Cheong (to 31.5.2017)
DUHAMEL Vincent (to 31.10.2017)	WINTER Richard David
GRAHAM David	YIN Ke
HO Yin Tung Brian (to 31.5.2017)	
Number of meetings: 4	Average attendance rate: 70%

Academic and Accreditation Advisory Committee

Approves industry-based courses and examinations for the purpose of meeting the licensing competence requirements, endorses applications from professional bodies and tertiary institutions as recognised institutions for providing continuous professional training, advises the SFC on areas to study in the context of enhancing Hong Kong's position as an international financial centre and provides input for the development of industry-related courses and training programmes.

There were no circumstances which called for a meeting of the Committee during the year.

Chairman	
LEUNG Fung Yee Julia, SBS	
Members	
Prof CHENG Wui Wing Joseph	Prof LEUNG Siu Fai
CHOW Yuen Yee	PAN San Kong Terry
DAVIS Nigel	RONALDS Nick
Prof HOWELLS Geraint	YUEN Ho Duen Judith
KEE Nicholas Min Kwan	
Secretary	
TUNG Ka Shun Sam	
Number of meetings: 0	Average attendance rate: N/A

Committee on Real Estate Investment Trusts

Advises the SFC on general policy matters or regulatory issues that are related to the Code on Real Estate Investment Trusts (REITs), the overall market development of REITs, the property or securities market or investment management in Hong Kong or elsewhere, professional practices or guidelines that are involved in the operation of REITs, and fund investment or management in general.

During the year, the Committee met once to discuss policy issues in relation to REITs.

Chairman	
CHOI Fung Yee Christina	
Members	
BANKS Ian Robert	KWOK Lam Kwong Larry, BBS, JP
CHAN Duen Grace	LAU Chun Kong
Dr CHAN Ho Wah Terence	LO Chi Wai (Peter LO)
CHIANG Sui Fook Lilian	NG Yiu Fai (Curtis NG)
HO Edmund	WONG Chi Ming Sally
HO Yin Tung Brian	WU Thomas Jefferson, JP
Prof HUI Chi Man, MH	YEONG Wei Ming Alexandra (from 29.9.2017)
Secretary	
TSE Lok Min	
Number of meetings: 1	Average attendance rate: 80%

Disciplinary Chair Committee

Members are nominated by the Nominations Committee on the basis that they are duly experienced and legally qualified persons. Their role is to act as Chairman of the Takeovers and Mergers Panel in disciplinary proceedings under the Codes on Takeovers and Mergers and Share Buy-backs or of the Takeovers Appeal Committee on a case-by-case basis.

Members	
CHAN King Sang Edward, SC	SHIEH Wing Tai Paul, SC
JAT Sew Tong, SC, JP	WONG Yuk Lun Horace, SC, JP
LI Gladys Veronica, SC	

Fintech Advisory Group

Aims to broaden the SFC's understanding of the opportunities, risks and regulatory implications of the latest Fintech trends and developments.

During the year, the Group met twice to discuss a range of topics, such as the implication of sandboxes for start-ups, Fintech development in mainland China, blockchain technology and cryptocurrencies.

Chairperson	
LEUNG Fung Yee Julia, SBS (from 4.12.2017)	NOLENS Benedicte Etienne Noella G. (to 4.12.2017)
Ex-officio Members	
CHAN Man Cheong Rogers (to 15.8.2017)	CHIU Clara Ka Lai (from 4.12. 2017)
CHIONG Ron Sai Lung	
Members	
ADVANI Alokik Indru	LEWIS Antony
ARSLANIAN Henri-Kevork	LI Ting
BARBERIS Janos (to 28.2.2018)	MCCORMACK Urszula (from 1.3.2018)
GUZY Melissa C.	TAN Jessica (from 1.3.2018)
JOHNSTONE Syren	
Number of meetings: 2	Average attendance rate: 100%

Committees, panels and tribunal

Investor Compensation Fund Committee

Administers the Investor Compensation Fund and regulates its procedures in accordance with Part XII of the Securities and Futures Ordinance (SFO).

