

# Breakdown of SFC activity data

Table 1 Authorised unit trusts and mutual funds – by type

	As at 31.3.2019		As at 31.3.2018	
	Number	Total NAV (US\$ million)	Number	Total NAV (US\$ million)
Bond	474 (23.9%)	534,298 (34.2%)	449 (22.7%)	569,700 (33.9%)
Equity	1,005 (50.7%)	721,365 (46.2%)	1,030 (52.1%)	787,889 (46.9%)
Diversified	181 (9.1%)	165,708 (10.6%)	172 (8.7%)	180,353 (10.7%)
Money market	44 (2.2%)	22,284 (1.4%)	45 (2.3%)	20,905 (1.2%)
Fund of funds	110 (5.5%)	22,581 (1.4%)	116 (5.9%)	22,897 (1.4%)
Index <sup>1</sup>	162 (8.2%)	96,164 (6.2%)	157 (7.9%)	97,637 (5.8%)
Guaranteed	3 (0.2%)	72 (0%)	3 (0.2%)	105 (0%)
Hedge	0 (0%)	0 (0%)	1 (0.1%)	26 (0%)
Other specialised <sup>2</sup>	5 (0.3%)	748 (0%)	5 (0.3%)	1,061 (0.1%)
Sub-total	1,984 (100%) <sup>3</sup>	1,563,220 (100%)	1,978 (100%) <sup>3</sup>	1,680,573 (100%)
Umbrella structures	232		237	
<b>Total</b>	<b>2,216</b>		<b>2,215</b>	

<sup>1</sup> Including leveraged and inverse products.

<sup>2</sup> Including futures and options funds, structured funds and funds that invest in financial derivative instruments.

<sup>3</sup> These percentages do not add up to total due to rounding.

Table 2 Authorised unit trusts and mutual funds – by origin

	As at 31.3.2019				As at 31.3.2018		
	Umbrella funds	Sub-funds	Single funds	Total	Total NAV (US\$ million)	Total	Total NAV (US\$ million)
Hong Kong	149	558	82	789 (35.6%)	154,831 (9.9%)	758 (34.2%)	158,199 (9.4%)
Luxembourg	49	1,015	0	1,064 (48%)	1,059,476 (67.8%)	1,041 (47%)	1,105,904 (65.8%)
Ireland	22	194	2	218 (9.8%)	207,154 (13.3%)	239 (10.8%)	232,586 (13.8%)
United Kingdom	4	23	26	53 (2.4%)	73,987 (4.7%)	69 (3.1%)	109,340 (6.5%)
Mainland China	2	2	46	50 (2.3%)	19,615 (1.3%)	50 (2.3%)	20,855 (1.2%)
Other Europe	1	2	0	3 (0.1%)	140 (0%)	3 (0.1%)	137 (0%)
Bermuda	0	0	1	1 (0%)	153 (0%)	1 (0%)	173 (0%)
Cayman Islands	5	20	5	30 (1.4%)	7,718 (0.5%)	46 (2.1%)	9,033 (0.5%)
Others	0	0	8	8 (0.4%)	40,146 (2.6%)	8 (0.4%)	44,346 (2.6%)
<b>Total</b>	<b>232</b>	<b>1,814</b>	<b>170</b>	<b>2,216 (100%)</b>	<b>1,563,220 (100%)<sup>1</sup></b>	<b>2,215 (100%)</b>	<b>1,680,573 (100%)<sup>1</sup></b>

<sup>1</sup> These percentages do not add up to total due to rounding.

