

# Operational Data

Table 1 Takeovers activities

	2023/24	2022/23	2021/22
<b>Codes on Takeovers and Mergers and Share Buy-backs</b>			
General and partial offers under Code on Takeovers and Mergers	32	33	45
Privatisations	17	11	21
Whitewash waiver applications	21	22	22
Other applications under Code on Takeovers and Mergers <sup>1</sup>	240	231	291
Off-market and general offer share buy-backs	7	7	5
Other applications under Code on Share Buy-backs <sup>1</sup>	0	1	1
<b>Total</b>	<b>317</b>	<b>305</b>	<b>385</b>
<b>Executive Statements</b>			
Sanctions imposed with parties' agreement <sup>2</sup>	0	3	3
<b>Takeovers and Mergers Panel</b>			
Meetings for review of Codes on Takeovers and Mergers and Share Buy-backs	0	1	1
Hearings before the Panel (disciplinary and non-disciplinary)	0	2	0
Statements issued by the Panel <sup>3</sup>	0	2	0

<sup>1</sup> Including stand-alone applications and those made during the course of a code-related transaction.

<sup>2</sup> Pursuant to section 12.3 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

<sup>3</sup> Pursuant to section 16.1 of the Introduction to the Codes on Takeovers and Mergers and Share Buy-backs.

**Table 2 Breaches noted during on-site inspections**

	2023/24	2022/23	2021/22
Failure to comply with Securities and Futures (Financial Resources) Rules	13	8	10
Failure to safekeep client securities	41	27	23
Failure to maintain proper books and records	16	20	20
Failure to safekeep client money	45	26	35
Unlicensed dealing and other registration issues	19	10	12
Breach of licensing conditions	1	6	0
Breach of requirements of contract notes/statements of account/receipts	43	46	53
Failure to make filing/notification	0	3	1
Breach of margin requirements	8	3	6
Marketing malpractices	0	0	3
Illegal short selling of securities	1	0	0
Dealing malpractices	0	0	3
Breach of Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission <sup>1</sup>	332	243	265
Breach of Corporate Finance Adviser Code of Conduct	9	16	11
Breach of Fund Manager Code of Conduct	122	88	135
Breach of regulation of online trading	17	7	12
Non-compliance with anti-money laundering guidelines	269	214	301
Breach of other rules and regulations of the Exchanges <sup>2</sup>	7	2	9
Internal control weaknesses <sup>3</sup>	465	430	427
Others	84	81	90
<b>Total</b>	<b>1,492</b>	<b>1,230</b>	<b>1,416</b>

<sup>1</sup> Commonly related to risk management, client agreements, safeguarding of client assets and information for or about clients.

<sup>2</sup> The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited.

<sup>3</sup> Comprised deficiencies in management review and supervision, operational controls over the handling of client accounts, segregation of duties, information management, adequacy of audit trail for internal control purposes, among other weaknesses.

Table 3 Hong Kong domiciled authorised funds

By type	As at 31.3.2024				As at 31.3.2023			
	Number		Total NAV (US\$ million)		Number		Total NAV (US\$ million)	
Bond	165	(21.6%)	25,928	(14.5%)	173	(22.7%)	26,396	(15.1%)
Equity	203	(26.5%)	44,854	(25.2%)	206	(27.1%)	50,530	(29.0%)
Mixed	111	(14.5%)	25,175	(14.1%)	112	(14.7%)	28,384	(16.3%)
Money market	67	(8.8%)	28,010	(15.7%)	49	(6.4%)	16,542	(9.5%)
Feeder funds <sup>1</sup>	50	(6.5%)	15	(0.0%)	48	(6.3%)	20	(0.0%)
Index <sup>2</sup>	165	(21.6%)	54,107	(30.3%)	169	(22.2%)	52,578	(30.1%)
Guaranteed	1	(0.1%)	30	(0.0%)	1	(0.1%)	34	(0.0%)
Other specialised <sup>3</sup>	3	(0.4%)	163	(0.1%)	3	(0.4%)	44	(0.0%)
Sub-total	765	(100.0%)	178,280 <sup>4</sup>	(100.0%) <sup>4</sup>	761	(100.0%) <sup>4</sup>	174,527 <sup>4</sup>	(100.0%)
Umbrella structures	161				152			
<b>Total</b>	<b>926</b>				<b>913</b>			

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

<sup>1</sup> The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the “Feeder funds” category to better reflect the total asset under management.

