

35 Years of Transformation

Since it was established in 1989, the Securities and Futures Commission (SFC) has embarked on a remarkable journey to both guard and grow Hong Kong's capital markets, by enabling business opportunities and ensuring financial stability. As the city's markets usher in a golden era of development in leaps and bounds – not without setbacks at times, the SFC has adapted, evolved and progressed with the changing times, spurring market transformation and empowering the industry along the way.

Let's look back on this 35-year evolution.



¹ Figures have been rounded up.

² When SFC began work on 1 May 1989, 86 people were recruited in advance and 55 civil servants seconded from the Government.

³ Source: HKEX. Figures as of the last trading day of March.

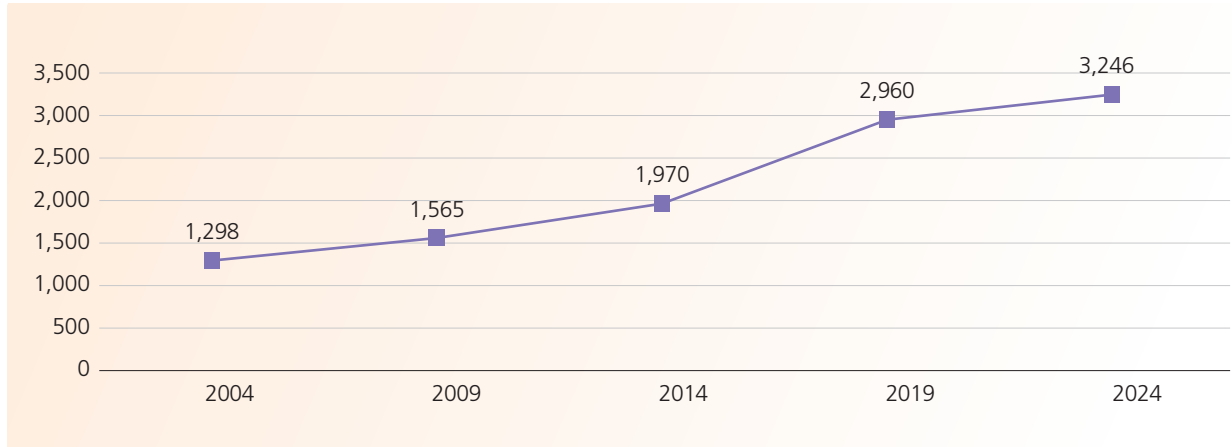
⁴ Comparison of five-year averages between 1989-1993 and 2019-2023 based on calendar year ended 31 December. Source: HKEX.

⁵ As of 2023.

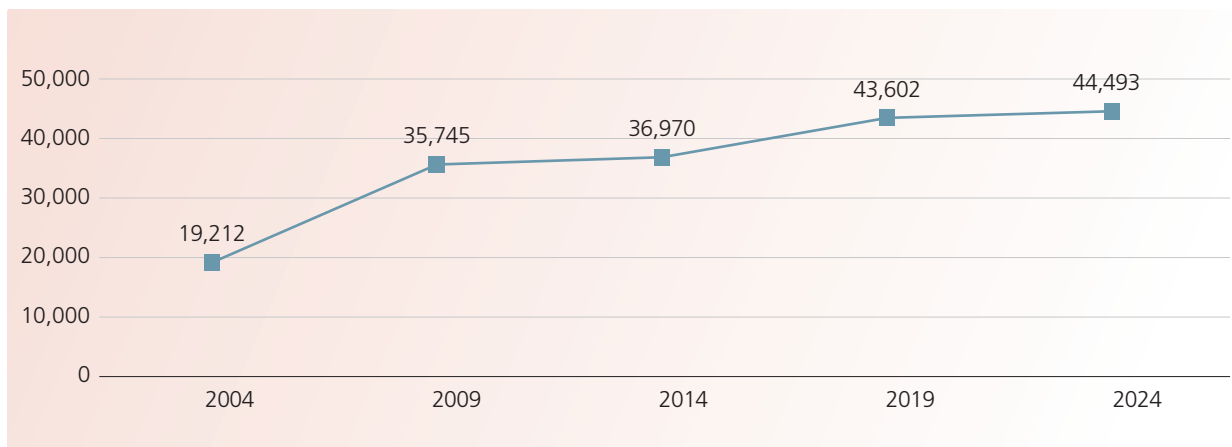
⁶ International Organization of Securities Commissions.

⁷ Former name of the IOSCO Board.