Table 3 Takeovers activities

	2018/19	2017/18	2016/17
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>			
General and partial offers under Code on Takeovers and Mergers	55	59	73
Privatisations	6	11	13
Whitewash waiver applications	21	41	37
Other applications under Code on Takeovers and Mergers <sup>1</sup>	275	289	365
Off-market and general offer share buy-backs	9	1	4
Other applications under Code on Share Buy-backs <sup>1</sup>	7	0	2
<b>Total</b>	<b>373</b>	<b>401</b>	<b>494</b>
<b>Executive Statements</b>			
Sanctions imposed with parties' agreement <sup>2</sup>	2	5	4
<b>Takeovers and Mergers Panel</b>			
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	1	2	0
Hearings before the Panel (disciplinary and non-disciplinary)	0	1	2
Statements issued by the Panel <sup>3</sup>	0	1	2

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

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

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

## Breakdown of SFC activity data

**Table 4 Breaches noted during on-site inspections**

	2018/19	2017/18	2016/17
Failure to comply with Securities and Futures (Financial Resources) Rules	9	12	13
Failure to safekeep client securities	32	38	58
Failure to maintain proper books and records	13	33	36
Failure to safekeep client money	28	59	62
Unlicensed dealing and other registration issues	17	23	13
Breach of licensing conditions	5	7	8
Breach of requirements of contract notes/statements of account/receipts	31	62	85
Failure to make filing/notification	1	2	8
Breach of margin requirements	8	5	6
Marketing malpractices	0	0	1
Illegal short selling of securities	0	0	1
Dealing malpractices	3	3	11
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	275	320	441
Breach of Corporate Finance Adviser Code of Conduct	8	8	18
Breach of Fund Manager Code of Conduct	67	93	82
Breach of regulation of online trading	3	4	8
Non-compliance with anti-money laundering guidelines	201	175	201
Breach of other rules and regulations of the Exchanges <sup>2</sup>	12	17	14
Internal control weaknesses <sup>3</sup>	443	535	598
Others	80	80	91
<b>Total</b>	<b>1,236</b>	<b>1,476</b>	<b>1,755</b>

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

<sup>2</sup> The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

<sup>3</sup> 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, amongst other weaknesses.

Table 5 Successful prosecutions

Defendants	Date of conviction	Fine (\$) / Penalty	Investigation costs awarded (\$)
<b>Insider dealing</b>			
AU-YEUNG Siu Pang	19.2.2019	120,000 and four-month imprisonment	33,365
<b>Provision of false/misleading statements</b>			
DBA Telecommunication (Asia) Holdings Limited	28.6.2018	20,000	15,151
<b>Short selling</b>			
HUI Kwok Piu	26.7.2018	231,000	23,564
<b>Provision of false/misleading representation to the SFC</b>			
LUI Ho Yeung	11.5.2018	12,000	12,301

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

Table 6 Other public disciplinary actions

Company / Name	Date	Conduct	Action
NG Wing Leung, Stephen and CHAN Yee Lee, George	24.4.2018	Failure to comply with the employee account dealing requirements under the Fund Manager Code of Conduct	Reprimanded and each fined \$100,000
LAU Ki Fung	12.6.2018	Failure to keep proper records of order instructions from clients	Reprimanded and fined \$80,000
POON Chun Hing	18.7.2018	Provided false and misleading information to his client and the SFC as well as conducted transactions through an unlicensed corporation	Banned from re-entering the industry for 30 months
KWOK Lai Kwan, Fonia	27.8.2018	Conviction for unlicensed asset management	Banned from re-entering the industry for 12 months
NGO Wing Chun	20.9.2018	Unauthorised transfer of customer data	Banned from re-entering the industry for 12 months
LAM Wai Kit and CHAN Ho Wai	10.12.2018	Failure to exercise due skill, care and diligence in handling research reports and ensure the maintenance of appropriate standards of conduct and adherence to proper procedures by FT Securities Limited	Licences suspended for nine months
W. Falcon Asset Management (Asia) Limited	4.2.2019	Window-dressed its liquid capital, breached the terms of a restriction notice and failure to provide timely notification of the resignation of its director who engineered the window-dressing scheme	Licence revoked

Note: See Enforcement on pages 65-72 for details of the most significant disciplinary actions.