During the year, the Committee met once to consider the financial statements of the Fund and dealt with other administrative matters.

Chairman	
LUI Kei Kwong Keith	
Members	
ATKINSON Thomas Allan KO Teresa Yuk Yin, JP	LEE Kwok Keung Roger
Number of meetings: 1	Average attendance rate: 75%

Investor Compensation Company Limited Claims Committee

Reviews and determines investors' claims for compensation from the Investor Compensation Fund.

Chairman	
KO Teresa Yuk Yin, JP	
Members	
CHAN Lui Clara (from 8.8.2017) FUNG Wei Lung Brian LAM Sai Yuen Leo (to 7.8.2017) LO Dak Wai Alexandra, JP LUI Kei Kwong Keith	MAK Po Shuen Olivia MUKADAM Thrity Homi NG Oliver Tse Kuen TSO Pui Sze Teresa WAN Chi Yiu Andrew
Number of meetings: 1	Average attendance rate: 100%

Nominations Committee

Nominates members of the Takeovers and Mergers Panel, the Takeovers Appeal Committee and the Disciplinary Chair Committee.

Ex-officio Members	
ALDER Ashley Ian, JP (Chairman) CLARK Stephen Edward	HO Yin Tung Brian
Members	
TONG Carlson, SBS, JP	Dr WONG Ming Fung William, SC
Alternate members to CLARK Stephen Edward	
CHAN Yuk Sing Freeman KO Teresa Yuk Yin, JP LIU Chee Ming	MAGUIRE John Martin WEBB David Michael
Number of meetings: 0	Average attendance rate: N/A

Products Advisory Committee

The SFC may consult the Committee on a wide range of matters relating to the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products, the SFC Code on MPF Products and the Code on Pooled Retirement Funds, overall market environment, industry practices and novel product features.

During the year, the Committee held a meeting to discuss the regulatory trends of retail fund management.

Chairman	
CHOI Fung Yee Christina	
Members	
BACCI Arthur John (to 11.9.2017)	LUO Jiabin
CHAN Duen Grace	LYU Hong (Sandra LU)
CHAN Siu Ping Chordio	Dr MALDONADO-CODINA Guillermo Eduardo (Bill MALDONADO)
Prof CHEUNG Yan Leung Stephen, BBS, JP	NORONHA Virginia (to 19.1.2018)
DASWANI Praveen Mohan (from 7.6.2017)	NOYES Keith Samuel
DING Chen	PANG Wai Sau Queenie
FUNG Ka Shing Bernard	SHIPMAN Mark Graham
HARRISON Stuart Edward (to 27.4.2017)	TSE Wai Ming (Timothy TSE)
HUI Mei Ying (Carol HUI)	TURL Graham Douglas (from 29.9.2017)
Dr HUNG Tin Yau Victor	TZATZAKIS Costa (Con TZATZAKIS)
LAW Shing Mui Alice	WONG Man Yee (Fanny WONG)
LECKIE Stuart Hamilton, OBE, JP	WONG Pui Ling Pauline
LEE Chi Kee Trevor	YANG Qiumei
LIU Yun Bonn	YEONG Wei Ming Alexandra (from 29.9.2017)
Secretary	
POON Wing Yee Loreen	
Number of meetings: 1	Average attendance rate: 77%

Public Shareholders Group

Advises on issues relating to shareholders' rights and interests.

During the year, the Group met four times and discussed many policy subjects, such as Hong Kong Exchanges and Clearing Limited's (HKEX) proposal on new board and weighted voting rights, The Stock Exchange of Hong Kong Limited's (SEHK) policies on back-door listing and the SFC's front-loaded approach to regulation for changing markets.

