

# Activity Data

Table 1 Breaches noted during on-site inspections

Nature of breaches	Quarter ended 30.6.2018	Quarter ended 31.3.2018	Change (%)	Quarter ended 30.6.2017	YoY change (%)
Failure to comply with Securities and Futures (Financial Resources) Rules	4	4	0	5	-20
Failure to safekeep client securities	14	4	250	10	40
Failure to maintain proper books and records	8	7	14.3	8	0
Failure to safekeep client money	9	13	-30.8	15	-40
Unlicensed dealing and other registration issues	5	8	-37.5	3	66.7
Breach of licensing conditions	0	1	-100	2	-100
Breach of requirements of contract notes/ statements of account/receipts	12	15	-20	19	-36.8
Failure to make filing/notification	0	1	-100	1	-100
Breach of margin requirements	4	1	300	2	100
Marketing malpractices	0	0	0	0	0
Illegal short selling of securities	0	0	0	0	0
Dealing malpractices	1	1	0	0	N/A
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	115	70	64.3	86	33.7
Breach of Corporate Finance Adviser Code of Conduct	0	3	-100	3	-100
Breach of Fund Manager Code of Conduct	9	20	-55	23	-60.9
Breach of regulation of on-line trading	1	0	N/A	3	-66.7
Non-compliance with anti-money laundering guidelines	33	47	-29.8	37	-10.8
Breach of other rules and regulations of the Exchanges <sup>2</sup>	7	8	-12.5	4	75
Breach of other rules and regulations of the Mandatory Provident Fund Schemes Authority	0	0	0	0	0
Internal control weaknesses <sup>3</sup>	127	161	-21.1	132	-3.8
Others	19	18	5.6	18	5.6
<b>Total</b>	<b>368</b>	<b>382</b>	<b>-3.7</b>	<b>371</b>	<b>-0.8</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> Deficiencies in management review and supervision, operational controls over the handling of client accounts, segregation of duties, information management and adequacy of audit trail for internal control purposes, among other weaknesses.

Table 2 Authorised unit trusts and mutual funds – by type

	As at 30.6.2018	As at 31.3.2018	Change (%)	As at 30.6.2017	YoY change (%)
Bond	446	449	-0.7	431	3.5
Equity	1,002	1,030	-2.7	1,017	-1.5
Diversified	174	172	1.2	164	6.1
Money market	45	45	0	44	2.3
Fund of funds	113	116	-2.6	113	0
Index <sup>1</sup>	160	157	1.9	181	-11.6
Guaranteed	3	3	0	4	-25
Hedge	0	1	-100	2	-100
Other specialised <sup>2</sup>	5	5	0	7	-28.6
Sub-total	1,948	1,978	-1.5	1,963	-0.8
Umbrella structures	235	237	-0.8	241	-2.5
<b>Total</b>	<b>2,183</b>	<b>2,215</b>	<b>-1.4</b>	<b>2,204</b>	<b>-1</b>

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

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

Table 3 Authorised unit trusts and mutual funds – by type and assets under management

	Total NAV (US\$ million) as at 30.6.2018	Total NAV (US\$ million) as at 31.3.2018	Change (%)	Total NAV (US\$ million) as at 30.6.2017	YoY change in total NAV (%)
Bond	517,696	569,700	-9.1	512,653 <sup>1</sup>	1
Equity	737,678	787,889	-6.4	684,944	7.7
Diversified	179,493	180,353	-0.5	148,550	20.8
Money market	20,357	20,905	-2.6	20,802	-2.1
Fund of funds	22,522	22,897	-1.6	21,272	5.9
Index <sup>2</sup>	93,861	97,637	-3.9	96,531	-2.8
Guaranteed	95	105	-9.5	134	-29.1
Hedge	0	26	-100	27	-100
Other specialised <sup>3</sup>	999	1,061	-5.8	1,170	-14.6
<b>Total</b>	<b>1,572,701</b>	<b>1,680,573</b>	<b>-6.4</b>	<b>1,486,083<sup>1</sup></b>	<b>5.8</b>

<sup>1</sup> These figures differ from those disclosed in the Quarterly Report Apr - Jun 2017 due to a revised figure reported after the report's issuance.

<sup>2</sup> Including leveraged and inverse products.

<sup>3</sup> Including futures and options funds, structured funds and funds which invest in financial derivative instruments.