<sup>2</sup> Including exchange-traded funds and leveraged and inverse products.

<sup>3</sup> Including virtual asset futures exchange-traded funds.

<sup>4</sup> Figures may not add up to total due to rounding.

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**Table 4 Non-Hong Kong domiciled authorised funds**

a) By origin	As at 31.3.2024						As at 31.3.2023				
	Umbrella funds	Sub-funds	Single funds	Total		Total NAV (US\$ million)	Total		Total NAV (US\$ million)		
Luxembourg	56	1,009	1	1,066	(74.8%)	1,172,193	(74.3%)	1,063	(75.0%)	1,119,869	(74.9%)
Ireland	25	231	2	258	(18.1%)	248,008	(15.7%)	250	(17.6%)	222,462	(14.9%)
United Kingdom	2	6	18	26	(1.8%)	75,359	(4.8%)	29	(2.0%)	65,319	(4.4%)
Mainland China	1	1	44	46	(3.2%)	17,112	(1.1%)	49	(3.5%)	22,786	(1.5%)
Bermuda	0	0	1	1	(0.1%)	116	(0.0%)	1	(0.1%)	116	(0.0%)
Cayman Islands	3	16	4	23	(1.6%)	1,171	(0.1%)	20	(1.4%)	1,446	(0.1%)
Others	0	0	5	5	(0.4%)	63,680	(4.0%)	5	(0.4%)	63,634	(4.3%)
<b>Total</b>	<b>87</b>	<b>1,263</b>	<b>75</b>	<b>1,425</b>	<b>(100.0%)</b>	<b>1,577,641<sup>1</sup></b>	<b>(100.0%)</b>	<b>1,417</b>	<b>(100.0%)</b>	<b>1,495,633<sup>1</sup></b>	<b>(100.0%)<sup>1</sup></b>

<sup>1</sup> Figures may not add up to total due to rounding.

b) By type	As at 31.3.2024				As at 31.3.2023			
	Number		Total NAV (US\$ million)		Number		Total NAV (US\$ million)	
Bond	358	(26.8%)	453,231	(28.7%)	358	(26.9%)	432,041	(28.9%)
Equity	775	(57.9%)	823,726	(52.2%)	774	(58.2%)	791,354	(52.9%)
Mixed	163	(12.2%)	166,913	(10.6%)	155	(11.7%)	156,729	(10.5%)
Money market	12	(0.9%)	11,777	(0.7%)	12	(0.9%)	9,724	(0.7%)
Feeder funds <sup>1</sup>	3	(0.2%)	0	(0.0%)	3	(0.2%)	0	(0.0%)
Index <sup>2</sup>	26	(1.9%)	121,878	(7.7%)	26	(2.0%)	105,669	(7.1%)
Hedge	1	(0.1%)	116	(0.0%)	1	(0.1%)	116	(0.0%)
Sub-total	1,338	(100.0%)	1,577,641 <sup>3</sup>	(100.0%) <sup>3</sup>	1,329	(100.0%)	1,495,633	(100.0%) <sup>3</sup>
Umbrella structures	87				88			
<b>Total</b>	<b>1,425</b>				<b>1,417</b>			

Note: Unit trusts and mutual funds authorised under the Code on Unit Trusts and Mutual Funds.

<sup>1</sup> The NAV of feeder funds whose master funds are authorised by the SFC has been excluded from the total NAV figures in the "Feeder funds" category to better reflect the total asset under management.

<sup>2</sup> Including exchange-traded funds.