Chairman	
HO Yin Tung Brian	
Members	
BENNETT Prudence Ann	MA Sean
CHEN Yang Chung Roy	PARK Yoo Kyung
CHIA Chin-Ping	SCHLABBERS Manuel
HO John	van Rijn Arnout
LAU Ka Shi, BBS	WONG David (Nicolas)
LIU Hung Ho Ellis	WONG Yu Tsang Alex
LU Ting	
Number of meetings: 4	Average attendance rate: 57%

Committees, panels and tribunal

Securities Compensation Fund Committee

Administers the Unified Exchange Compensation Fund and regulates its procedures in accordance with Part X of the repealed Securities Ordinance which, under section 74 of Schedule 10 to the SFO, continues to apply to and in relation to any claim for compensation from the Fund made before 1 April 2003.

During the year, the Committee met once to consider the Fund's financial statements and to deal with other administrative matters.

Chairman	
LUI Kei Kwong Keith	
Members	
ATKINSON Thomas Allan KO Teresa Yuk Yin, JP	LEE Kwok Keung Roger MAK Po Shuen
Number of meetings: 1	Average attendance rate: 80%

SFC Dual Filing Advisory Group

Advises on treatment of cases and policy issues under the dual filing regime.

There were no circumstances which called for a meeting of the Group during the year. As there were no circumstances which called for a meeting of the Group in the last four years, the Board resolved to dissolve the Group on 22 January 2018.

Convener	
Executive Director, Corporate Finance, SFC	
Members	
CHAN Ching Chu JOHNSON Nicholas Regan LIU Kennedy Tat Yin	LUNG Hak Kau SOUTAR James Alexander WECHSLER Joshua
Number of meetings: 0	Average attendance rate: N/A

SFC (HKEC Listing) Committee

Exercises powers and functions equivalent to those of the Main Board and GEM Listing Committees of SEHK when actual or potential conflicts of interest arise between HKEX as the holding company of SEHK and the proper performance of SEHK's listing functions. In such cases, the relevant SEHK functions may be undertaken by the SFC.

There were no circumstances which called for a meeting of the Committee during the year.

Chairman	
Members present in each Committee meeting will elect a Chairman among themselves at the beginning of that meeting.	
Members	
ALDER Ashley Ian, JP ATKINSON Thomas Allan BROWN Melissa CHOI Fung Yee Christina LEE Carmelo Ka Sze, JP LEUNG Fung Yee Julia, SBS	LUI Kei Kwong Keith PHADNIS Dhananjay Shrikrishna TYE Philip Andrew YEUNG Eirene YOUNG Andrew John YU Ka Po Benita
Number of meetings: 0	Average attendance rate: N/A

SFC (HKEC Listing) Appeals Committee

Exercises powers and functions equivalent to those of SEHK's Listing Appeals Committee when actual or potential conflicts of interest arise between HKEX and the proper performance of listing functions by SEHK. In such cases, the relevant powers and functions may be exercised by the SFC.

There were no circumstances which called for a meeting of the Committee during the year.

Chairman	
Members present in each Committee meeting will elect a Chairman among themselves at the beginning of that meeting.	
Members	
AU Siu Cheung Albert, BBS	MA Xuezheng Mary
CHENG Wai Sun Edward, SBS, JP	TONG Carlson, SBS, JP
HUANG Lester, JP	Dr WONG Ming Fung William, SC
KO Teresa Yuk Yin, JP	Dr WONG Tin Yau Kelvin, JP
Number of meetings: 0	Average attendance rate: N/A

Share Registrars' Disciplinary Committee

Hears and determines disciplinary matters relating to share registrars in the first instance.

There was no circumstance which called for a meeting of the Committee during the year.

Chairman	
NORMAN David Michael	
Deputy Chairman	
KWOK Tun Ho Chester	
Members	
CHAN Henry	LO Dak Wai Alexandra
CHUI Ming Wai	TSAI Wing-chung Philip, JP
KONG YAO FAH Sew Youne (Marie-Anne KONG)	YUEN Ka Fai
LIN James C	
Number of meetings: 0	Average attendance rate: N/A

Share Registrars' Disciplinary Appeals Committee

Hears and determines appeals from Share Registrars' Disciplinary Committee. The Share Registrars' Disciplinary Appeals Committee for the hearing of each appeal case brought before it consists of members of the Share Registrars' Disciplinary Committee who did not preside or participate in the disciplinary hearing of that case.

