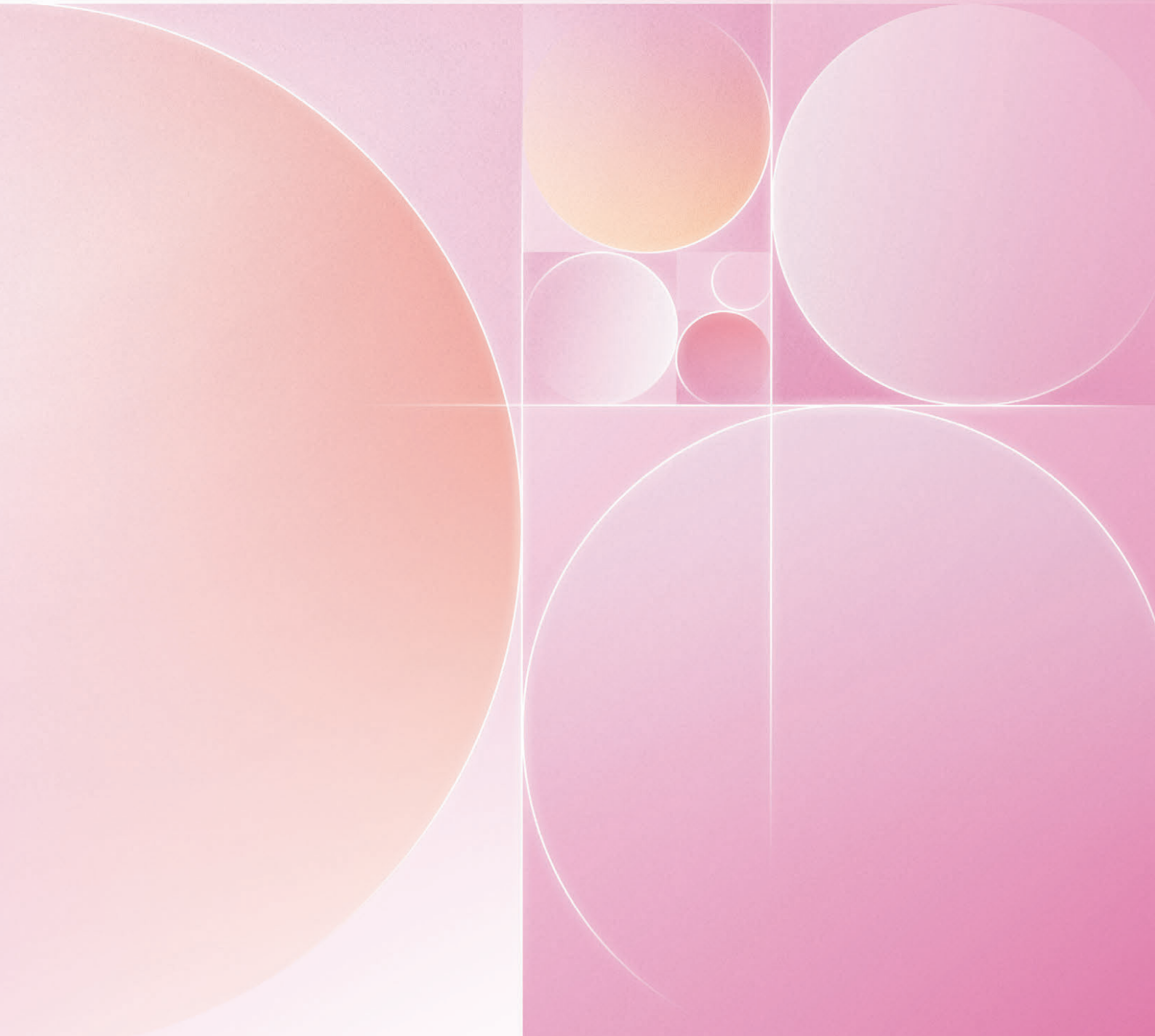


# Corporate Developments

Recognising staff is our greatest asset, we build a positive and supportive workplace culture with an emphasis on staff wellbeing to keep Team SFC more engaged and productive. To provide effective regulation and enhance institutional resilience, we use our resources prudently and consistently upgrade our technology infrastructure to stay up to date with market developments.