## Breakdown of SFC activity data

**Table 7 Other enforcement actions**

	2018/19	2017/18	2016/17
S179 <sup>1</sup> inquiries commenced	26	24	27
S181 <sup>2</sup> inquiries commenced (number of letters sent)	294 (9,074)	261 (8,461)	301 (8,960)
S182 <sup>3</sup> directions issued	231	274	407
Rule 8 directions <sup>4</sup> issued	4	12	4
Show cause letters <sup>4</sup> issued	2	11	3
Cases with search warrants executed	30	22	34
Compliance advice letters issued	234	277	548
Criminal, Civil and Market Misconduct Tribunal (MMT) proceedings			
(a) Insider dealing			
Individuals/corporations summonsed (summons laid)	1 (5)	4 (7)	0 (0)
Individuals/corporations involved in ongoing civil proceedings	11	13	16
Individuals/corporations involved in ongoing MMT proceedings	5	0	0
(b) Market manipulation			
Individuals/corporations involved in ongoing MMT proceedings	0	3	3
(c) Others			
Individuals/corporations summonsed (summons laid)	4 (37)	10 (47)	10 (46)
Individuals/corporations involved in ongoing civil proceedings	90	84	110
Individuals/corporations involved in ongoing MMT proceedings	25	13	26
Disciplinary enquiry			
Notices of Proposed Disciplinary Action <sup>5</sup> issued	22	29	49
Notices of Decision <sup>6</sup> issued (including S201 <sup>7</sup> agreement)	34	32	56
SFAT hearings			
Applications to SFAT	4	4	1
Applications/hearings completed	5	3	4

<sup>1</sup> 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.

<sup>2</sup> 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.

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

<sup>4</sup> 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.

<sup>5</sup> 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.

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

<sup>7</sup> 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 industry<sup>1</sup>

	As at 31.12.2018	As at 31.12.2017	As at 31.12.2016
Securities dealers and securities margin financiers	1,312	1,222	1,104
Active cash clients <sup>2</sup>	1,410,319	1,320,332	1,289,563
Active margin clients <sup>2</sup>	463,970	337,599	267,132
Active clients	1,874,289	1,657,931	1,556,695
<b>Balance sheet</b>	<b>(\$ million)</b>	<b>(\$ million)</b>	<b>(\$ million)</b>
Cash in hand and at bank <sup>3</sup>	515,715	515,547	446,465
Amounts receivable from margin clients <sup>4</sup>	180,800	205,977	171,633
Amounts receivable from clients and other dealers arising from dealing in securities	158,495	164,226	125,471
Proprietary positions	89,096	139,502	110,756
Other assets	282,426	312,152	224,196
Total assets	1,226,532	1,337,404	1,078,521
Amounts payable to clients and other dealers arising from dealing in securities	531,638	568,641	481,339
Total borrowings from financial institutions	111,396	170,411	86,731
Short positions held for own account	38,285	62,161	33,194
Other liabilities	148,483	164,033	143,941
Total shareholders' funds	396,730	372,158	333,316
Total liabilities and shareholders' funds	1,226,532	1,337,404	1,078,521
	<b>12 months to 31.12.2018 (\$ million)</b>	<b>12 months to 31.12.2017 (\$ million)</b>	<b>12 months to 31.12.2016 (\$ million)</b>
<b>Profit and loss</b>			
Total value of transactions <sup>5</sup>	89,678,389	73,901,390	63,495,134
Net securities commission income	24,197	23,079	18,739
Gross interest income	22,471	17,259	14,026
Other income <sup>6</sup>	114,637	107,079	98,344
Total operating income	161,305	147,417	131,109
Total overheads and interest expense	137,757	123,878	116,978
Total operating profit	23,548	23,539	14,131
Net profit on proprietary trading	14,783	11,667	6,893
Net profit for the period	38,331	35,206	21,024

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Cash in hand and at bank include trust monies held on behalf of clients which totalled \$285,686 million (31.12.2017: \$286,461 million).

<sup>4</sup> As at 31.12.2018, the average collateral coverage was 3.7 times (as at 31.12.2017: 4.1 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.

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

<sup>6</sup> 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 14-35.

