

Regulatory engagement

IOSCO

We are actively involved in international policy making. Mr Ashley Alder, our Chief Executive Officer, chairs the Board of the International Organization of Securities Commissions (IOSCO) and we participate in all eight IOSCO committees and the Asia-Pacific Regional Committee. Mr Alder chaired the IOSCO Board meeting in May.

Mr Alder co-chaired the 10 April meeting of the CPMI¹-IOSCO Steering Group, which coordinates regulatory policy work for the oversight and supervision of central counterparties. In addition, he attended the G20 Finance Ministers and Central Bank Governors Meeting in June, where he presented IOSCO's work on crypto-asset trading platforms and market fragmentation, and co-chaired the Salzburg Global Finance Forum in June, which discussed the changing landscape of the global financial system.

At the IOSCO Asia-Pacific Regional Committee meeting in May, members discussed market conduct issues, supervisory cooperation and cross-border regulatory issues arising out of European Union (EU) regulations which have an impact on the Asia-Pacific region.

Financial Stability Board (FSB)

As part of Mr Alder's participation in the FSB Plenary and Steering Committee, he attended the FSB Plenary meeting in April which discussed crypto-assets, market fragmentation and risks arising from leveraged loans and collateralised loan obligations.

We are actively involved in the work of the FSB Standing Committee on Standards Implementation. In June, Mr Keith Lui, Executive Director of Supervision of Markets, attended a meeting of the FSB Regional Consultative Group for Asia which discussed regional financial stability and risks associated with global trends and climate-related issues.

Together with the Government, Hong Kong Monetary Authority (HKMA) and the Insurance Authority, we worked on the FSB's annual exercise to monitor non-bank financial intermediation as well as on other FSB surveys and workstreams during the quarter.

Mainland China

In May, we held the fifth SFC-CSRC² high-level meeting in Hong Kong to discuss ways to enhance cross-boundary regulatory cooperation and key initiatives including ETF³ Connect, investor identification for southbound trading under Stock Connect and enhancements to the Mainland-Hong Kong Mutual Recognition of Funds arrangement.

In July, we entered into a tri-partite Memorandum of Understanding (MoU) with the Ministry of Finance of the People's Republic of China and the CSRC on access to audit working papers for Hong Kong-listed Mainland companies. The MoU will facilitate our investigations into the affairs of these companies.



The fifth SFC-CSRC high-level Meeting

During the quarter, we organised in-house training sessions for senior executives from Mainland authorities to enhance mutual understanding and communication in cross-boundary regulatory work. We also met with the CSRC and the Shenzhen Stock Exchange to exchange views on the regulation of listed companies and supervision of securities margin financing activities.

Green finance

As set out in our strategic framework⁴, Hong Kong is well-positioned to contribute to green finance development locally and complement the Mainland's comprehensive framework for green finance. Globally, we participate in the IOSCO Sustainable Finance Network and the Central Banks and Supervisors Network for Greening the Financial System.

¹ The Committee on Payments and Market Infrastructures.

² The China Securities Regulatory Commission.

³ Exchange-traded funds.

⁴ See the SFC's *Strategic Framework for Green Finance* published in September 2018.

Regulatory engagement

On 9 May, we hosted a green finance meeting which was attended by senior EU, Mainland and Hong Kong regulators and officials where we discussed global developments in green finance and the roles played by regulators, corporate environmental, social and governance (ESG) disclosures and the integration of ESG into the investment process by asset managers.



Green finance meeting with local and overseas regulators

Other regulatory engagement

During the quarter, we met with the Australian Securities and Investments Commission (ASIC), Securities and Exchange Commission of Thailand, Abu Dhabi Financial Services Regulatory Authority and overseas government representatives to keep abreast of emerging regulatory developments. We are collaborating with ASIC on a joint review of global financial institutions with a primary focus on foreign exchange operations including their governance, risk management and controls. We will publish a report setting out our regulatory expectations in these areas following the review.