There were no circumstances which called for a meeting of the Committee during the year.

Committees, panels and tribunal

Takeovers and Mergers Panel

Hears disciplinary matters in the first instance and reviews rulings by the Takeovers Executive¹ at the request of any party dissatisfied with such a ruling. Considers novel, important or difficult cases referred to it by the Takeovers Executive. Reviews, upon request by the SFC, the provisions of the Codes on Takeovers and Mergers and Share Buy-backs and the Rules of Procedure for hearings under the Codes and recommends appropriate amendments to the Codes and Rules of Procedure to the SFC.

During the year, the Panel met twice to discuss takeovers related policy matters. It also met once to consider non-disciplinary matters.

Chairman	
CLARK Stephen Edward	
Deputy Chairmen	
CHAN Yuk Sing Freeman KO Teresa Yuk Yin, JP LIU Chee Ming	MAGUIRE John Martin WEBB David Michael
Members	
BROWN Melissa CHAN Che Chung CHARLTON Julia Frances FU Yat Hung David IP Koon Wing Ernest LEE Kam Hung Lawrence, BBS, JP LEE Pui Ling Angelina, SBS, JP LIU Che Ning LIU Yun Bonn NORMAN David Michael NORRIS Nicholas Andrew	PARK Yoo Kyung SABINE Martin Nevil SCHWILLE Mark Andrew SHAH Asit Sudhir SOUTAR James Alexander VAS CHAU Lai Kun Judy WINTER Richard David WONG Wai Ming YU Ka Po Benita YUEN Ka Fai (Frank YUEN)
Number of policy meeting: 2	Average attendance rate: 69%
Number of non-disciplinary hearings: 1	Average attendance rate: N/A²
Number of disciplinary hearings: 0	Average attendance rate: N/A

¹ The Takeovers Executive refers to the Executive Director of the Corporate Finance Division of the SFC or his delegate.

² The Chairman will appoint not fewer than four panel members to participate in hearings, and the attendance of other members is not required.

Takeovers Appeal Committee

Reviews disciplinary rulings of the Takeovers and Mergers Panel at the request of an aggrieved party for the sole purpose of determining whether any sanction imposed by the Panel is unfair or excessive

There were no circumstances which called for a meeting of the Committee during the year.

Members	
BROWN Melissa	NORMAN David Michael
CHAN Che Chung	NORRIS Nicholas Andrew
CHAN Yuk Sing Freeman	PARK Yoo Kyung
CHARLTON Julia Frances	SABINE Martin Nevil
CLARK Stephen Edward	SCHWILLE Mark Andrew
FU Yat Hung David	SHAH Asit Sudhir
IP Koon Wing Ernest	SOUTAR James Alexander
KO Teresa Yuk Yin, JP	VAS CHAU Lai Kun Judy
LEE Kam Hung Lawrence, BBS, JP	WEBB David Michael
LEE Pui Ling Angelina, SBS, JP	WINTER Richard David
LIU Che Ning	WONG Wai Ming
LIU Chee Ming	YU Ka Po Benita
LIU Yun Bonn	YUEN Ka Fai (Frank YUEN)
MAGUIRE John Martin	
Number of meetings: 0	Average attendance rate: N/A

Independent Panels and Tribunal

Arbitration Panel under Securities and Futures (Leveraged Foreign Exchange Trading) (Arbitration) Rules

Resolves disputes in accordance with the Securities and Futures (Leveraged Foreign Exchange Trading) (Arbitration) Rules.

The panel received no new cases during the year and none were carried over from the previous year.

Chairman	
LAM Yuk Kun Lawrence	
Deputy Chairman	
LEE Pui Shan Rosita	
Members	
CHAN Kang Muk Woody (to 16.7.2017)	CHEUNG Tai Keung Jack
CHAN Siu-ping Chordio (from 17.7.2017)	LEUNG Tak-lap (from 17.7.2017)

Committees, panels and tribunal

Process Review Panel for the Securities and Futures Commission

Reviews and advises the SFC upon the adequacy of the SFC's internal procedures and operational guidelines governing the actions taken and decisions made by the SFC and its staff in the performance of its regulatory functions, including those related to the handling of complaints, licensing applications, inspection of intermediaries, product authorisation, exercise of investigation and disciplinary action, and corporate finance transactions (including the administration of Listing Rules).