### SFC Committees

#### Advisory Committee

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

Chairman	
TONG Carlson, SBS, JP (to 19.10.2018)	LUI Tim Leung Tim, SBS, JP (from 20.10.2018)
Members	
ALDER Ashley Ian, JP	GRAHAM David
Dr AU King-lun, MH	KUNG Yeung Ann Yun-Chi
BENNETT Prudence Ann	LEUNG Fung Yee Julia, SBS
Prof CHAN Kalok	SHIPMAN Mark Graham
CHAN Lap-tak Jeffrey	Dr TAN Yue-heng
CHOI Fung Yee Christina	WINTER Richard David
CHRISTIANSON Sun Wei	YIN Ke
DING Chen	
<b>Number of meetings: 3</b>	<b>Average attendance rate: 65%</b>

#### 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 (CPT), 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.

During the year, the Committee met once to consider a number of matters, including the CPT regime, the competence and CPT requirements for the over-the-counter derivatives licensing regime, and the relevant industry experience for Fintech practitioners.

Chairperson	
LEUNG Fung Yee Julia, SBS	
Members	
Prof CHENG Wui Wing Joseph	LO Wai Shun Wilson
CHEUNG Wai Kwok Gary	PAN San Kong Terry
DAVIS Nigel	PONG Po Lam Paul
Prof HOWELLS Geraint	WONG Wing Fai Joseph
Prof LEUNG Siu Fai	
Secretary	
TUNG Ka Shun Sam	
<b>Number of meetings: 1</b>	<b>Average attendance rate: 80%</b>

## 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.

Chairperson	
CHOI Fung Yee Christina	
Members	
BANKS Ian Robert (to 30.6.2018)	Prof HUI Chi Man, MH
CHAN Duen Grace	KWOK Lam Kwong Larry, SBS, JP
Dr CHAN Ho Wah Terence	LAU Chun Kong, JP
CHAN Wing Hing Barry	NG Yiu Fai (Curtis NG)
CHIANG Sui Fook Lilian	WONG Chi Ming Sally
HO Edmund	WU Thomas Jefferson, JP
HO Yin Tung Brian	YEONG Wei Ming Alexandra
Secretary	
TSE Lok Min	
<b>Number of meetings: 1</b>	<b>Average attendance rate: 86%</b>

## 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	
DAWES Victor, SC	LI Gladys Veronica, SC
JAT Sew Tong, SC, JP	SHIEH Wing Tai Paul, SC
LAM Douglas Tak Yip, SC	WONG Man Kit Anson, 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 cloud computing, big data, blockchain and virtual assets.

Chairperson	
LEUNG Fung Yee Julia, SBS	
Members	
ADVANI Alokik Indru (to 31.7.2018)	LI Ting (to 28.2.2019)
ARSLANIAN Henri-Kevork	MA Henry (from 1.3.2019)
CHENG Andrew (from 1.3.2019)	MCCORMACK Urszula
GUZY Melissa C. (to 28.2.2019)	SPIEGL, Florian Mattheaus (from 1.3.2019)
JOHNSTONE Syren	TAN Jessica
LEWIS Antony	
Ex-officio members	
CHIONG Sai Lung Ron (to 25.6.2018)	CHIU Ka Lai Clara
<b>Number of meetings: 2</b>	<b>Average attendance rate: 91%</b>

## 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.

<b>Chairman</b>	
LUI Kei Kwong Keith	
<b>Members</b>	
ATKINSON Thomas Allan	TAI Chi Kin Calvin (from 1.1.2019)
KO Teresa Yuk Yin, JP (to 31.7.2018)	Dr WONG Ming Fung William, SC (from 1.8.2018)
LEE Kwok Keung Roger (to 31.12.2018)	
<b>Number of meetings: 1</b>	<b>Average attendance rate: 100%</b>

### Investor Compensation Company Limited Claims Committee

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

<b>Chairman</b>	
KO Teresa Yuk Yin, JP (to 31.7.2018)	Dr WONG Ming Fung William, SC (from 1.8.2018)
<b>Members</b>	
CHAN Lui Clara	MONG Yee Wai (from 24.2.2019)
FUNG Wei Lung Brian	MUKADAM Thrity Homi
LO Dak Wai Alexandra, JP	NG Oliver Tse Kuen (to 23.2.2019)
LUI Kei Kwong Keith	TSO Pui Sze Teresa
MAK Po Shuen Olivia	WAN Chi Yiu Andrew
<b>Number of meetings: 2</b>	<b>Average attendance rate: 80%</b>

### Nominations Committee

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

During the year, there were no circumstances which called for a meeting. The Committee considers the appointment and reappointment of members to the Takeovers and Mergers Panel and the Takeovers Appeal Committee by e-circulation.

