

Corporate Governance

Adopting effective governance framework

We are firmly committed to upholding a robust corporate governance framework that comprises a well-defined management structure, high standards of conduct, comprehensive operational and financial control procedures, and independent checks and balances. This is essential to ensuring that we carry out our work as a statutory regulator efficiently, fairly and with integrity, and is in line with best governance practices for public bodies, including those set out in *Corporate Governance for Public Bodies — A Basic Framework*¹.

Our Board

The SFC Board plays a pivotal role in ensuring that we effectively carry out our duties to the fullest extent.

Constitution

The Securities and Futures Ordinance (SFO) stipulates the constitution and proceedings of our Board. Board members are appointed for a fixed term by the Chief

Executive of the Hong Kong Special Administrative Region (HKSAR) or the Financial Secretary under delegated authority. Their appointment terms and conditions are determined by the HKSAR Government. Board members' emoluments for the year are detailed on page 163.

As of 31 March 2024, the Board comprised nine Non-Executive Directors (NEDs), including the Chairman; and six Executive Directors (EDs), including the Chief Executive Officer (CEO).

With diverse backgrounds, our NEDs bring a wealth of experience, expertise and independent perspectives to the Board. Together, the Board contributes to the development of the SFC's policies by providing strategic insights.

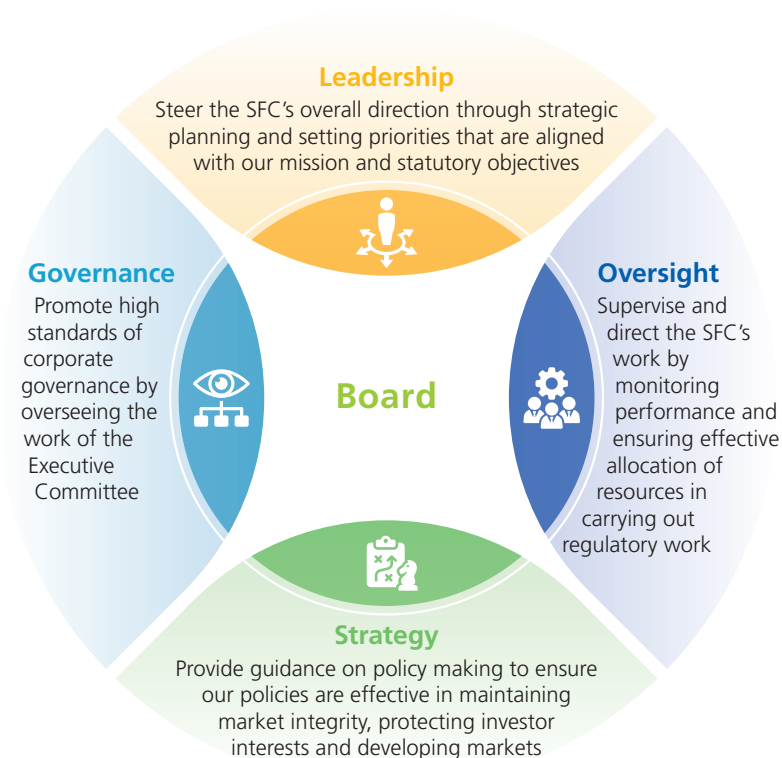
See pages 24-33 for the full list of Board members and their biographies.

Key components of our governance framework



¹ Published by the Hong Kong Institute of Certified Public Accountants.

Key responsibilities of Board



Chairman and CEO

The non-executive Chairman and the CEO each has distinct roles and responsibilities. The clear division of duties entails a more effective corporate governance structure.

Executive Directors and Non-Executive Directors

Our EDs and NEDs play different but complementary roles. The EDs are entrusted with managing the SFC's daily operations and each has executive duties in key functions – listings, takeovers and corporate conduct, licensing and supervision of intermediaries, market infrastructure, investment products, enforcement and legal services. The NEDs provide guidance on and monitor the performance of the SFC's various functions.

Governance practices

Upholding top-notch corporate governance standards is our priority. We put in place clear and proper policies and processes to help the Board work in an efficient and accountable manner. We arrange monthly meetings, quarterly policy meetings and special meetings as needed for the Board, as well as an annual retreat. To help Board members stay abreast of the SFC's work and its impact on the markets, we furnish them with timely information and updates regarding our operations and financial conditions well in advance of meetings. Furthermore, we hold induction briefings for new NEDs to enable them to better understand the organisation, its functions and powers, and their responsibilities.

Roles and responsibilities of Chairman and CEO

Chairman



- ◆ Leads the Board in setting the SFC's policies, strategy and overall direction
- ◆ Monitors the executive team's performance
- ◆ Counsels the CEO on how the organisation is run

CEO



- ◆ Assumes executive responsibility for the SFC's day-to-day operations
- ◆ Develops strategic objectives, including setting the SFC's agenda and priorities, and implementing them as agreed with the Board
- ◆ Assigns responsibilities to senior management and supervising their work
- ◆ Reports regularly to the Board

Secretariat and External, a unit within the CEO's Office, is tasked with ensuring effective corporate governance. It provides secretarial support to the Board and the Advisory Committee. It ensures the effective delivery of strategic governance and oversees organisation-wide initiatives, assisting the Board and the CEO in directing work processes to enable good governance, enhance efficiency and manage changes. It is responsible for the SFC's overall external development and stakeholder management, acting as the central relationship point with the Government, the Legislative Council (LegCo) and its members, fellow regulators, other public bodies and industry associations. It also oversees the SFC's publications and social media. The Commission Secretary and Chief Governance Officer is the head of Secretariat and External. He serves as the secretary to the Board, and is a member of the Executive Committee (ExCo). He is also the Data Privacy Officer of the SFC responsible for ensuring the SFC's compliance with the data privacy rules and standards.

