

Glossary and Abbreviations

Automated trading services (ATS)

Electronic facilities, outside of those provided by a recognised exchange company or clearing house, through which participants may trade, clear and settle securities, futures contracts and over-the-counter derivatives.

Depositaries

Top-level trustees and custodians of SFC-authorized collective investment schemes.

Exchange participant

A company with rights to trade on or through the Stock Exchange of Hong Kong Limited or Hong Kong Futures Exchange Limited.

Financial Stability Board (FSB)

An international body which promotes global financial stability through recommendations for, and the implementation and monitoring of, policy initiatives and international standards.

GEM

A stock market operated by Hong Kong Exchanges and Clearing Limited (HKEX) to provide fund-raising opportunities for small to mid-sized companies which may not meet the Main Board listing requirements. Formerly known as the Growth Enterprise Market.

Green and Sustainable Finance Cross-Agency Steering Group

A group co-chaired by the SFC and the Hong Kong Monetary Authority (HKMA) with participation from the Financial Services and the Treasury Bureau, Environment and Ecology Bureau, Insurance Authority, Mandatory Provident Fund Schemes Authority, Accounting and Financial Reporting Council, and HKEX to coordinate the management of climate and environmental risks in the financial sector, accelerate the growth of green and sustainable finance and support Hong Kong's climate strategies.

Greenwashing

A false or unsubstantiated claim that certain activities or practices are sustainable or environmentally friendly, such as when asset managers market themselves as "green" or "sustainable" but do not fully integrate these factors into their investment processes.

Integrated fund platform (IFP) for retail fund distribution

A platform to be established by HKEX to provide a business-to-business service model initially and cover the front-to-back distribution life cycle and value chain for distribution of SFC-authorized funds in Hong Kong.

International Organization of Securities Commissions (IOSCO)

A body of securities regulators worldwide which develops, implements and promotes adherence to internationally recognised standards for securities regulation. Its membership regulates more than 95% of the world's securities markets in more than 130 jurisdictions.

International Sustainability Standards Board (ISSB)

An independent standard-setting body set up by the IFRS¹ Foundation to develop a high-quality, comprehensive global baseline for corporate sustainability disclosures focused on the needs of investors and the financial markets.

Investment-linked assurance scheme (ILAS)

A life insurance policy with investment elements which provides both insurance protection and investment options, usually through funds.

IOSCO Asia-Pacific Regional Committee (APRC)

Chaired² by our Chief Executive Officer Ms Julia Leung, this group is one of four regional committees and comprises over 30 Asia-Pacific regulators. It focuses on addressing regulatory issues, enhancing supervisory collaboration and experience sharing, and supporting capacity building activities.

¹ International Financial Reporting Standards.

² Ms Leung's two-year term commenced in May 2024 during the IOSCO 2024 Annual Meeting.

Investor and Financial Education Council (IFEC)

An SFC subsidiary dedicated to improving financial literacy in Hong Kong by providing consumer education through mass communication and stakeholder engagement initiatives.

Leveraged and inverse products

Products structured as exchange-traded funds for public offering in Hong Kong. Leveraged products aim to deliver a daily return equivalent to a multiple of the underlying index return while inverse products aim to deliver the opposite of the daily return of the underlying index.

Market Misconduct Tribunal (MMT)

An independent full-time body established under the Securities and Futures Ordinance which imposes civil sanctions against those it determines to be guilty of market misconduct.

Open-ended fund companies (OFC)

Collective investment schemes structured in corporate form with limited liability and variable share capital.

Over-the-counter (OTC) derivatives

Financial instruments which are usually traded directly between dealers and principals rather than via an exchange and whose values are derived from those of underlying assets.

Pooled retirement fund

A collective investment scheme which enables multiple occupational retirement schemes to gain exposure to underlying investment portfolios.

Ramp and dump scheme

A form of stock market manipulation. Fraudsters “ramp” up the price of a stock and use social media to lure unwary investors to buy at an artificially high price. The fraudsters then sell or “dump” the stock to take profits causing the price to collapse.

Real estate investment trust (REIT)

A collective investment scheme constituted as a trust which invests primarily in real estate with the aim to provide returns derived from rental income.

Securities and Futures Appeals Tribunal (SFAT)

A body established under the Securities and Futures Ordinance to review specified decisions made by the SFC, the HKMA or a recognised investor compensation company.

Securities and Futures Ordinance (SFO)

Together with subsidiary legislation, the law in Hong Kong relating to financial products, the securities and futures market and industry, as well as to their regulation and other matters including investor protection.

Task Force on Climate-related Financial Disclosures (TCFD)

A task force set up by the Financial Stability Board to improve and increase reporting of climate-related financial information.

Tokenisation

Tokenisation refers to the creation of blockchain-based tokens that represent, or aim to represent, ownership in certain assets or rights.

Unit trust

A collective investment scheme constituted in trust form.

Virtual assets

Digital representations of value, also known as cryptocurrencies, crypto-assets or digital tokens.

Voluntary code of conduct (VCoC) for ESG³ ratings and data products providers

A code of conduct developed via an industry-led working group for voluntary adoption by ESG ratings and data products providers, which will align with international best practices as recommended by IOSCO and relevant expectations introduced in other major jurisdictions.

Whitewash waiver

A waiver of a party's obligation to make a mandatory offer to other shareholders under the Takeovers Code.

³ Environmental, social and governance.