<b>Chairman (ex-officio member)</b>	
ALDER Ashley Ian, JP	
<b>Members</b>	
LUI Tim Leung Tim, SBS, JP (from 20.10.2018)	Dr WONG Ming Fung William, SC
<b>Ex-officio members</b>	
CLARK Stephen Edward	HO Yin Tung Brian
<b>Alternate members to CLARK Stephen Edward</b>	
CHAN Yuk Sing Freeman	MAGUIRE John Martin
KO Teresa Yuk Yin, JP	WEBB David Michael
LIU Chee Ming	
<b>Number of meetings: 0</b>	<b>Average attendance rate: N/A</b>

## 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 regulation of trustees and custodians as well as eligibility and disclosure requirements for green or environmental, social and governance funds.

Chairperson	
CHOI Fung Yee Christina	
Members	
ABRAT Katherine Anna	LYU Hong (Sandra LU)
AU Chi San Charity (Charity AU) (from 20.6.2018)	Dr MAK Sui Choi Billy
CHAN Duen Grace	Dr MALDONADO-CODINA Guillermo Eduardo (Bill MALDONADO)
CHAN Siu Ping Chordio	NOYES Keith Samuel
DASWANI Praveen Mohan (to 7.6.2018)	PAN San Kong Terry
DING Chen	PANG Wai Sau Queenie
FUNG Ka Shing Bernard	SHIPMAN Mark Graham
HUI Mei Ying (Carol HUI)	TURL Graham Douglas
Dr HUNG Tin Yau Victor	TZATZAKIS Costa (Con TZATZAKIS)
LAU Karen Ga-Yun (from 20.4.2018)	WONG Man Yee (Fanny WONG)
LAW Shing Mui Alice	WONG Pui Ling Pauline
LECKIE Stuart Hamilton, OBE, JP	YANG Qiumei (to 30.9.2018)
LEE Chi Kee Trevor	YEONG Wei Ming Alexandra
LIU Yun Bonn	
Secretary	
POON Wing Yee Loreen	
<b>Number of meetings: 1</b>	<b>Average attendance rate: 81%</b>

## Public Shareholders Group

Advises on issues relating to shareholders' rights and interests.

During the year, the Group met three times and discussed various policy subjects, such as The Stock Exchange of Hong Kong Limited's (SEHK) proposals relating to backdoor listing and continuing listing criteria, and listed companies with disclaimer or adverse audit opinion on financial statements.

Chairman	
HO Yin Tung Brian	
Members	
BENNETT Prudence Ann	SCHLABBERS Manuel
CHEN Yang Chung Roy	TYE Philip Andrew (from 11.10.2018)
CHIA Chin-Ping (from 1.4.2018)	van Rijn Arnout
HO John	WANG Fang (from 11.10.2018)
HUANG Zhi Hong Rawen (from 11.10.2018)	WONG Chi Ming Sally (from 11.10.2018)
LAU Ka Shi, BBS	WONG David (Nicholas)
LIU Hung Ho Ellis (to 10.8.2018)	WONG Yu Tsang Alex
LU Ting	WOO Ka Biu Jackson (from 11.10.2018)
PARK Yoo Kyung	
<b>Number of meetings: 3</b>	<b>Average attendance rate: 72%</b>

## 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	MAK Po Shuen
KO Teresa Yuk Yin, JP (to 31.7.2018)	TAI Chi Kin Calvin (from 1.1.2019)
LEE Kwok Keung Roger (to 31.12.2018)	Dr WONG Ming Fung William, SC (from 1.8.2018)
<b>Number of meetings: 1</b>	<b>Average attendance rate: 100%</b>