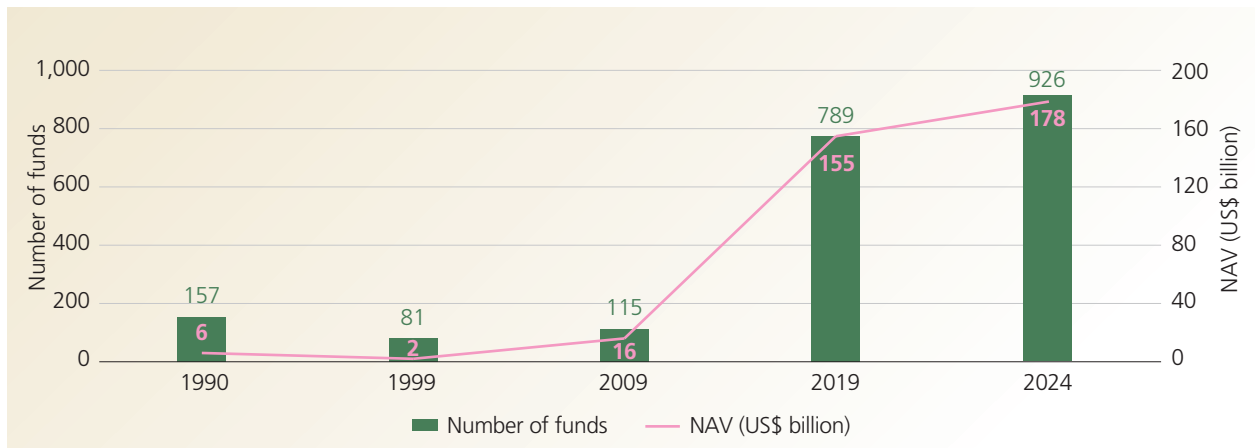
Licensed corporations⁸



Licensed individuals⁸



Funds domiciled in Hong Kong



⁸ The figures represent the number of persons licensed under the Securities and Futures Ordinance which came into effect on 1 April 2003.

35 Years of Transformation

The SFC is founded on 1 May as an independent statutory body to regulate Hong Kong's securities and futures markets



The code of conduct for securities and futures dealers and investment advisers in Hong Kong takes effect

For the first time, the court imposes immediate custodial sentences on persons convicted of stock manipulation following the SFC's prosecution

1989

1993

1994

2000

2002

Amendments to the Listing Rules and a regulatory cooperation agreement with Mainland regulators enable the listing of H shares and red chips

Hong Kong Exchanges and Clearing Limited is founded and the SFC takes over the supervision of intermediaries dealing in securities and futures

Following consultation and issuance of the hedge fund guidelines, Hong Kong becomes one of the first markets in the world to offer hedge funds to the retail public



2016

2015

IOSCO appoints the SFC's then Chief Executive Officer Mr Ashley Alder as Chairman of its Board

Shenzhen-Hong Kong Stock Connect is introduced

Mainland-Hong Kong Mutual Recognition of Funds is launched

The SFC obtains its first court order to liquidate a listed company to protect investors

The SFC authorises Hong Kong's first Islamic balanced fund

New listing rules for companies from emerging and innovative sectors take effect

The revised Code on Unit Trusts and Mutual Funds introduces active exchange-traded funds (ETFs)



2017

2018

2019

2020

The SFC announces a new front-loaded regulatory approach for listing regulation, marking a change in the approach in the use of SMLR⁹ to direct the suspension of trading in a listed company to pre-empt further harm to investors pending investigation and enforcement outcome

The SFC announces *Strategic Framework for Green Finance*

The SFC initiates the establishment of the Green and Sustainable Finance Cross-Agency Steering Group with the HKMA to green the financial sector

The SFC reprimands and imposes a record fine against a licensed corporation for serious rule breaches in relation to the 1Malaysia Development Berhad's bond offerings

⁹ Section 8 of the Securities and Futures (Stock Market Listing) Rules.



2003

The Securities and Futures Ordinance (SFO) consolidates ordinances governing the securities and futures markets



2005

The first Real Estate Investment Trust in Hong Kong is authorised for listing

2007

China Development Bank issues the first issue of renminbi bonds in Hong Kong

2008

The first disqualification of a director for misconduct under the SFO is obtained

The SFC, the Hong Kong Monetary Authority (HKMA) and 16 distributing banks reach an agreement in relation to the repurchase of Lehman Brothers Minibonds from eligible customers

2009

The first criminal conviction for insider dealing under the SFO is obtained



2014

A new regulatory regime for over-the-counter derivatives is introduced

Shanghai-Hong Kong Stock Connect is launched

2013

The new statutory regime mandates timely disclosure of inside information

2012

The Investor Education Centre, now known as the Investor and Financial Education Council, is established as a subsidiary of the SFC

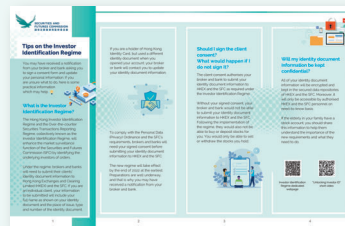
2010

The first renminbi denominated fund is authorised for sale to retail investors

For the first time, the SFC exercises its statutory power under the SFO to apply to intervene in the privatisation proposal of a listed company, PCCW Ltd, through court proceedings following complaints of vote-rigging in the court meeting to approve the privatisation proposal

The Cross-boundary Wealth Management Connect Pilot Scheme commences

Trading of ETFs under Stock Connect, ie, ETF Connect, is launched



2023

We launch an investor identification regime for the Hong Kong securities market

Swap Connect is launched with northbound access

The licensing regime for virtual asset trading platforms under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance takes effect

Enhancements to Wealth Management Connect and ETF Connect are announced

2024

MSCI China A50 Connect Index Futures is launched

Asia's first virtual asset ETFs are launched in Hong Kong

The SFC announces *Strategic Priorities for 2024-26* to regulate and develop capital markets

We authorise Asia's first spot virtual asset ETFs