# Corporate Developments

## Putting people first

Making the SFC an employer of choice is our priority. Our commitment lies in fostering a workplace that attracts, retains and supports the growth of talent as well as supports the growth and development of employees. For 18 years in a row, the SFC was named a “Caring Organisation” by the Hong Kong Council of Social Service. The Employees Retraining Board (ERB) also recognised our dedication to promoting staff learning and development with the “ERB Manpower Developer” award for the 11th consecutive year.

## Professional development

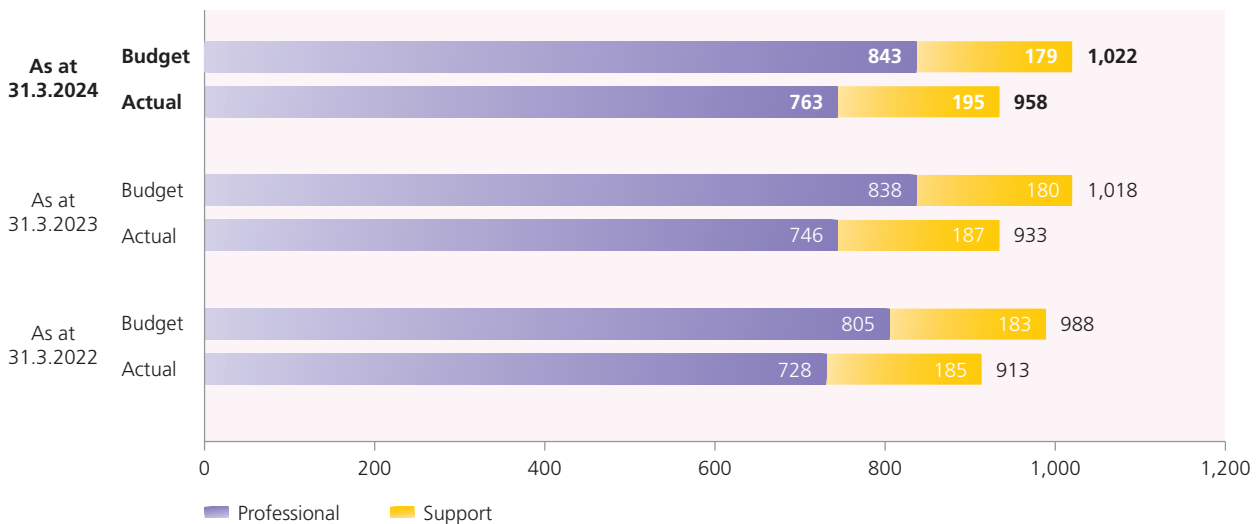
Our Chief Executive Officer (CEO) hosts the CEO sharing session from time to time to communicate important organisational matters, explain regulatory developments and address questions from staff. In a late 2023 session, our CEO presented to our staff the SFC’s key strategic priorities for 2024-26. We also arrange Commission Connection sessions to update



Nurturing talent development

our staff on new policy initiatives. In addition, we provide training on the global macro-economic environment and the governmental and economic policies on the Mainland. Our Chairman and some of the Non-Executive Directors have given sharing sessions on relevant topics.

## Employee statistics



	As at 31.3.2024	As at 31.3.2023	As at 31.3.2022
Male	341	328	310
Female	617	605	603
Average years of service	9.8	9.6	9.5
Female staff at Senior Manager grade or above	58%	60%	59%

## Corporate Developments



Team building



We offer a range of career development opportunities to staff. Our merit-based human resources policies are constantly fine-tuned to better align our people and culture with the SFC's regulatory objectives.

Recognising the benefits of broader professional exposure, we provide short-term internal secondments for staff through a cross-divisional exchange programme. External secondment opportunities are also offered such as those with the Financial Services and the Treasury Bureau, and the China Securities Regulatory Commission (CSRC). This year, we welcomed one officer from the Hong Kong Police Force and four CSRC counterparts who were seconded to us.