Chairman	
Dr CHENG Mo Chi Moses, GBM, GBS, JP	
Members	
CHAN Kam Wing Clement	LEE Pui Shan Rosita
CHAN Lena	LEE Wai Wang Robert
DING Chen	Dr MAK Sui Choi Billy
Dr HU Zhanghong	TSANG Sui Cheong Frederick
KWOK Tun Ho Chester	YUEN Shuk-kam, Nicole
Ex-officio Members	
CHEUNG Kam-Wai, Christina, JP	TONG Carlson, SBS, JP

Securities and Futures Appeals Tribunal

Reviews a range of specified decisions made under the SFO by the SFC, the Monetary Authority or a recognised investor compensation company, and hears and determines any question or issue arising out of or in connection with any review.

Chairmen	
HARTMANN Michael John, GBS, former Non-Permanent Judge of the Court of Final Appeal	
KWOK Hing Wai Kenneth, SBS, SC, JP, former Deputy Judge of the Court of First Instance of the High Court	
TALLENTIRE Garry, former Deputy Judge of the Court of First Instance of the High Court	
Members	
CHAN Jeffrey Lap-tak	Professor LEUNG Siu-fai
CHAN Mei-bo Mabel	MAK Kwong-fai
CHAN Sze-oi Rebecca	Dr MAK Sui-choi Billy
CHEUNG Wai-sum Yvonne	MUH Yi-tong Anthony
CHEUNG Wing-han Ivy	NG Joo-yeow Gerry
CHIN Vincent	SHIH Edith
CHING Kim-wai Kerry	TSANG Chi-wai Roy
DATWANI Mohan	TSANG Kam-yin Wendy
DING Chen	TSE Wai-ming Timothy
HO Chiu-ping Dennis	WONG Hin-wing Simon
HUI Ming-ming Cindi	WONG Kwok-ching Jamee
KONG Chi-how Johnson	YUEN Miu-ling Wendy
LAI Hin-wing Henry	ZEE Helen

Glossary and abbreviations

Alternative liquidity pool (ALP)

An electronic system which allows crossing or matching of orders anonymously outside traditional exchanges without any pre-trade transparency. Also known as dark pool or alternative trading system.

Automated trading services (ATS)

Electronic facilities, outside of those provided by a recognised exchange company or clearing house, through which participants may trade, clear and settle securities, futures contracts and over-the-counter (OTC) derivatives.

Autorité des Marchés Financiers (AMF)

The authority that regulates participants and products in France's financial markets.

Boiler rooms

Frauds which may claim to be licensed and operate in a particular jurisdiction, and offer potentially worthless or false investment opportunities.

Central counterparty

Facilitates trading in derivatives and equities markets by acting as the buyer to every seller and the seller to every buyer, thereby ensuring the performance of open contracts.

China Interbank Bond Market (CIBM)

A Mainland over-the-counter market for trading debt instruments.

China Securities Regulatory Commission (CSRC)

A ministry-level agency directly under the State Council which regulates the Mainland's securities and futures markets.

Cold shoulder order

A sanction that prevents a person from accessing, directly or indirectly, the Hong Kong securities market for a stated period.

Cryptocurrency

A virtual currency which uses cryptography for security.

European Securities and Markets Authority (ESMA)

An independent authority which safeguards the stability of the financial system in the European Union by assessing risks to investors and markets, providing supervisory convergence and directly supervising credit rating agencies and trade repositories.

Exchange participant (EP)

A company with rights to trade on or through The Stock Exchange of Hong Kong Limited or Hong Kong Futures Exchange Limited.

Exchange-traded fund (ETF)

A passively managed index-tracking investment fund traded on a stock exchange.

