

Highlights

Maintaining market resilience and mitigating harm



Alerting investors on suspicious activities

We added nine entities onto our Alert List for Suspicious Virtual Asset Trading Platforms (VATPs) during the quarter to warn against suspected VA-related fraud and unlicensed activities.

We also cautioned the public against four suspicious investment products.

Empowering investors to stay scam-savvy

As part of our anti-scam publicity campaign, we launched a TV commercial and radio advertising campaign to caution the public against investment scams and unlicensed VATPs. We also promoted anti-scam messages by participating in a community outreach event and providing tips to domestic helpers.

Supporting Anti-Scam Consumer Protection Charter 2.0

We joined other local financial regulators to support the Anti-Scam Consumer Protection Charter 2.0 in April. We also issued a press release to enhance public awareness about safeguarding personal data and a joint circular to invite regulated financial institutions to join the Charter.

New alerts against:



9
suspicious VATPs

4
suspicious investment products

Combatting misconduct

During the quarter, we disciplined five individuals, suspending their licences and/or prohibiting them from entering the industry for seven months to four years.

We secured the conviction of three individuals involved in a highly sophisticated market manipulation scheme following a landmark High Court jury trial.

Highlights

Three large-scale and sophisticated ramp-and-dump cases involving 18 defendants will be transferred to the District Court for trial following joint investigations by the SFC and the Police.

To further deepen cross-boundary enforcement cooperation, we held the 16th regular high-level meeting with the China Securities Regulatory Commission (CSRC) in Kunming, Yunnan Province.

Supervising intermediaries

We inspected 65 licensed corporations on site to review their compliance with regulatory requirements.

Managing market risks

We continued our on-site inspection of the project management and operation controls of Hong Kong Exchanges and Clearing Limited's (HKEX) Connect schemes. Upon our request, HKEX is working to enhance the default fund of its cash market. From March to May, the SFC and the Hong Kong Monetary Authority jointly consulted the public on enhancing the over-the-counter derivatives reporting regime.

International standard-setting

In May, our Chief Executive Officer (CEO) Ms Julia Leung and senior SFC executives attended the IOSCO¹ Annual Meeting in Athens, Greece, to discuss financial stability, sustainable finance, Fintech and enforcement cooperation. As the new Chair of IOSCO's Asia-Pacific Regional Committee for 2024-2026, Ms Leung will contribute to strengthening regional regulatory collaboration.



65

on-site inspections

Enhancing Hong Kong market competitiveness



Gatekeeping listing applications

During the quarter, we processed 53 new listing applications, comprising one from a specialist technology company and five from pre-profit biotech companies.

Of the 365 listing applications we cleared in the three years up to 30 June, 94% were cleared within 60 business days.

Strengthening listing market

We participated in formulating a proposal to maintain normal market operations under severe weather. HKEX published the relevant consultation conclusions in June and will launch severe weather trading in late September.

Also, with the SFC's approval, the Stock Exchange of Hong Kong Limited (SEHK) introduced a regime in June that allows issuers to hold repurchased shares in treasury. In addition, we collaborated with SEHK to review the corporate governance framework for listed companies, and SEHK started its related consultation in June.



53

new listing applications

¹ International Organization of Securities Commissions.

Highlights



▲ 8% YoY

Licence applications
under the SFO

Increase in licence applications

In the quarter, we received 1,931 licence applications under the Securities and Futures Ordinance (SFO), up 3% from the previous quarter and 8% year-on-year. The number of new licensees and registrants totalled 2,593.

Launch of ETF Connect enhancements²

Enhancements of ETF Connect, effective on 22 July 2024, added 85 eligible Mainland ETFs and six eligible Hong Kong ETFs to the scheme. The average daily turnover for southbound trading of eligible Hong Kong ETFs amounted to \$3.15 billion during 22-31 July 2024, up 204% from that on 2-19 July 2024.

Top management's first Middle East visit

Our CEO Ms Julia Leung and our Executive Director of Investment Products Ms Christina Choi visited Saudi Arabia and the United Arab Emirates to meet with local financial regulators and stock exchanges, as well as major local asset managers and financial institutions.