Throughout the year, we invited local and overseas regulators and industry professionals to speak on diverse topics including financial products, trading strategies and the latest trends in local and overseas markets to help us stay on top of these developments.

During the year, our employees spent an average of 39 hours on structured learning courses, which included workshops, seminars and training programmes. These help to equip them with the skills and knowledge necessary to their work. This year, we hired eight executive trainees under a new two-year Executive Trainee Programme, which is a refinement of our previous Graduate Trainee Programme.

A total of 80 interns (including summer, winter and full-year) were placed across our various divisions this year and 25 of them joined the Sustainable Finance Internship Programme.

### Engaged workforce

We foster a supportive culture and a positive working environment as part of our core values.

This year, we brought back in-person team building activities for our staff. In addition to organising activities for every division of the SFC to promote team bonding, we conducted several cross-divisional team building activities for staff at managerial grades and below for the first time to build rapport within the SFC.

While female colleagues make up nearly two-thirds of all staff, the SFC Women's Network helps advance women's professional growth and foster an inclusive work culture. We were the first statutory body in Hong Kong to set up a women's group for staff. During the year, our Women's Network launched the "Women in Action" series to engage and support female colleagues and encourage them to develop their leadership potential (see sidebar on page 139). To raise awareness and celebrate the International Women's Day 2024 under the theme "Invest in Women: Accelerate Progress", we invited six of our senior male colleagues to share how male allies in leadership and management positions can help invest in women and accelerate their progress.

### Training

	2023/24	2022/23	2021/22
Percentage of employees who participated in internal training <sup>^</sup>	99%	98%	99%
Average hours of internal training per employee <sup>^</sup>	39	30.7	29

<sup>^</sup> Including lecture, workshops, seminars, webinars and e-learning.

## Get inspired by women in action

Throughout the year, the Women’s Network organised a series of inspiring and informative “Women in Action” initiatives. These events featured prominent industry experts, leaders and trailblazers who shared their personal and professional journeys and offered valuable insights with colleagues.

For the first time, two colleagues had the opportunity to get up close and personal with our CEO and experience a day in the life of a top executive in the “Executive Shadow Programme”. By spending a unique day with our CEO attending high-level meetings and discussions, the colleagues saw how the CEO manages multiple priorities in day-to-day work and witnessed firsthand a leader’s decision-making processes. They also picked up useful tips for personal growth and development.

*This programme has been an eye-opening opportunity! Our CEO maintains a remarkable sense of humour that lightens the mood at meetings. Her ability to instill a sense of lightness in challenging situations helps to foster a positive atmosphere in meetings.*

*Jayvier Chow, Manager of Enforcement Division*

*Our CEO’s quick wit is seen from the instantaneous adaptation to the role she has to play in different engagements.*

*Ryan Shin, Assistant Manager of Corporate Finance Division*



Two colleagues shadow our CEO at the Executive Shadow Programme



Panel discussion at the talk “Resilience, Choice and Impact: The Journey of Women in Law”

In another talk “Resilience, Choice and Impact: The Journey of Women in Law”, a panel of esteemed legal practitioners comprising Ms Teresa Ko, Ms Winnie Tam, Ms Sara Tong and Ms Benita Yu shared their valuable experience and wisdom through lively anecdotes and deep reflections from their professional and life journeys. The panel discussion, moderated by our Commission Secretary and Chief Governance Officer Mr Paul Yeung, inspired the 80 attendees to embrace resilience, make empowered choices, and create a lasting impact in the legal field and beyond.

Ms Whitney Tang, founder of Limitless Coffee, shared her journey in the “Women in Social Enterprise” workshop on how she started a business to provide meaningful employment opportunities for individuals with varying abilities. Limitless Coffee’s barista training created a supportive and inclusive environment for the employees to thrive and showcase their unique talents. Through the sharing, our colleagues learnt a lot from the baristas while savouring freshly-brewed, aromatic coffee to start their day off right.