Board evaluation

The Board continues to improve its effectiveness in different ways. As part of a self-assessment it conducts every other year, each board member is invited to complete an anonymous questionnaire on how well the Board is performing its key responsibilities. An analysis of the findings is presented to the Board at its retreat meeting to consider areas for improvement.

Board appointments

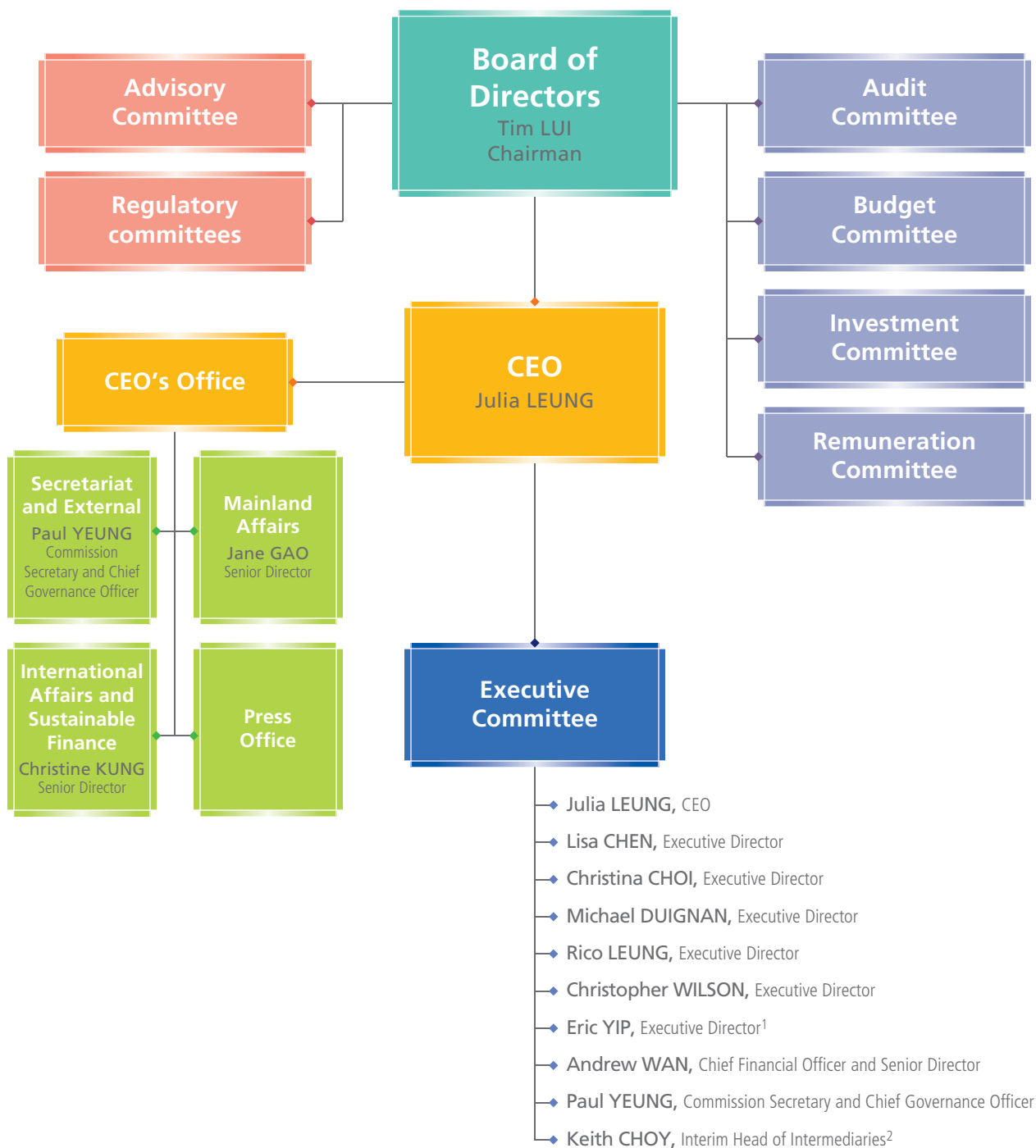
During the year, Mr Michael Wong Yick-kam and Mr Nicky Lo Kar-chun were reappointed NEDs for two years, effective 1 April 2023 and 24 April 2023, respectively, while both Mr Johnson Kong and Mr Dieter Yih were reappointed NEDs for another two-year term, effective 15 November 2023. Ms Lisa Chen Ping and Dr Eric Yip Chee-hang were appointed EDs for three years, effective 22 May 2023 and 2 May 2024, respectively.