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**Table 4** Authorised unit trusts and mutual funds – by origin

	As at 30.6.2018	As at 31.3.2018	Change (%)	As at 30.6.2017	YoY change (%)
Hong Kong	765	758	0.9	745	2.7
Luxembourg	1,028	1,041	-1.2	1,019	0.9
Ireland	233	239	-2.5	252	-7.5
United Kingdom	54	69	-21.7	63	-14.3
Mainland China	50	50	0	49	2
Other Europe	3	3	0	3	0
Bermuda	1	1	0	5	-80
Cayman Islands	41	46	-10.9	60	-31.7
Others	8	8	0	8	0
<b>Total</b>	<b>2,183</b>	<b>2,215</b>	<b>-1.4</b>	<b>2,204</b>	<b>-1</b>

**Table 5** Authorised unit trusts and mutual funds – by origin and assets under management

	Total NAV (US\$ million) as at 30.6.2018	Total NAV (US\$ million) as at 31.3.2018	Change (%)	Total NAV (US\$ million) as at 30.6.2017	YoY change in total NAV (%)
Hong Kong	151,987	158,199	-3.9	140,451	8.2
Luxembourg	1,062,352	1,105,904	-3.9	980,207	8.4
Ireland	210,085	232,586	-9.7	194,827 <sup>1</sup>	7.8
United Kingdom	80,166	109,340	-26.7	98,379	-18.5
Mainland China	18,262	20,855	-12.4	18,187	0.4
Other Europe	131	137	-4.4	108	21.3
Bermuda	167	173	-3.5	204	-18.1
Cayman Islands	8,779	9,033	-2.8	11,184	-21.5
Others	40,771	44,346	-8.1	42,538	-4.2
<b>Total</b>	<b>1,572,701<sup>2</sup></b>	<b>1,680,573</b>	<b>-6.4</b>	<b>1,486,083<sup>1, 2</sup></b>	<b>5.8</b>

<sup>1</sup> These figures differ from those disclosed in the Quarterly Report Apr - Jun 2017 due to a revised figure reported after the report's issuance.

<sup>2</sup> The figure does not add up to total due to rounding.

Table 6 Takeovers activities

	Quarter ended 30.6.2018	Quarter ended 31.3.2018	Change (%)	Quarter ended 30.6.2017	YoY change (%)
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>					
General and partial offers under Code on Takeovers and Mergers	18	10	80	21	-14.3
Privatisations	1	1	0	4	-75
Whitewash waiver applications	8	6	33.3	11	-27.3
Other applications under Code on Takeovers and Mergers <sup>1</sup>	77	45	71.1	96	-19.8
Off-market and general offer share buy-backs	4	0	N/A	0	N/A
Other applications under Code on Share Buy-backs <sup>1</sup>	3	0	N/A	0	N/A
<b>Total</b>	<b>111</b>	<b>62</b>	<b>79</b>	<b>132</b>	<b>-15.9</b>
<b>Executive Statements</b>					
Sanctions imposed with parties' agreement <sup>2</sup>	1	1	0	0	N/A
<b>Takeovers and Mergers Panel</b>					
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	1	0	N/A	0	N/A
Hearings before the Panel (disciplinary and non-disciplinary)	0	0	0	1	-100
Statements issued by the Panel <sup>3</sup>	0	0	0	1	-100

<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.

## Activity Data

**Table 7 Complaints against intermediaries and market activities**

	Quarter ended 30.6.2018	Quarter ended 31.3.2018	Change (%)	Quarter ended 30.6.2017	YoY change (%)
Conduct of licensees	121	109	11	74	63.5
Conduct of registered institutions	3	5	-40	6	-50
Listed companies and disclosure of interests	258	186	38.7	204	26.5
Market misconduct <sup>1</sup>	97	95	2.1	53	83
Product disclosure	2	5	-60	1	100
Unlicensed activities	57	39	46.2	27	111.1
Breach of offers of investments	9	5	80	17	-47.1
Boiler rooms and suspicious websites	95	88	8	86	10.5
Scams and frauds <sup>2</sup>	74	75	-1.3	45	64.4
Other financial activities <sup>3</sup>	138	243	-43.2	67	106
<b>Total</b>	<b>854</b>	<b>850</b>	<b>0.5</b>	<b>580</b>	<b>47.2</b>

<sup>1</sup> Primarily, alleged market manipulation and insider dealing.

<sup>2</sup> Such as identity fraud and impersonation.

<sup>3</sup> For example, bullion trading, banking services.