▲ 11.9% YoY

HK-domiciled
funds' AUM

Increase in net inflows into local domiciled funds

As at 30 June, assets under management (AUM) of Hong Kong-domiciled funds increased 7.2% from the previous quarter to \$1,492.4 billion (US\$191.1 billion). Net fund inflows of about \$59.1 billion (US\$7.6 billion) were recorded in the quarter, up 80.2% from the previous quarter.

Extending OFC and REIT grant schemes

The SFC has worked with the Government to extend the grant scheme to subsidise the setting up of open-ended fund companies (OFCs) and the listing of real estate investment trusts (REITs) in Hong Kong for another three years from May.

Product authorisations and registrations

During the quarter, we authorised 56 unit trusts and mutual funds (including 23 domiciled in Hong Kong), four mandatory provident fund pooled investment funds and 38 unlisted structured investment products for public offering in Hong Kong. As at 30 June, 371 OFCs were registered, up 144% year-on-year.

² Post-reporting period.

Highlights



Transforming markets via technology and ESG

Guidance on VA activities, VA products and tokenisation

We refined our VA regulatory regime by enabling retail investors to access VA dealing and advisory services provided by SFC-regulated intermediaries. We further set out our requirements for intermediaries involved in distributing investment products with exposure to VAs.

Authorising Asia's first VA spot ETFs

We authorised Asia's first batch of VA spot ETFs consisting of three pairs of Bitcoin and Ether spot ETFs, which were listed on SEHK in April.



1st
batch of VA spot ETFs
in Asia

VATP regime updates

Before the end of the non-contravention period for VATPs operating in Hong Kong under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO) on 1 June, we issued a statement in May to emphasise that deemed-to-be-licensed VATP applicants are not formally licensed by the SFC, urge investors to trade virtual assets only on SFC-licensed VATPs and remind deemed-to-be-licensed VATP applicants to fully comply with our requirements.

We also held a briefing session in June to explain our regulatory expectations to deemed-to-be-licensed VATP applicants, and introduced our on-site inspection programme. As at 30 June, we received 152 licence applications under the AMLO comprising 17 VATPs and 135 individuals. Two VATPs and 31 individuals were licensed under the AMLO.

Sustainability disclosure standards

In April, we welcomed SEHK's publication of its consultation conclusions on enhancing climate-related disclosure requirements for listed companies in Hong Kong. With the SFC's approval, SEHK's new rules will take effect in phases from January 2025.

Developing Hong Kong as sustainable finance hub

In April, we hosted a roundtable on transition plans to understand the key considerations and challenges on developing credible transition plans for companies and financial institutions operating in Hong Kong, the Mainland and Asia-Pacific.

Supporting voluntary code of conduct for ESG data providers

The SFC welcomed the publication of a draft voluntary code of conduct (VCoC) for ESG ratings and data products providers by an industry-led working group for a one-month public consultation. The SFC supports and sponsors the VCoC initiative to promote the IOSCO recommendations among those product providers³ in Hong Kong.



17
VATP licence
applications received

³ IOSCO's Final Report on Environmental, Social and Governance Ratings and Data Product Providers (November 2021).

Highlights

Enhancing SFC's resilience and efficiency



Staff professionalism acknowledged

Three staff members received The Ombudsman's Award for Officers of Public Organisations 2024, in recognition of their exemplary performance and professionalism in complaint handling and fostering a positive culture of public service.

Driving regulatory and operational efficiency

We expanded the digital submission capability on our WINGS⁴ platform for VATP operators to facilitate their compliance with relevant filing requirements. We prepared for the July 2024 launch of a one-stop online application and submission platform named e-IP for investment products administered by our Investment Products Division. Our market surveillance system was also enhanced to facilitate our oversight of Exchange Participants' compliance.

Internally, we kicked off a series of initiatives to streamline operational workflow and increase efficiency for our enforcement work. We made case referral more efficient between divisions, and are streamlining workflow for handling complaints of serious nature.



3

staff members winning
Ombudsman's Award

Proactive public communications

During the quarter, our senior executives spoke at over 10 local and international events covering Fintech, virtual assets and sustainability. Our CEO Ms Julia Leung took part in a video series about the benefits from the Mainland's support measures and other mutual market access initiatives.

⁴ Web-based INTeGrated Service.