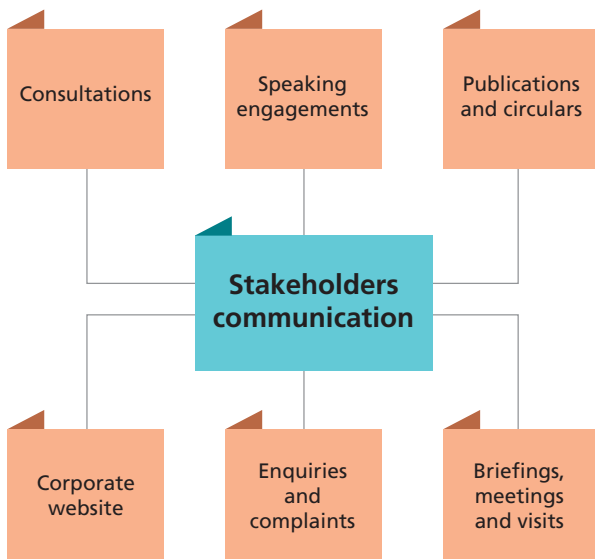


Stakeholders

To promote transparency, we strive to help stakeholders understand our work and provide them with up-to-date regulatory information through timely, concerted outreach. We engage with a wide range of stakeholders using multiple channels.



Industry

In June, we organised the SFC Compliance Forum 2018 (see sidebar on page 79), a half-day event to exchange views with the industry on current regulatory concerns. More than 500 participants from the financial industry attended.

Publications and other communications

	2018/19	2017/18	2016/17
Press releases	128	138	134
Consultation papers	5	11	4
Consultation conclusions	11	8	2
Industry-related publications	15	15	13
Codes and guidelines ^a	14	10	4
Circulars to industry	90	83	74
Corporate website average daily page views ^b	64,947	67,664	59,952
General enquiries	6,709	7,494	6,532

^a Includes updates to previous versions.

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

We maintain an open and productive dialogue with industry associations, professional bodies and other market participants. To keep industry participants informed about regulatory developments, we regularly organise meetings and briefings and from time to time contribute articles to industry association newsletters.

This year, we organised five workshops on our enhanced licensing process and three seminars on anti-money laundering for more than 2,000 participants. Our industry briefing on the Guidelines on Online Distribution and Advisory Platforms was attended by about 200 participants from industry associations and regulatory counterparts. Together with the Hong Kong Chinese Enterprises Association, we organised a workshop to brief Mainland-based firms on the latest regulatory requirements for intermediaries and listed companies in September 2018.

During the year, our senior executives took part in 85 speaking engagements on various topics within our remit. We supported 10 seminars or events organised by industry bodies.

The SFC was one of the regulatory partners supporting the Hong Kong FinTech Week 2018 Main Conference on 31 October and 1 November. Our senior executives discussed regulatory issues related to financial technology (Fintech) development and we displayed information about the SFC's Fintech initiatives at a booth on-site.

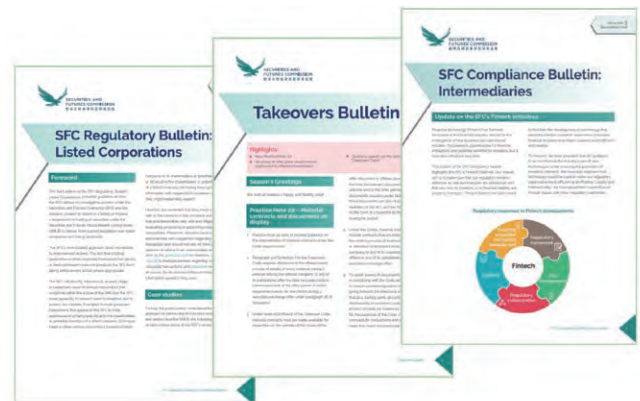
Stakeholders

When we propose rules under the Securities and Futures Ordinance, we carry out a public consultation even if it is not a statutory requirement to do so. Before implementation, we consult the public on proposed non-statutory codes and guidelines, as well as amendments to them. We issue consultation papers comprising detailed proposals and as part of the consultation process hold both formal and informal discussions to hear stakeholders' views.

After completing our analysis, we issue a consultation conclusions paper summarising the main comments received and setting out our conclusions. We published five consultation papers and 11 consultation conclusions in the year.

Our publications aim to update the industry on our regulatory work, topical issues and other developments. This year, we published 15 thematic publications, including periodic newsletters, market reviews and surveys.

Circulars and frequently-asked questions are posted on the SFC website to help the industry better understand our regulatory requirements. This year, we issued 90 circulars on a wide range of matters, including virtual assets, securities margin financing, online client onboarding, valuation of fund assets, our review of licensed firms' internal controls and updates on anti-money laundering and counter-terrorist financing.



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.

Through regular meetings and reports, we maintain close liaison with the Financial Services and the Treasury Bureau and provide updates on our regulatory initiatives. We also provide assistance and information to other government bureaux and departments on various issues.