Board meetings

In addition to monthly meetings, the Board meets from time to time to discuss policy issues in depth and convenes special meetings as needed to address key matters. Furthermore, the Board holds an annual retreat meeting to set out strategic objectives and management priorities to effectively steer the organisation towards the desired goals.

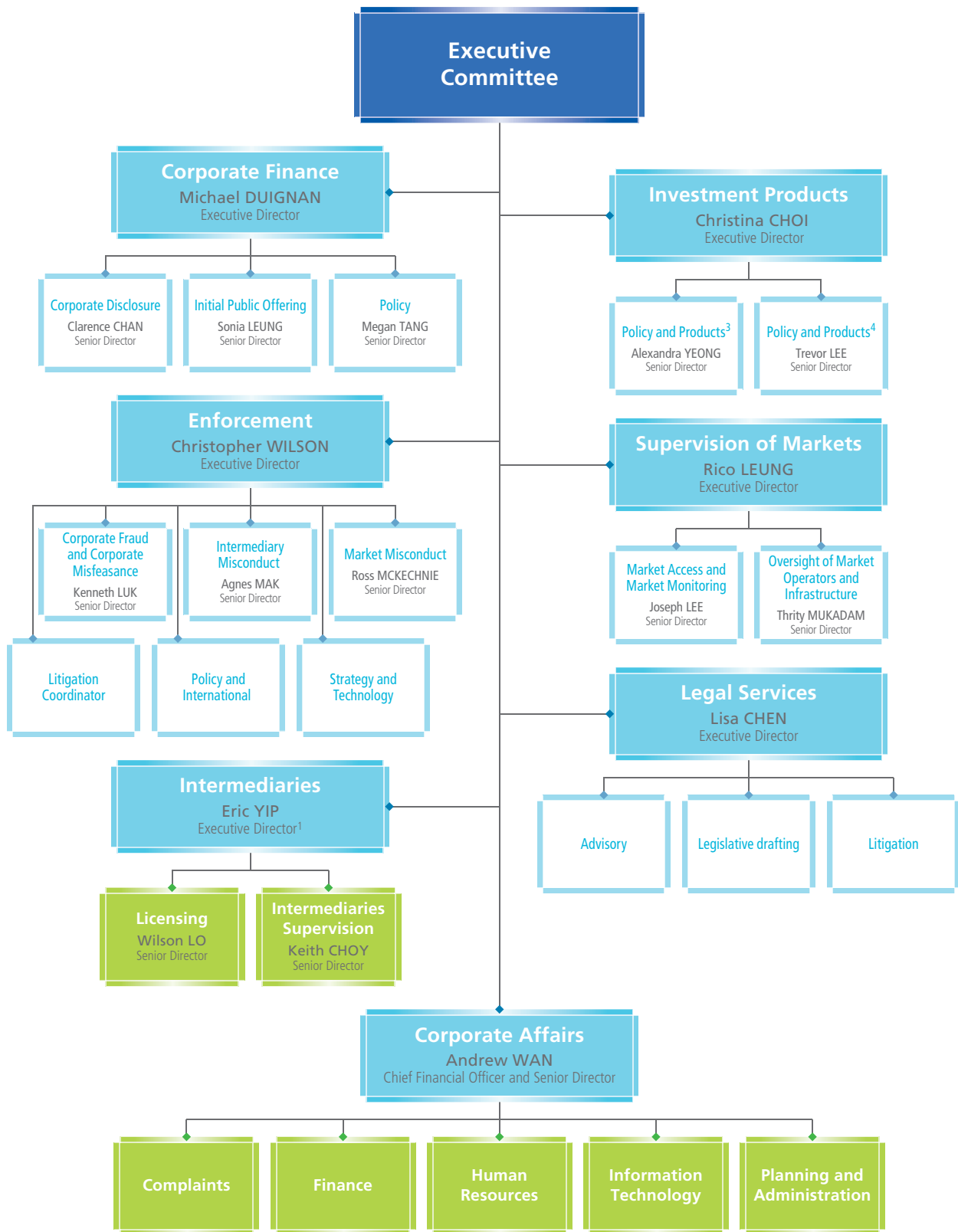
Last year, 14 Board meetings were held with an average attendance rate of 94%.

Organisational structure



- Board committees
- External committees

¹ Appointment took effect on 2 May 2024.
² Appointment expired on 1 May 2024.



Environmental, Social and Governance

³ Relating to the International Organization of Securities Commissions, environmental, social and governance, mandatory provident funds, pooled retirement funds, structured products, unit trusts and mutual funds.
⁴ Relating to the Mainland, exchange-traded funds, investment-linked assurance schemes, real estate investment trusts, unit trusts and mutual funds.