<sup>3</sup> Figures may not add up to total due to rounding.

Table 5 Successful prosecutions

Defendant	Date of conviction	Fine/Penalty	Investigation costs awarded
<b>Insider dealing</b>			
WONG Pak Wai	26.10.2023	\$25,000 and 240-hour community service	\$38,277
<b>Short selling</b>			
YEUNG Tak Sum Christine	20.3.2024	18-month imprisonment	–

Note: Cases with fines below \$10,000 are not shown in this table.

Table 6 Other public disciplinary actions

Name	Date	Breach	Action
LO Wai Ming	16.9.2023	Failed to comply with the firm's internal procedures when placing clients' orders and to maintain proper records of clients' order instructions	Banned from re-entering the industry for seven months
WONG Yeung Andy	9.1.2024	Failed to discharge his duties as a Responsible Officer and a member of the senior management of City International Futures (Hong Kong) Limited	Suspended for 10 months

Table 7 Other enforcement activities

	2023/24	2022/23	2021/22
S179 <sup>1</sup> inquiries commenced	34	31	57
S181 <sup>2</sup> inquiries commenced (number of letters sent)	188 (4,627)	191 (5,851)	203 (7,308)
S182 <sup>3</sup> directions issued	182	130	214
Rule 8 directions <sup>4</sup> issued	2	0	0
Letter of mindedness <sup>4</sup> issued	2	0	0
Cases with search warrants executed	26	35	37
Compliance advice letters issued	144	113	162
Criminal, Civil and Market Misconduct Tribunal (MMT) proceedings			
(a) Insider dealing			
Individuals/corporations summonsed (summons laid)	1 (1)	0 (0)	0 (0)
Individuals/corporations involved in ongoing civil proceedings	10	8	8
Individuals/corporations involved in ongoing MMT proceedings	3	2	2
(b) Market manipulation			
Individuals/corporations summonsed (summons laid)	3 (5)	1 (25)	0 (0)
Individuals/corporations involved in ongoing civil proceedings	29	18	18
Individuals/corporations involved in ongoing MMT proceedings	22	1	0
(c) Others			
Individuals/corporations summonsed (summons laid)	3 (10)	10 (73)	4 (28)
Individuals/corporations involved in ongoing civil proceedings	166	154	142
Individuals/corporations involved in ongoing MMT proceedings	9	11	11
Individuals charged for suspected market misconduct and other offences for indictment prosecution <sup>5</sup>	17	14	0
Disciplinary enquiry			
Notices of Proposed Disciplinary Action <sup>6</sup> issued	26	26	37
Notices of Decision <sup>7</sup> issued (including S201 <sup>8</sup> agreement)	27	29	43
Securities and Futures Appeals Tribunal (SFAT) hearings			
Applications to SFAT	4	1	8
Applications/hearings completed/withdrawn/abandoned	2	9	2

<sup>1</sup> Section 179 of the Securities and Futures Ordinance (SFO) gives the SFC the power to compel the production of records and documents from persons related to a listed company in relation to fraud or other misconduct.

<sup>2</sup> Section 181 of the SFO gives the SFC the power to require information from intermediaries about trading transactions, including the identity information of the ultimate clients, the particulars and instructions relating to the transactions.

<sup>3</sup> Section 182 of the SFO gives the SFC the power to investigate SFO offences, market misconduct, fraud, misfeasance and disciplinary misconduct.

<sup>4</sup> A Rule 8 direction is issued by the SFC pursuant to Section 8 of the Securities and Futures (Stock Market Listing) Rules, directing The Stock Exchange of Hong Kong Limited (SEHK) to suspend trading in the shares of a listed company on grounds that the market is misinformed, disorderly or unfair. A letter of mindedness is sent by the SFC to inform a listed company that it is minded to exercise its power under the aforesaid Rules to direct SEHK to suspend trading in the shares of the company, if the company failed to address the concerns raised by the SFC satisfactorily.