Financial Dispute Resolution Scheme

An independent and impartial process administered by the Financial Dispute Resolution Centre whereby financial institutions in Hong Kong are required to resolve monetary disputes with their customers through mediation and arbitration.

Financial Stability Board (FSB)

An international body which promotes global financial stability through recommendations for, and the implementation and monitoring of, policy initiatives and international standards.

Financial technology (Fintech)

The application of information and communications technology to financial services, including digital payments, peer-to-peer financing, cybersecurity and data security, big data and data analytics, and distributed ledger technology.

Group of Twenty

An international forum for the governments and central bank governors from 19 of the world's major economies plus the European Union.

GEM

A stock market operated by Hong Kong Exchanges and Clearing Limited to provide fund-raising opportunities for small to mid-sized companies which may not meet the Main Board listing requirements. Formerly known as the Growth Enterprise Market.

Initial coin offering (ICO)

A fundraising mechanism whereby digital tokens or coins are offered to investors to fund a blockchain-related project.

International Organization of Securities Commissions (IOSCO)

A body of securities regulators worldwide which develops, implements and promotes adherence to internationally recognised standards for securities regulation.

Glossary and abbreviations

Investment-linked assurance scheme (ILAS)

A life insurance policy with investment elements that provides both insurance protection and investment options, usually through funds.

Leveraged and inverse products

Products structured as ETFs for public offering in Hong Kong. Leveraged products aim to deliver a daily return equivalent to a multiple of the underlying index return while inverse products aim to deliver the opposite of the daily return of the underlying index.

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

A free trade agreement concluded by the Mainland and Hong Kong covering trade in goods and services as well as investment facilitation. Provisions include tariff agreements, preferential treatment for service providers, mutual recognition of professional qualifications, and enhanced cooperation in trade and investment facilities.

Mandatory provident fund (MPF)

An employment-based retirement savings scheme that requires regular mandatory contributions by employees and employers in Hong Kong.

Market Misconduct Tribunal (MMT)

An independent full-time body established under the Securities and Futures Ordinance which imposes civil sanctions against those it determines to be guilty of market misconduct.

Open-ended fund companies (OFC)

Collective investment schemes structured in corporate form with limited liability and variable share capital.

Over-the-counter derivatives (OTC derivatives)

Financial instruments that are usually traded directly between dealers and principals rather than via an exchange and whose values are derived from those of underlying assets.

Real estate investment trust (REIT)

A collective investment scheme constituted as a trust that invests primarily in real estate with the aim to provide returns to holders derived from rental income.

Regulatory technology (Regtech)

Technologies that assist regulators and firms to enhance processes for the collection, management and reporting of regulatory data, risk identification, risk weighting, surveillance and data analytics.

Rights issue

An offer to existing holders of a listed company's securities which enables them to subscribe to an additional number of securities in proportion to their existing holdings.

Securities and Futures Appeals Tribunal (SFAT)

A body established under the SFO to review specified decisions made by the SFC, the Monetary Authority or a recognised investor compensation company.

Securities and Futures Ordinance (SFO)

Together with subsidiary legislation, the law in Hong Kong relating to financial products and the securities and futures market and industry, as well as to their regulation and to other matters including the protection of investors.

Swiss Financial Market Supervisory Authority (FINMA)

The independent financial markets regulator in Switzerland.

Taiwan Financial Supervisory Commission

The authority responsible for the development, supervision, examination and regulation of the financial sector in Taiwan.

UK Financial Conduct Authority (FCA)

The conduct and prudential regulator for financial markets and financial services firms in the UK.

Undertakings for collective investment in transferable securities (UCITS)

A harmonised regulatory regime for the operation and sale of investment funds within the European Union.

Unit trust

A collective investment scheme constituted in trust form.

US Commodity Futures Trading Commission (CFTC)

The independent agency that regulates futures and options markets in the US.

US Securities and Exchange Commission (SEC)

The primary regulator of the US securities markets.

Whitewash waiver

A waiver of a party's obligation to make a mandatory offer to other shareholders of a company arising from an issue of new securities of that company.