Meeting attendance record

Meetings attended/held	Board	Audit Committee	Budget Committee	Investment Committee	Remuneration Committee	Executive Committee
Chairman						
Tim Lui Tim-leung	14/14	2/2	–	2/2	1/2	–
Executive Directors						
Julia Leung Fung-yee	13/14	–	1/1	2/2	–	15/17
Lisa Chen Ping ¹	11/11	–	–	–	–	13/14
Christina Choi Fung-yee	14/14	–	–	–	–	11/17
Michael Duignan	13/14	–	–	–	–	14/17
Rico Leung Chung-yin	13/14	–	–	–	–	16/17
Christopher Wilson	12/14	–	–	–	–	14/17
Non-Executive Directors						
Agnes Chan Sui-kuen	13/14	2/2	1/1	1/2	2/2	–
Chew Fook-aun ²	13/14	–	–	–	2/2	–
Victor Dawes	13/14	2/2	–	–	2/2	–
Johnson Kong ³	13/14	–	–	–	2/2	–
Dr James C Lin	13/14	2/2	1/1	2/2	2/2	–
Nicky Lo Kar-chun	14/14	–	1/1	2/2	2/2	–
Michael Wong Yick-kam ⁴	12/14	–	–	1/1	2/2	–
Dieter Yih ⁵	13/14	–	–	–	2/2	–
Chief Financial Officer and Senior Director						
Andrew Wan Chi-yiu	–	–	–	2/2	–	14/17
Commission Secretary and Chief Governance Officer						
Paul Yeung Kwok-leung ⁶	–	–	–	–	–	16/17
Interim Head, Intermediaries						
Keith Choy Chung-fai	–	–	–	–	–	15/17

¹ Appointed as a member of the Board and Executive Committee effective on 22 May 2023.

² Appointed as a member of the Budget Committee effective on 5 February 2024.

³ Appointed as a member of the Audit Committee effective on 5 February 2024.

⁴ Appointed as a member of the Investment Committee effective on 5 February 2024.

⁵ Appointed as a member of the Audit Committee effective on 5 February 2024.

⁶ Appointed as a member of the Executive Committee effective on 24 May 2023.

SFC committees

Executive Committee

ExCo, being the highest executive body within the organisation, carries out a wide range of administrative, financial and management functions as delegated by the Board and ensures that the SFC functions effectively. Chaired by the CEO, ExCo comprises all other EDs, the Chief Financial Officer and Senior Director of Corporate Affairs, and the Commission Secretary and Chief Governance Officer.

ExCo convenes regular meetings to deliberate on policy and operational proposals and expense requests from different divisions of the organisation. Throughout the year, 17 ExCo meetings were held with an average attendance rate of 86%.

Board committees

Each of our four board committees has a distinct focus on well-defined areas of the SFC's operations and is chaired by an NED. The involvement and active participation of the NEDs provide effective checks and balances to scrutinise our management decisions to ensure their soundness and efficacy.

External committees

Established under the SFO, external committees are made up of a large number of members outside the SFC. They represent the diverse perspectives of market participants and play a crucial role in the governance of the SFC.

The Advisory Committee provides insights and advice on policy matters concerning the SFC's functions. The majority of members are external representatives

Board committees

Audit Committee	2 Meetings
Responsibilities	
<ul style="list-style-type: none"> Reviews annual financial statements Recommends the appointment of external auditors Coordinates the scope of the external audit and reviews audit findings Examines management procedures to ensure effective financial and internal controls 	4 NEDs

Budget Committee	1 Meeting
Responsibilities	
<ul style="list-style-type: none"> Examines and approves the parameters and bases used in the annual budget Conducts the mid-year budget review Reviews the annual budget and makes recommendations to the Board 	4 NEDs 1 ED [^]

Investment Committee	2 Meetings
Responsibilities	
<ul style="list-style-type: none"> Advises on the SFC's fund management policies, strategies and investment guidelines Recommends the appointment of investment managers and advisers and monitors their performance including compliance with the investment guidelines Advises on investment risk management and asset allocation and monitors the performance of investments 	5 NEDs 1 ED 1 Senior Director [^]

Remuneration Committee	2 Meetings
Responsibilities	
<ul style="list-style-type: none"> Reviews the structure and level of staff remuneration Reviews trends in remuneration packages and recommends adjustments Considers other matters as required, including recommendations to the Government on EDs' remuneration and re-appointment 	9 NEDs

[^] In a non-voting capacity.

Meet our new Executive Director

In May 2023, we welcomed a new member to our Board — Ms Lisa Chen, ED of Legal Services.

With 15 years of experience in the Enforcement Division (ENF) and Legal Services Division (LSD), Ms Chen brings a wealth of legal knowledge and enforcement and litigation experience to her new role. Her prior experience as a Senior Director of ENF has given her valuable insights into the importance of effective collaboration between divisions and other law enforcement agencies to drive optimal enforcement outcomes. This has prepared her to lead LSD in providing legal advice and guidance that ensure effective enforcement actions by the SFC.

She recalls her memorable experience heading ENF's Intermediary Misconduct Team — upholding market integrity by taking disciplinary actions against sponsor failures, anti-money laundering breaches and internal control failures. By effectively communicating the high standards that the SFC expects from regulated firms, these actions have proven critical in mitigating harm to investors and maintaining a fair market.

In her new position, Ms Chen aspires for LSD to be proactive in assisting other divisions to identify potential problems in the market, addressing them early and preventing them from escalating into



Ms Lisa Chen

In my new role, I not only provide legal advice and guidance, but I also actively participate in discussions, debates, and decisions surrounding emerging issues.