<sup>5</sup> Seventeen individuals were charged with various criminal offences including conspiracy to defraud, fraud, dealing with property known or believed to represent proceeds of indictable offence, illegal short selling and conspiracy to employ a scheme with intent to defraud or deceive in transactions involving securities under section 159A and 159C of the Crimes Ordinance, section 16A of Theft Ordinance, section 25 of the Organized and Serious Crimes Ordinance, and section 170(1) and 300 of the SFO.

<sup>6</sup> A notice issued by the SFC to regulated persons that it proposes to exercise its disciplinary powers, on grounds that they appear to be guilty of misconduct or not fit and proper.

<sup>7</sup> A notice that sets out the SFC's decision and its reasons to take disciplinary action against regulated persons.

<sup>8</sup> Section 201 of the SFO gives the SFC the power to resolve disciplinary proceedings by agreement when the SFC considers it appropriate to do so in the interest of the investing public or in the public interest.

**Table 8 Statistical information and financial position of the Hong Kong securities industry<sup>1</sup>**

	As at 31.12.2023	As at 31.12.2022	As at 31.12.2021
Securities dealers and securities margin financiers	1,406	1,439	1,433
Active cash clients <sup>2</sup>	2,193,229	2,203,172	1,939,379
Active margin clients <sup>2</sup>	2,563,883	2,446,852	2,219,721
Active clients	4,757,112	4,650,024	4,159,100
<b>Balance sheet</b>	<b>(\$ million)</b>	<b>(\$ million)</b>	<b>(\$ million)</b>
Cash in hand and at bank <sup>3</sup>	564,507	678,480	694,492
Amounts receivable from margin clients <sup>4</sup>	148,038	152,062	218,436
Amounts receivable from clients and other dealers arising from dealing in securities	183,166	179,132	211,398
Proprietary positions	69,444	70,834	148,661
Other assets	366,674	371,941	385,566
Total assets	1,331,829	1,452,449	1,658,553
Amounts payable to clients and other dealers arising from dealing in securities	624,749	697,055	770,952
Total borrowings from financial institutions	28,753	72,890	98,429
Short positions held for own account	2,571	7,183	16,718
Other liabilities	194,380	191,923	244,242
Total shareholders' funds	481,376	483,398	528,212
Total liabilities and shareholders' funds	1,331,829	1,452,449	1,658,553
	<b>12 months to 31.12.2023 (\$ million)</b>	<b>12 months to 31.12.2022 (\$ million)</b>	<b>12 months to 31.12.2021 (\$ million)</b>
<b>Profit and loss</b>			
Total value of transactions <sup>5</sup>	107,897,497	126,014,719	160,931,088
Net securities commission income	17,113	20,210	31,329
Gross interest income	39,987	23,044	19,394
Other income <sup>6</sup>	140,139	144,131	166,746
Total operating income	197,239	187,385	217,469
Total overheads and interest expense	172,046	170,730	173,978
Total operating profit	25,193	16,655	43,491
Net profit on proprietary trading	3,307	6,211	21,397
Net profit for the period	28,500	22,866	64,888

<sup>1</sup> Data were extracted from the monthly financial returns submitted under the Securities and Futures (Financial Resources) Rules by corporations licensed for dealing in securities or securities margin financing.

<sup>2</sup> Active clients are clients for whom the licensed corporation is required to prepare and deliver monthly statements of account in respect of the relevant reporting month under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules.

<sup>3</sup> Cash in hand and at bank include trust monies held on behalf of clients which totalled \$340,373 million (31.12.2022: \$399,988 million).

<sup>4</sup> As at 31.12.2023, the average collateral coverage was 4.1 times (as at 31.12.2022: 4.2 times). It represents the number of times the aggregate market value of securities collateral deposited by margin clients over the total amount of margin loan due from these clients on a given date on an industry-wide basis.

<sup>5</sup> The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

<sup>6</sup> Comprises asset management fee income, corporate finance income, inter-company management fee income and others.