

Activity Data

Table 1 Breaches noted during on-site inspections

Nature of breaches	Quarter ended 31.12.2018	Nine months ended 31.12.2018	Nine months ended 31.12.2017 ¹	YoY change (%)
Failure to comply with Securities and Futures (Financial Resources) Rules	2	7	8	-12.5
Failure to safekeep client securities	11	26	34	-23.5
Failure to maintain proper books and records	2	13	26	-50
Failure to safekeep client money	9	27	46	-41.3
Unlicensed dealing and other registration issues	4	11	15	-26.7
Breach of licensing conditions	3	4	6	-33.3
Breach of requirements of contract notes/statements of account/receipts	5	23	47	-51.1
Failure to make filing/notification	0	0	1	N/A
Breach of margin requirements	1	8	4	100
Dealing malpractices	1	2	2	0
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission ²	58	225	249	-9.6
Breach of Corporate Finance Adviser Code of Conduct	6	6	5	20
Breach of Fund Manager Code of Conduct	24	48	73	-34.2
Breach of regulation of online trading	0	2	4	-50
Non-compliance with anti-money laundering guidelines	65	140	128	9.4
Breach of other rules and regulations of the Exchanges ³	1	10	9	11.1
Internal control weaknesses ⁴	92	321	375	-14.4
Others	23	64	61	4.9
Total	307	937	1,093	-14.3

¹ Adjustments have been made for the period.

² Commonly related to risk management, record keeping, client agreements, safeguarding of client assets and management responsibilities.

³ The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

⁴ 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.

Activity Data

Table 2 Authorised unit trusts and mutual funds – by type

	As at 31.12.2018	As at 31.3.2018	Change (%)	As at 31.12.2017	YoY change (%)
Bond	468	449	4.2	441	6.1
Equity	995	1,030	-3.4	1,029	-3.3
Diversified	179	172	4.1	168	6.5
Money market	42	45	-6.7	45	-6.7
Fund of funds	110	116	-5.2	117	-6
Index ¹	161	157	2.5	155	3.9
Guaranteed	3	3	0	4	-25
Hedge	0	1	-100	1	-100
Other specialised ²	5	5	0	5	0
Sub-total	1,963	1,978	-0.8	1,965	-0.1
Umbrella structures	232	237	-2.1	240	-3.3
Total	2,195	2,215	-0.9	2,205	-0.5

¹ Including leveraged and inverse products.

² 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 31.12.2018	Total NAV (US\$ million) as at 31.3.2018	Change (%)	Total NAV (US\$ million) as at 31.12.2017	YoY change (%)
Bond	493,953	569,700	-13	573,417	-13.9
Equity	650,173	787,889	-17.5	772,060	-15.8
Diversified	154,866	180,353	-14.1	171,133	-9.5
Money market	22,700	20,905	8.6	20,920	8.5
Fund of funds	21,006	22,897	-8.3	22,850	-8.1
Index ¹	88,942	97,637	-8.9	99,742	-11
Guaranteed	79	105	-24.8	116	-31.9
Hedge	0	26	-100	26	-100
Other specialised ²	818	1,061	-23	1,060	-22.8
Total	1,432,537	1,680,573	-14.8	1,661,324	-13.8

¹ Including leveraged and inverse products.

² Including futures and options funds, structured funds and funds which invest in financial derivative instruments.

Activity Data

Table 4 Authorised unit trusts and mutual funds – by origin

	As at 31.12.2018	As at 31.3.2018	Change (%)	As at 31.12.2017	YoY change (%)
Hong Kong	775	758	2.2	755	2.6
Mainland China	50	50	0	50	0
Luxembourg	1,050	1,041	0.9	1,023	2.6
Ireland	218	239	-8.8	247	-11.7
United Kingdom	53	69	-23.2	69	-23.2
Other Europe	3	3	0	3	0
Bermuda	1	1	0	3	-66.7
Cayman Islands	37	46	-20	47	-21
Others	8	8	0	8	0
Total	2,195	2,215	-0.9	2,205	-0.5

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

	Total NAV (US\$ million) as at 31.12.2018	Total NAV (US\$ million) as at 31.3.2018	Change (%)	Total NAV (US\$ million) as at 31.12.2017	YoY change (%)
Hong Kong	137,745	158,199	-12.9	159,247	-13.5
Mainland China	14,955	20,855	-28.3	20,438	-26.8
Luxembourg	977,502	1,105,904	-11.6	1,085,333	-9.9
Ireland	187,928	232,586	-19.2	235,916	-20.3
United Kingdom	66,508	109,340	-39.2	108,609	-38.8
Other Europe	126	137	-8	122	3.3
Bermuda	156	173	-9.8	194	-19.6
Cayman Islands	7,491	9,033	-17.1	8,507	-11.9
Others	40,126	44,346	-9.5	42,958	-7
Total	1,432,537	1,680,573	-14.8	1,661,324	-13.8

Activity Data

Table 6 Takeovers activities

	Quarter ended 31.12.2018	Nine months ended 31.12.2018	Nine months ended 31.12.2017	YoY change (%)
Codes on Takeovers and Mergers and Share Buy-backs				
General and partial offers under Code on Takeovers and Mergers	12	44	49	-10.2
Privatisations	2	5	10	-50
Whitewash waiver applications	6	16	35	-54.3
Other applications under Code on Takeovers and Mergers ¹	71	207	244	-15.2
Off-market and general offer share buy-backs	1	7	1	600
Other applications under Code on Share Buy-backs ¹	1	6	0	N/A
Total	93	285	339	-15.9
Executive Statements				
Sanctions imposed with parties' agreement ²	0	2	4	-50
Takeovers and Mergers Panel				
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	0	1	1	0
Hearings before the Panel (disciplinary and non-disciplinary)	0	0	1	N/A
Statements issued by the Panel ³	0	0	1	N/A

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 7 Complaints against intermediaries and market activities

	Quarter ended 31.12.2018	Nine months ended 31.12.2018	Nine months ended 31.12.2017	YoY change (%)
Conduct of licensees	107	332	248	33.9
Conduct of registered institutions	4	11	17	-35.3
Listed companies and disclosure of interests	829	2,990	593	404.2
Market misconduct ¹	78	265	227	16.7
Product disclosure	1	3	7	-57.1
Unlicensed activities	43	134	102	31.4
Breach of offers of investments	5	20	43	-53.5
Boiler rooms and suspicious websites	111	274	231	18.6
Scams and frauds ²	96	247	111	122.5
Other financial activities ³	381	768	260	195.4
Total	1,655	5,044	1,839	174.3

¹ Primarily, alleged market manipulation and insider dealing.

² Such as identity fraud and impersonation.

³ For example, bullion trading and banking services.