Lisa Chen

crises. To achieve this goal, LSD will take near-term measures to optimise workflows through technology and enhance the quality of its work.

As a Board member, Ms Chen is committed to advising and collaborating with other divisions and the Board to implement the SFC's strategic priorities. She firmly believes that through teamwork, the SFC can achieve its mission of promoting market integrity, investor protection and sustainable growth in the financial industry.

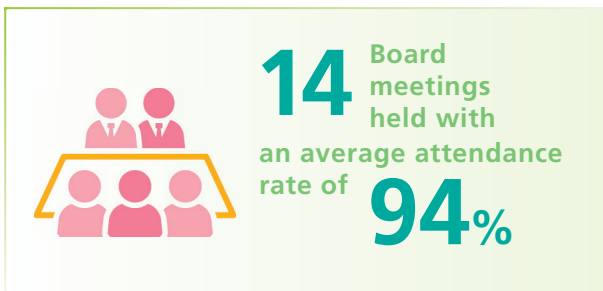
appointed by the Financial Secretary under authority delegated by the Chief Executive of the HKSAR. The Committee is headed by the Chairman and its members include the CEO and not more than two other EDs.

In addition, each regulatory committee specialises in certain areas such as investment products, shareholders' rights and interests, takeovers and mergers, continuous professional training for licensees and investor compensation. Members of these committees are appointed by the Board and consist of NEDs, EDs, industry representatives and other stakeholders. There were 14 regulatory committees as at the end of March 2024.

See pages 214-223 for the responsibilities and membership lists of the external committees.

Formulating strategic plans

As the financial regulator of a leading international financial centre (IFC), we make strategic plans to guide our regulatory work through changing market developments and regulatory landscape. In particular, as our financial markets have been facing unprecedented challenges and opportunities in recent years, we see the importance to set strategic priorities to steer market development and maintain Hong Kong's status as a leading IFC. At its annual retreat meeting during the year, the Board discussed market outlook and forward-looking initiatives of the SFC, which facilitates our formulation of strategies and priorities for the upcoming years.



In January 2024, with the Board's support and endorsement, we published our three-year strategic plan for 2024-26 to announce our priorities in capital market regulation and approach to enhance the competitiveness of the Hong Kong markets and drive their sustainable development. Details of these priorities are set out in Strategic Priorities on pages 12-23.

Upholding standards of conduct

Our staff must uphold a high standard of integrity and conduct to instill and preserve public trust. Besides complying with their legal obligations, staff are obligated to adhere to our code of conduct which sets out our standards in detail. It covers confidentiality, conflicts of interest, personal investments and acceptance of gifts and hospitality. Failure to comply with the code may result in disciplinary action.

In February 2024, we enhanced the staff investment recording system to align with the latest changes in the policy on personal dealings of financial products in our code of conduct and introduce user-friendly features. Also, we launched a new e-workflow system specifically designed for all staff and Board members to declare conflicts of interest. Staff training was organised before the new systems were implemented.

Maintaining accountability and transparency

We have established rigorous policies and procedures to ensure that we act with credibility, fairness and transparency.

Delegation of authority

A comprehensive system of delegation of authority is in place under which the authority of the Board and different levels of the executive management are clearly delineated. As permitted under the SFO, the Board delegates regulatory powers and functions to EDs, with power to sub-delegate to staff in their respective divisions, to facilitate the discharge of their duties.

Budgeting

Each year our annual budget is prepared following a disciplined and prudent approach in order to maintain effective fiscal control and plan for the next financial year. This involves careful management of expenditure by adopting our internal financial control policies, making pragmatic assumptions and identifying areas where resources can be deployed to meet our strategic objectives, priorities and operational needs. Divisions' expense requests for the next financial year are critically assessed during the budget process to ensure that resources are efficiently and effectively utilised. The annual budget, after consideration by the Budget Committee and approval by the Board, is submitted to the Financial Secretary for approval and then tabled before LegCo. We also present our budget each year to LegCo's Panel on Financial Affairs.

Investment

The reserves of the SFC are invested conservatively and cautiously to achieve our objective of long-term financial sustainability. Management of our reserves adheres to the investment guidelines approved by the Financial Secretary to ensure proper risk management so that financial resources are available for future needs.

Corporate Governance

We have delegated responsibility for the selection and management of our investments to reputable external investment managers which are mandated to comply with the investment guidelines and regularly review their compliance with them. The external investment managers have confirmed that they adopt the Principles of Responsible Ownership² in their undertakings to manage these investments.

The Investment Committee, one of our Board committees, advises the SFC on investment management policies and guidelines, risk management and performance, and strategies and asset allocation.

High standards of corporate governance gain recognition

The SFC has always been at the forefront of adopting best practices in corporate governance, information disclosure and personal data privacy. Our dedication in these areas were recognised through three prestigious awards received during the year, which served as a testament to our unwavering commitment.

Our *Annual Report 2022-23* let us take home a Corporate Governance Award^a from the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance and ESG Awards, as well as a Silver Award^b in the Hong Kong Management Association's Best Annual Reports Awards. The judges commended our standards of corporate governance, including implementing effective corporate governance framework, robust internal controls and risk management, as well as independent checks and balances. They also appreciated our initiatives to support Hong Kong's development as a sustainable finance hub and

^a Public sector/not-for-profit organisations (large) category.