## Corporate Developments

In addition, we participate in the newly established IOSCO<sup>1</sup> Diversity Network which aims at promoting diversity, including gender, cultural and social backgrounds, among regulatory organisations via a global platform.

### Building quality workplace

Our office in One Island East (OIE) offers a green working environment which promotes both work efficiency and staff well-being. In late-2023, we purchased office floors at OIE as our permanent office (see sidebar below).

When sufficient daylight is available or a room is not in use, lights are automatically turned off or dimmed through sensors in our office. Bins for recycling paper, plastic, metal and glass are conveniently placed around the office. During the year, we switched about 360 fluorescent tubes to LED light strips in all the floor corridors to achieve significant energy savings and contribute to a reduction in greenhouse gas emissions in the long run. See Sustainability on pages 115-124 for details of our sustainability work.

### A permanent home for the SFC

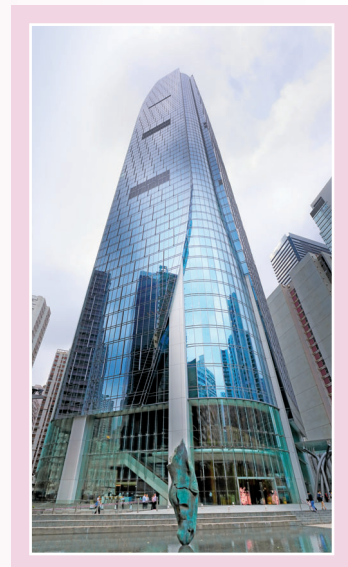
Since its establishment in 1989, the SFC has relocated its office four times. In a milestone move to purchase our own office premises in late 2023, we have consigned to history the office rental practice of more than three decades.

The purchase of 12 floors in OIE office space for a sum of \$5.4 billion was made possible after extensive negotiations, as well as years of financial planning and reserve build-up, which allowed us to seize the market opportunity. The acquisition frees us from future relocation needs, minimising disruptions to our operations. Having a permanent office enables us to better allocate resources and

plan for the future. This decision also aligns with our commitment to sustainability, as owning the office space adheres to the best practices for an environmentally conscious organisation. Moreover, it can strengthen our financial position by reducing operating expenses compared to being a tenant and providing protection against potential rental increases. The cost savings can be put to other uses to advance our cause.

The strategic decision to acquire the existing office space in OIE also ensures a smooth transition for our staff and operational activities. The acquisition of the existing nine floors we currently occupy took effect from December 2023, with the remaining three floors to be acquired in phases by 2028.

### Timeline



<sup>1</sup> International Organization of Securities Commissions.

To safeguard the health of staff and enhance productivity, all workstations are equipped with height-adjustable desks. An air quality treatment system helps ensure a healthy working environment. We have wellness rooms and communal areas to cater to staff's needs. Spacious multi-function rooms provide venues for larger-scale staff training as well as leisure activities.

### Empowering with legal support

Our Legal Services Division handles a range of legal cases, including criminal cases, civil litigation, and Market Misconduct Tribunal cases initiated by the SFC. It also defends judicial reviews and other cases brought against the SFC.

To support our day-to-day operations, the division provides guidance and advice on legislative drafting and various regulatory matters such as licensing issues, supervision of risky brokers, front-loaded regulation of listing matters, takeovers activities, investor compensation and enforcement investigations, as well as on administrative affairs, including employment, data privacy and procurement contracts. In addition, it collaborates with and provides guidance to other divisions to facilitate their pursuit of the SFC's strategic priorities.

### Upgrading technology infrastructure

#### Enhanced functionalities of WINGS

During the year, several enhancements were made to our digitalised submission platform WINGS<sup>2</sup> to support new regimes and gather market intelligence. To launch the new licensing regime for centralised virtual asset trading platforms under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, we added 11 forms on WINGS for virtual asset trading platforms operators to apply for an SFC licence from 1 June 2023 onwards.