### 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 Hong Kong Exchanges and Clearing Limited (HKEX) as the holding company of SEHK 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	Dr LIN James C (from 1.8.2018)
CHAN Sui Kuen Agnes (From 20.10.2018)	LUI Tim Leung Tim, SBS, JP (from 20.10.2018)
CHENG Wai Sun Edward, GBS, JP	MA Xuezheng Mary
HUANG Lester, SBS, JP	Dr WONG Ming Fung, SC
<b>Number of meetings: 0</b>	<b>Average attendance rate: N/A</b>

## 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 and the proper performance of SEHK's listing functions. In such cases, the relevant SEHK functions maybe 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	LUI Kei Kwong Keith
ATKINSON Thomas Allan	PHADNIS Dhananjay Shrikrishna
BROWN Melissa	TYE Philip Andrew
CHAN YUK Sing Freeman	WONG David (Nicholas)
CHOI Fung Yee Christina	YEUNG Eirene
LEUNG Fung Yee Julia, SBS	YOUNG Andrew John
<b>Number of meetings: 0</b>	<b>Average attendance rate: N/A</b>

## 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, JP
CHUI Ming Wai	TSAI Wing-chung Philip, BBS, JP
KONG YAO FAH Sew Youne (Marie-Anne KONG)	YUEN Ka Fai
Dr LIN James C	
<b>Number of meetings: 0</b>	<b>Average attendance rate: N/A</b>

## Share Registrars' Disciplinary Appeals Committee

Hears and determines appeals from the Share Registrars' Disciplinary Committee. Members of 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 Executive<sup>1</sup> at the request of any party dissatisfied with such a ruling. Considers novel, important or difficult cases referred to it by the 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 once to discuss takeovers-related policy matters.

Chairman	
CLARK Stephen Edward	
Deputy Chairmen	
CHAN Yuk Sing Freeman	MAGUIRE John Martin
KO Teresa Yuk Yin, JP	WEBB David Michael
LIU Chee Ming	
Members	
BROWN Melissa	SABINE Martin Nevil
CHAN Che Chung (Conrad CHAN)	SCHWILLE Mark Andrew
CHARLTON Julia Frances	SHAH Asit Sudhir
CHENG Wai Sun Edward, GBS, JP (from 20.10.2018)	SOUTAR James Alexander
FU Yat Hung David	VAS CHAU Lai Kun Judy
IP Koon Wing Ernest	WINTER Richard David
LAM Chor Lai Celia	WOLHARDT Julian Juul
LEE Kam Hung Lawrence, BBS, JP	WONG Wai Ming
LIU Yun Bonn	WONG Yu Tsang Alex
NORMAN David Michael	YU Ka Po Benita
NORRIS Nicholas Andrew	YUEN Ka Fai (Frank YUEN)
PARK Yoo Kyung	
<b>Number of policy meetings: 1</b>	<b>Average attendance rate: 50%</b>
<b>Number of non-disciplinary hearings: 0</b>	<b>Average attendance rate: N/A</b>
<b>Number of disciplinary hearings: 0</b>	<b>Average attendance rate: N/A</b>

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

## 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	NORRIS Nicholas Andrew
CHAN Che Chung (Conrad CHAN)	PARK Yoo Kyung
CHAN Yuk Sing Freeman	SABINE Martin Nevil
CHARLTON Julia Frances	SCHWILLE Mark Andrew
CHENG Wai Sun Edward, GBS, JP (from 20.10.2018)	SHAH Asit Sudhir
CLARK Stephen Edward	SOUTAR James Alexander
FU Yat Hung David	VAS CHAU Lai Kun Judy
IP Koon Wing Ernest	WEBB David Michael
KO Teresa Yuk Yin, JP	WINTER Richard David
LAM Chor Lai Celia	WOLHARDT Julian Juul
LEE Kam Hung Lawrence, BBS, JP	WONG Wai Ming
LIU Chee Ming	WONG Yu Tsang Alex
LIU Yun Bonn	YU Ka Po Benita
MAGUIRE John Martin	YUEN Ka Fai (Frank YUEN)
NORMAN David Michael	
<b>Number of meetings: 0</b>	<b>Average attendance rate: N/A</b>