^b Non-profit making and charitable organisations category.

Financial control and reporting

In order to ensure the appropriate management and use of public funds, we adhere to strict financial controls and reporting procedures that are embedded in our processes. Each year, we engage an external independent professional services firm to review our compliance with those controls and procedures and reassess their continued effectiveness and robustness.

We voluntarily observe applicable requirements stipulated in the Hong Kong Companies Ordinance when preparing our financial reports, and adopt the Hong Kong Financial Reporting Standards for preparing financial statements and disclosing financial information.

efforts to keep stakeholders and the public informed of our regulatory work and financials.

In addition, we were honoured with a Privacy-Friendly Gold Award from the Office of the Privacy Commissioner for Personal Data. This accolade underscored our long-term commitment to good data governance in the era of big data. It is also a recognition of our privacy protection measures in place, including the implementation of internal policies on personal data handling.



² Issued by the SFC in March 2016, these voluntary principles aim to provide guidance on how investors should fulfil their ownership responsibilities in relation to investments in Hong Kong listed companies.

In addition, we keep up-to-date with best market practices to ensure our financial reports are transparent and informative.

Our practices include:

- ◆ Selecting relevant accounting policies and applying them consistently
- ◆ Appointing an external firm to conduct an interim review and annual audit
- ◆ Presenting our interim and annual financial statements to the Audit Committee for consideration
- ◆ Seeking the Board's approval of quarterly and annual financial statements and publishing them in our quarterly and annual reports
- ◆ Reporting key financial data to the Board and ExCo on a monthly basis
- ◆ Providing regular reports to the Government

Handling complaints and grievances

We firmly believe in upholding our principles of accountability and transparency, which extend to every aspect of our operations, including our complaints handling procedures. Reports of improper practices of the SFC or our staff can be filed under our procedures for handling complaints against the SFC or its employees. These encompass dissatisfaction with the SFC or our staff in carrying out our duties. Detailed procedures for members of the public to lodge a complaint with us are available on our website.

Efficient use of resources

Our regular reviews of corporate resources ensure that we operate efficiently by identifying our needs and strategic priorities, and allocating resources accordingly.

As a long-term accommodation plan, we purchased our permanent office at One Island East in Quarry Bay, which would eliminate recurring rental expenses, channel the cost savings towards other uses, and minimise any potential operational disruption resulting from further relocation. See Corporate Developments on pages 137-143 for more details.

We strategically configure resources across the organisation to align with our priorities to deliver robust supervision and enforcement. In response to rapidly-evolving and increasingly complex and interconnected markets, we set up cross-divisional project teams to work on policies or initiatives related to the functions of multiple divisions in order to formulate regulatory responses in a timely and effective manner.

Following recent virtual asset-related frauds, we comprehensively reviewed our manpower and processes and set up an internal coordination task force during the year for more efficient handling of these matters. In addition, we enhanced a number of operational processes with digitisation and automation. The use of traditional and generative artificial intelligence further improves our operational efficiency.

Supporting sustainability

As a socially responsible organisation, we are dedicated to addressing the full range of risks arising from climate change and sustainability. We have a sound framework for corporate governance around related risks and opportunities in this area. We are committed to becoming a carbon-neutral organisation before 2050, in line with the HKSAR Government's climate action plan³. Additionally, we set an interim target to reduce 50% of our total carbon emissions by 2030. See Sustainability on pages 115-124 for more details of our work.

³ Hong Kong's Climate Action Plan 2050.

Fostering external communications

To help our stakeholders better understand our work and policies, we engage with a broad range of stakeholders including the Government, LegCo members, the financial services industry, regulatory counterparts and the general investing public in a timely and effective manner. We have adopted a more proactive approach in our external communications particularly in light of changing market developments and public expectations. A wide range of publicity activities, advertising campaigns and education initiatives are conducted through both offline and online channels including social media. See Communications and Education on pages 89-97 for more details.

We also reach out to the industry and the public to explain our policies and listen to their views through workshops, seminars and other activities. We attend meetings at LegCo to present our budget, explain policy initiatives and other issues of public interest.

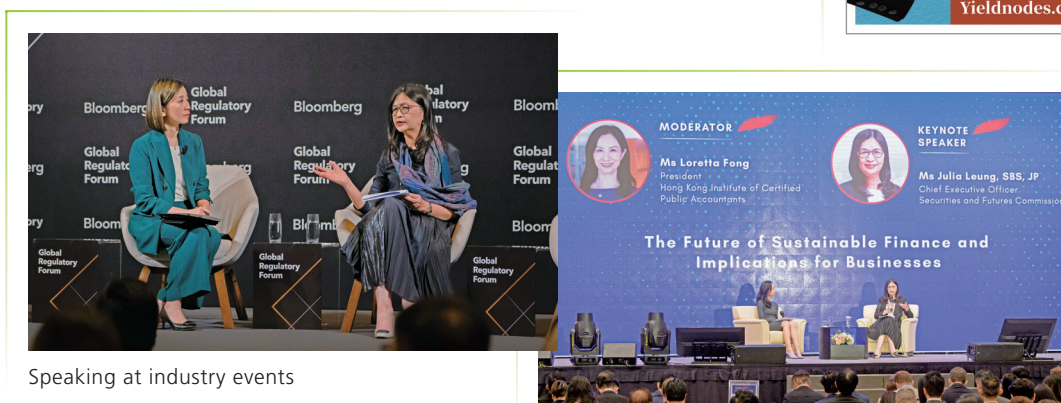
In addition to responding to public enquiries, we handle complaints from the public with integrity. In November 2023, two staff members from the Enforcement Division and the Complaints Team of the Corporate Affairs Division respectively received the Ombudsman's Awards 2023 for Officers of Public Organisations in recognition of excellence in handling public complaints.