In the year, the reporting channels under the over-the-counter (OTC) securities transactions reporting regime were launched on WINGS with which relevant regulated intermediaries must use to report transfers of shares related to OTC securities transactions. In addition, changes were made to WINGS and internal systems to support the licensing and registration of Type 13 regulated activity<sup>3</sup> to be launched in October 2024 as well as to accommodate the initiative of the Companies Registry and the Inland Revenue Department to adopt a standard unique business identifier to identify relevant entities in various transactions and regulatory interactions.

While WINGS' functionalities and user accounts continued to grow, we upgraded its support service in April 2023 to provide technical hotline support to over 70,000 user accounts, servicing more than 9,000 inquiries as of end-March 2024. A user satisfaction survey conducted in late 2023 revealed that the majority of users were positive about the technical hotline support rendered.

### Artificial intelligence and cyber resilience

In addition to the increased efficiency resulted from our digitalisation efforts, we further harnessed the benefits of artificial intelligence in automating the handling of voluminous information and improving accuracy in various processes internally. This enables us to enhance regulatory efficiency with advanced tools and techniques under the rapidly changing markets.

We also refined our information security practice by sharing timely summaries of our cybersecurity risks monitoring to internal stakeholders and then reporting to the Executive Committee, aiming to make our communication and risk management more effective. External cybersecurity experts were consulted and partnerships with law-enforcement agencies were formed to assess and strengthen our security posture to protect our systems and data.

<sup>2</sup> Web-based INTeGrated Service.

<sup>3</sup> Depository services provision for SFC-authorized collective investment schemes.

## Corporate Developments

### Adhering to financial discipline

As a publicly funded organisation, we prepare our annual budget under a disciplined and prudent approach. 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. We appoint external investment managers to manage our surplus reserves according to the investment guidelines approved by the Financial Secretary.

### Funding

We are operationally independent of the Government and are funded mainly by transaction levies and fees from market participants. The current levy rate is 0.0027% for securities transactions, which is substantially lower than the original rate of 0.0125% set in 1989. We have not revised our fees and charges since 1994, and have offered annual licensing fee waivers 11 times since 2009<sup>4</sup>. A waiver was also granted for 2023–24 and is extended for another year beginning 1 April 2024.

### Income

Total income for the year was \$1,835 million, down 6% from \$1,942 million last year. As average securities market turnover decreased during the year, our levy income went down 19% from last year to \$1,390 million.

Our investments recorded a net gain of \$208 million for the year, compared to a net gain of \$103 million a year ago, mainly contributed by the performance of our investments in pooled funds and higher interest income from fixed deposits.

### Expenditure

The costs of our operations totalled \$2,133 million, \$341 million below our budget of \$2,474 million.

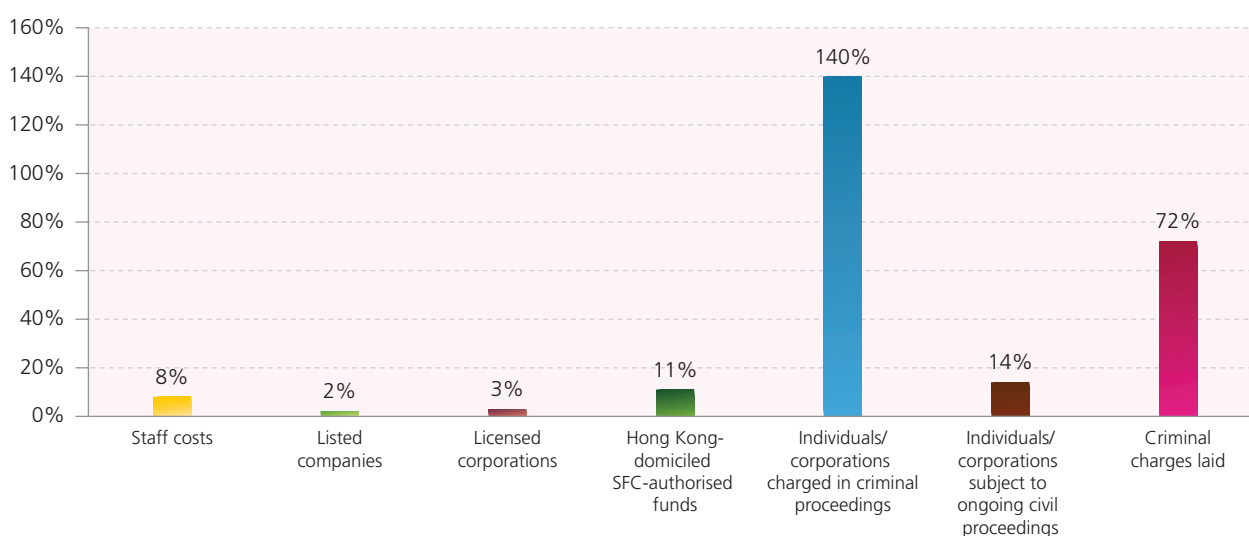
Over the past three years, our staff costs increased 8% and total expenses increased 5%, while our regulatory work increased in volume and complexity. The ratio of average expenses to income stood at 101% for the past three years.