Mr Ashley Alder, Chief Executive Officer, at Hong Kong FinTech Week 2018



Information booth

Regulatory counterparts

We play an active role in international regulatory cooperation through our participation in both the International Organization of Securities Commissions and the Financial Stability Board¹.

To enhance regulatory cooperation, we maintain close contact with local, Mainland and overseas regulatory counterparts. During the year, we signed six memoranda of understanding (MoU) with other regulatory authorities and held more than 30 MoU meetings. In addition, we received visitors and delegates from Mainland and overseas authorities.

SFC Compliance Forum 2018

On 21 June, we hosted the SFC Compliance Forum 2018 to exchange views with the industry on current regulatory issues. Our senior executives, along with representatives from our regulatory counterparts, the financial industry and academia, discussed a range of topics at the half-day event attended by more than 500 participants.

Ms Julia Leung, our Deputy Chief Executive Officer and Executive Director of Intermediaries, delivered opening remarks, cautioning that while the use of technology and big data may bring opportunities and enhance efficiency, the financial industry should not overlook the associated risks. The SFC also explores ways to use technology in its regulatory work to identify and assess risks, she added.

The plenary panel, moderated by Ms Leung, discussed the industry's use of innovative technologies such as artificial intelligence, machine learning, blockchain, cloud services and big data, as well as the related risks and how they intersect with the SFC's regulatory framework.



Ms Julia Leung, Deputy Chief Executive Officer and Executive Director of Intermediaries

One breakout session discussed best execution, client facilitation and alternative liquidity pools in light of the SFC's risk-based thematic reviews, and another focused on our thematic inspection of the work of initial public offering sponsors and the specific challenges they face.



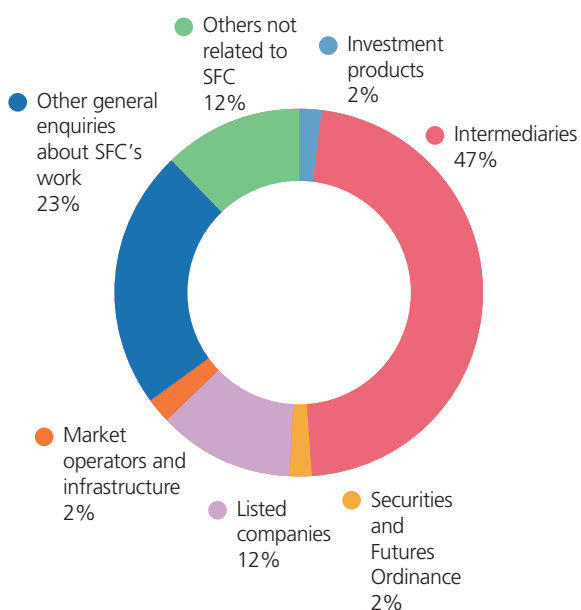
¹ See Regulatory engagement on pages 73-76.

Stakeholders

The public

We address public concerns and enquiries regarding the securities and futures markets. During the year, we received a total of 6,709 general enquiries by phone or in writing.

General enquiries



We handled 6,034 complaints during the year. Complaints against intermediaries and market activities are first reviewed by our Complaints Control Committee, comprising senior executives from across the organisation, and are allocated to responsible divisions for assessment where appropriate.



SFC Chairman Mr Tim Lui (second from the left) at HKEX's ceremony to mark the Lunar New Year's first trading day

A total of 1,596 cases² were allocated for further review and 624 were referred to HKEX³ or other financial regulators and law enforcement agencies.

To increase public understanding of Hong Kong's financial regulatory framework and our role in it, we received visitors from local and overseas institutions and our senior executives delivered key messages in media interviews. We issued 128 press releases to inform the public of the latest regulatory actions and other SFC news.

We published our *Annual Report 2017-18* and three quarterly reports to help stakeholders understand our work. Our reporting efforts were recognised with a Gold Award in the Hong Kong Management Association's Best Annual Reports Awards 2018, and a Gold Award, public sector category, in the Hong Kong Institute of Certified Public Accountants' 2018 Best Corporate Governance Awards.

The public can easily obtain up-to-date information about our work and regulations on our corporate website. This year, we redesigned our homepage and made several sections more easily accessible via mobile and tablet devices as well as by the visually impaired.

² One case may comprise multiple complaints.
³ Hong Kong Exchanges and Clearing Limited.

Complaints against intermediaries and market activities

	2018/19	2017/18	2016/17
Conduct of licensees	453	357	411
Conduct of registered institutions	16	22	39
Listing-related matters and disclosure of interests	3,485	779	739
Market misconduct ^a	364	322	221
Product disclosure	8	12	8
Unlicensed activities	164	141	116
Breach of offers of investments	30	48	141
Boiler rooms and suspicious websites	378	319	330
Scams and frauds ^b	285	186	132
Other financial activities not regulated by SFC ^c	851	503	185
Total	6,034	2,689	2,322

^a Primarily, alleged market manipulation and insider dealing.

^b Such as identity fraud and impersonation.

^c For example, bullion trading, banking complaints.