Managing risks proactively

To perform our regulatory functions effectively in a dynamic market environment, it is important for us to identify, assess and manage both external and internal risks in a timely and systematic manner. We adopt a wide range of tools to monitor risks to the market and our organisation, and implement effective control measures or regulatory response to mitigate the potential risks that may affect the market or our operations.



Alerting the public against financial scams and suspicious investment products



Speaking at industry events

Staying vigilant to manage risks

Mitigating market risks amid uncertainty

Hong Kong's financial market continues to face volatility at times due to external macro factors such as global economic uncertainty, the monetary policies of major central banks, overseas market turbulence and geopolitical tensions. We have therefore stayed vigilant and taken a proactive approach to manage risks, leveraging our regulatory toolkit with agility, to ensure market integrity and financial stability.

Our robust surveillance system provides reliable and timely market data across different sectors of the capital markets to identify significant abnormal situations that may affect financial stability. This thus enables us to monitor the market comprehensively. We have developed proprietary indicators to monitor market trends, trading patterns and changes in positions across various market segments. To detect irregularities, we conduct holistic assessment of potential systemic risks arising from positions across the markets. We also closely monitor fund flows into and out of the Hong Kong stock market and assess potential risks and implications for the market. In times of high market volatility, we may make ad hoc requests for additional reporting of information from major market participants to better assess risks in the stock and derivatives markets.

Trading data collected under the Hong Kong investor identification regime launched in March 2023 have strengthened our market supervision with information of investor identities for all transactions. In addition, our cross-divisional Risk Review Group identifies and assesses potential and emerging risks facing the SFC and the Hong Kong market at large.

Furthermore, we coordinate with the Government and other financial regulators to exchange information about market situations and to react promptly, appropriately and in a coordinated manner where crises arise. Our market contingency plan sets out measures in different market segments for dealing with emergency situations which may affect Hong Kong's securities and futures markets.

Safeguarding against risks internally

We take risks which may affect our operations seriously, including financial risks and threats to our information and office security. Our financial control policies and procedures ensure that we uphold a high standard of integrity and exercise rigorous controls on the use of public funds.

To provide for safe and smooth operations, we regularly update our business resumption plan to address readily identifiable risks and emergencies covering office premises, communications and computer services. Apart from appointing an external auditor, we engage an independent external firm to conduct internal audits to assess the effectiveness of our controls and identify the key risks of all our business processes. Approved by the Audit Committee, the scope of each review may cover banking and investment, finance, procurement, human resources and information technology. The findings, together with recommendations, are reported back to the Audit Committee and enhancements to related policies and procedures are then made where necessary.





To facilitate compliance with the Personal Data (Privacy) Ordinance, we have designated the Commission Secretary and Chief Governance Officer as the Data Privacy Officer. We also have a data privacy manual and provide staff with a quick guide comprising frequently asked questions and illustrative examples.

Our information security policy provides guidance on safeguarding the confidentiality and integrity of information and it is frequently updated to keep up with technological and operational changes. We refine our information security practice to summarise key cybersecurity risks exposed by the SFC, aiming for effective communication and risk management. We also deploy timely updates to the access controls of our information and systems to protect them from unauthorised access, use or modification. Additionally, we consult external experts and partner with other law enforcement agencies to gather latest intelligence to strengthen our security posture against evolving threats.

Ensuring independent checks and balances

Independent bodies play an important role in maintaining a fair and balanced approach to our operational work. They are responsible for conducting external checks and balances to ensure fairness in our

decision making, observance of due process and proper use of our regulatory powers. The Process Review Panel and the Securities and Futures Appeals Tribunal scrutinise our actions and procedures. In addition, we are subject to judicial review by the courts and indirect oversight by the Ombudsman.