We recorded a deficit of \$298 million for the year, taking into account the one-off reversal of the lease-related provision of \$112 million for the property acquisition.

### Reserve

To complete the transaction for acquiring nine office floors as our permanent office, \$2.3 billion from the property acquisition reserve was utilised. As of 31 March 2024, our reserves stood at \$7.6 billion, of which \$1.2 billion is set aside to support the acquisition of three additional floors and future principal bank loan repayments.

### Three-year change in staff costs vs market statistics (2020/21-2023/24)



<sup>4</sup> Full waivers were given in 2009-10, 2012-19 and 2020-24 (extended to 2024-25), and a 50% discount was provided for 2019-20.

### Income breakdown

	2023/24	2022/23	2021/22
Levies	75.8%	88.8%	95.3%
Fees and charges	6.2%	5.5%	6.7%
Net investment income/(loss) and others <sup>^</sup>	18.0%	5.7%	(2.0%)

<sup>^</sup> Net investment income/(loss) and others included foreign exchange gain or loss.

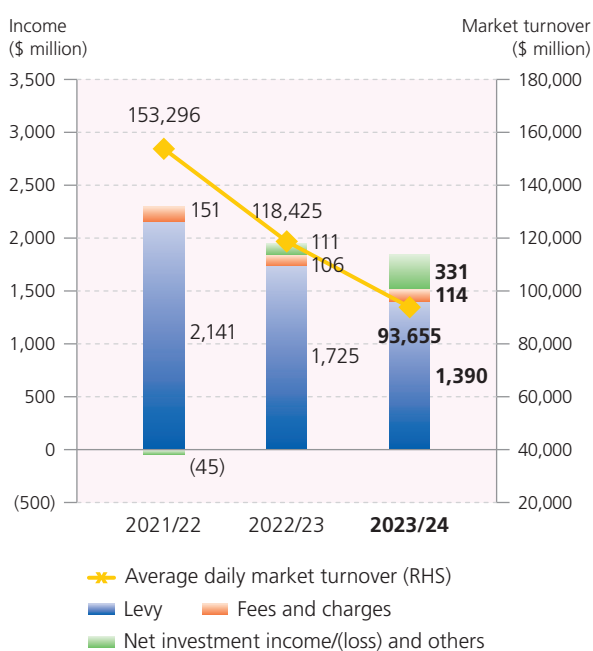
### Expenditure breakdown

	2023/24	2022/23	2021/22
Staff costs	75.1%	74.5%	75.7%
Premises and related expenses	1.7%	1.7%	1.8%
Other expenses	12.0%	11.3%	9.9%
Depreciation	11.2%	12.5%	12.6%

### Finance

(\$ million)	2023/24	2022/23	2021/22
Income	1,835	1,942	2,247
Expenses including depreciation	2,133	2,043	1,906
(Deficit)/Surplus	(298)	(101)	341

Income vs market turnover  
(2021/22-2023/24)



Income and operating expenses  
(2021/22-2023/24)