## 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.

<b>Chairman</b>	
LAM Yuk Kun Lawrence	
<b>Deputy Chairperson</b>	
LEE Pui Shan Rosita	
<b>Members</b>	
CHAN Siu-ping Chordio	LEUNG Tak-lap
CHEUNG Tai Keung Jack	

## 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 action 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, investment products 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 (to 31.10.2018)	LEE Kam-hung Lawrence, BBS, JP (from 1.11.2018)
Members	
CHAN Kam Wing Clement (to 31.10.2018)	KWAN Wing-han Margaret (from 1.11.2018)
CHAN Lap-tak Jeffrey (from 1.11.2018)	KWOK Tun Ho Chester
CHAN Lena	LAI Hin-wing Henry (from 1.11.2018)
CHAU Suet-fung Dilys (from 1.11.2018)	LEE Pui Shan Rosita (to 31.10.2018)
CHUA Suk-lin Ivy (from 1.11.2018)	LEE Wai Wang Robert (to 31.10.2018)
CHUI Yik-chiu Vincent (from 1.11.2018)	Dr MAK Sui Choi Billy
DING Chen	TSANG Sui Cheong Frederick
Dr HU Zhanghong (to 31.10.2018)	YUEN Shuk-kam Nicole
Ex-officio members	
CHEUNG Kam-Wai Christina, JP	TONG Carlson, SBS, JP (to 19.10.2018)
LUI Tim Leung Tim, SBS, JP (from 20.10.2018)	

### 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	
LUNN Michael Victor, GBS, former Vice President of the Court of Appeal of the High Court (from 1.1.2019)	
Members	
CHAN Lap-tak Jeffrey	Prof LEUNG Siu-fai
CHAN Mei-bo Mabel	MAK Kwong-fai
CHAN Sze-oi Rebecca	Dr MAK Sui Choi Billy
CHENG 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

## Abu Dhabi Global Market Financial Services Regulatory Authority

The authority that regulates the financial services sector in Abu Dhabi.

## 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.

## 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 Banking and Insurance Regulatory Commission (CBIRC)

A ministry-level agency directly under the State Council which regulates the Mainland's banking and insurance industries.

## 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.

## Crypto-assets

Includes cryptocurrencies, funds investing in cryptocurrencies and related products, cryptocurrency futures contracts and structured products.

## Exchange participant

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)

Open-ended collective investment schemes which trade throughout the day like a stock on the secondary market (ie, through an exchange). ETFs may be managed actively or passively.

## Financial Action Task Force (FATF)

An inter-governmental body established to set standards and promote measures to combat money laundering, terrorist financing and related threats to the integrity of the international financial system.

## 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.

## 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.

## German Federal Financial Supervisory Authority

An integrated financial supervisor for the banking, securities and insurance sectors in Germany.

## Global Financial Innovation Network

An international network of financial services regulators and related organisations committed to supporting financial innovation in the interests of investors.

## Group of Twenty (G20)

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

## Green finance

Financial instruments or investments which facilitate green development and help manage environmental and climate risks and opportunities.

## Hong Kong Trade Repository

A centralised registry of records of OTC derivatives transactions.

## Glossary and abbreviations

### **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.

### **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.

### **Luxembourg Commission de Surveillance du Secteur Financier**

The authority regulating participants and products in Luxembourg's financial sector.

### **Mandatory provident fund (MPF)**

An employment-based retirement savings scheme which 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 (SFO) 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 (OTC) derivatives**

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

### **Paris Agreement**

An agreement within the United Nations Framework on Climate Change to make finance flows consistent with a low-carbon future.

### **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.

### **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.

### **Security token**

Digital representations of ownership of assets (eg, gold or real estate) or economic rights (eg, a share of profits or revenue) utilising blockchain technology.

### **Security token offerings (STO)**

Specific offerings of security tokens which have features of traditional securities offerings.

### **UK Financial Conduct Authority (FCA)**

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

### **Unit trust**

A collective investment scheme constituted in trust form.

### **Virtual assets**

Digital representations of value, such as cryptocurrencies, crypto-assets and digital tokens.

### **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.