Independent body	Relevant functions	SFC-related tasks handled
<p>Process Review Panel </p> <ul style="list-style-type: none"> ◆ An independent panel established by the Chief Executive of the HKSAR in 2000 ◆ Comprises representatives from various sectors and two ex-officio members, namely the SFC Chairman and a representative from the Department of Justice 	<ul style="list-style-type: none"> ◆ Reviews and advises on the adequacy of our internal procedures and operational guidelines, including those for the handling of complaints and licensing applications, inspection of intermediaries, product authorisation, corporate finance transactions and the exercise of investigation and disciplinary powers 	<ul style="list-style-type: none"> ◆ Reviewed 60 cases and published its annual report in December 2023
<p>Securities and Futures Appeals Tribunal </p> <ul style="list-style-type: none"> ◆ Chaired by current or former judges appointed by the Chief Executive of the HKSAR and comprising two other members drawn from a panel appointed by the Financial Secretary under delegated authority 	<ul style="list-style-type: none"> ◆ Reviews specified decisions made by the SFC or the Investor Compensation Company Limited ◆ Has power to confirm, vary or set aside decisions made by the SFC (and where a decision is set aside, substitute any other decision it considers appropriate) or refer the matter back to the SFC with directions 	<ul style="list-style-type: none"> ◆ Received requests to review four new cases ◆ Decided on one case brought forward from 2021-22 ◆ Allowed one case received in 2023-24 to be withdrawn
<p>The Ombudsman </p>	<ul style="list-style-type: none"> ◆ Handles public complaints against the SFC and its staff for alleged maladministration 	<ul style="list-style-type: none"> ◆ Commenced four preliminary inquiries
<p>Courts </p>	<ul style="list-style-type: none"> ◆ Handle judicial reviews of SFC decisions 	<ul style="list-style-type: none"> ◆ Handled three judicial review cases

Performance pledges

In fulfilling our regulatory roles, we pledge to be responsive to the public, market participants and the intermediaries under our supervision.

		Cases meeting the pledge		
		2023/24	2022/23	2021/22
Applications for subordinated loan or modification/ waiver of requirements under SFO				
Commence review of application upon receipt	2 business days	100%	100%	98%
Authorisation/registration of investment products				
Take-up of applications upon receipt	5 or 2 business days ¹	100%	100%	100%
Preliminary response to applications after take-up for paper gold schemes, private open-ended fund companies, Thai domiciled funds under the Thailand-Hong Kong Mutual Recognition of Funds (MRF) and Hong Kong-domiciled feeder funds each investing in a single Thai-domiciled master fund that meets the requirements under the MRF scheme	7 business days	100%	100%	100%
Preliminary response to applications after take-up for other products	14 business days	100%	100%	100%
General enquiries				
Preliminary replies	5 business days	100%	100%	100%
Processing of licensing applications²				
Corporations	15 weeks	100%	100%	100%
Representatives (provisional licences)	7 business days	100%	99%	99%
Representatives (normal licences)	8 weeks	99% ³	99%	99%
Representatives (responsible officers)	10 weeks	99% ³	99%	99%
Transfer of accreditation	7 business days	99% ³	99%	99%
Complaints against intermediaries and market activities				
Preliminary response	2 weeks	99.9% ⁴	99.9%	99.8%

¹ The pledge of five business days is applicable to the authorisation of the following products:

- Unit trusts and mutual funds
- Mandatory provident fund products (including pooled investment funds)
- Pooled retirement funds
- Real estate investment trusts
- Investment-linked assurance schemes (effective from 1 November 2021)

The pledge of two business days is applicable to the authorisation of other products (which include investment-linked assurance schemes (prior to 1 November 2021) and paper gold schemes) and the registration of private open-ended fund companies.

² During the year, we processed 12,950 applications that were subject to performance pledges, 11,710 of which were processed within the applicable period. The completion of the vast majority of the remaining 1,240 applications was delayed for reasons beyond our control. For example:

- unresolved fitness and propriety issues;
- outstanding vetting requests;
- outstanding material information from applicants; and
- requests by applicants that we delay finalising their applications.

To more accurately reflect our performance, these applications are not included in the percentages stated.

³ The delay was usually short and resulted from unexpected complications, such as abnormal increases in our workflow and resulting resourcing difficulties.

⁴ One case failed to meet the pledge.

Corporate Governance

During the year, 100% of takeovers and mergers-related applications and transactions met the performance pledges. Details of the response time are listed in the following table.

Consultations and rulings under sections 6 and 8 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs (Codes)	
<i>Applications for rulings and consultations with the Takeovers Executive</i>	
– All ruling applications and consultations under the Codes (except for those set out below)	5 business days ⁵
– Applications for rulings that are conditional on obtaining shareholders' approval in a general meeting	Normally within 5 business days before the relevant general meeting
– Fast track EFM/EPT applications and EFM/EPT annual confirmations ⁶	10 business days
– All other EFM/EPT applications	21 business days
Comments and clearance of announcements and documents under Rule 12 of the Takeovers Code	
<i>First draft of firm intention announcement under Rule 3.5 of the Takeovers Code</i>	
– No complex Code issues involved	2 business days
– Complex Code issues involved	3 business days ⁷
<i>All other announcements (including revised drafts)</i>	
– No complex Code issues involved	1 business day
– Complex Code issues involved	3 business days ⁷
<i>All drafts of shareholders' documents⁸</i>	
	5 business days

⁵ If the subject matter involves complex Code issues, the time limit will be extended to 21 business days and the applicants will be informed of this.

⁶ EFMs and EPTs refer to exempt fund managers and exempt principal traders as defined under the Codes.

⁷ The parties will be informed of the longer time needed.

⁸ Including offer documents, offeree board circulars, whitewash circulars, scheme documents and share buy-back circulars.