

Enhancing SFC's institutional resilience and efficiency

To play a critical role in developing Hong Kong's capital markets, we pursue our own institutional resilience and operating efficiency. In addition to robust budgeting and internal controls, we endeavour to uphold corporate governance, enhance workflows and processes as well as step up communications.

Sound financial and resources management

Our income for the quarter was \$522 million, up 8.8% from the previous quarter and 26.4% year-on-year. Average daily turnover in Hong Kong's securities market was \$116 billion, 20.8% higher than the \$96 billion recorded in the previous quarter. Our expenditure for the quarter was \$559 million, down 3.1% from last quarter and up 8.8% year-on-year. We recorded a deficit of \$37 million for the quarter.

As of 30 June, 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.

As of 30 June, we had 958 staff members, up from 934 a year ago.

Staff professionalism acknowledged

Our commitment to professionalism and integrity when discharging our duties is well recognised. Three staff members (from Secretariat and External, Complaints Team and Enforcement Division) received The Ombudsman's Award for Officers of Public Organisations 2024 in recognition of their exemplary performance in complaint handling. The awards acknowledge their professionalism in complaint handling and foster a positive culture of service in the public sector.

Finance

(\$ million)	Quarter ended 30.6.2024	Quarter ended 31.3.2024	Quarter ended 30.6.2023	YoY change (%)
Income	522	480	413	26.4
Expenses including depreciation	559	577	514	8.8
Deficit	(37)	(97)	(101)	63.4

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Family Fun Day gathers staff to mark 35th anniversary

As part of the SFC's efforts to promote staff well-being and our 35th anniversary celebration, our staff spent a fun-filled morning with families and friends on our Family Fun Day in May. They explored the heritage as well as unknown stories of the Quarry Bay neighbourhood, where the SFC's permanent office is located. About 250 participants,



CEO Ms Julia Leung (front right) enjoys the company of elderly citizens, SFC colleagues and their families on a walking tour to the neighbourhood

including our Chairman Mr Tim Lui and Chief Executive Officer (CEO) Ms Julia Leung, relished a range of activities including city walks, mountain hikes and a guided tour of the Swire Archives. Senior citizens from two elderly service centres in the Eastern District also joined the walking tour.



Event participants gathered at SFC's office at One Island East to celebrate its 35th anniversary

Upholding effective corporate governance

Comprising a large number of members outside the SFC, our regulatory committees play an important role in our governance by contributing a wealth of diverse perspectives and professional experience. New appointments and reappointments to the following regulatory committees took effect from 1 April:

- Academic and Accreditation Advisory Committee
- Disciplinary Chair Committee
- Investor Compensation Fund Committee
- Nominations Committee
- Products Advisory Committee
- Public Shareholders Group
- Securities Compensation Fund Committee
- SFC (HKEC Listing) Committee
- Takeovers and Mergers Panel
- Takeovers Appeal Committee

In addition, Dr Eric Yip Chee-hang was appointed Executive Director of Intermediaries for three years, effective 2 May. A seasoned financial professional holding senior roles in banking and asset management before joining the SFC, Dr Yip brings to us his rich experience in leadership and governance as well as market operation.

In April, we also revised and updated both the code of conduct for staff and our financial control policies and procedures to ensure they are effective and robust.

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Driving regulatory and operational efficiency

During the quarter, we expanded the digital submission capability on our digitalised platform WINGS¹ for virtual asset trading platform (VATP) operators to facilitate their compliance with relevant filing requirements. VATP operators are obligated to submit business and risk management questionnaires and financial resources returns regularly, which are available on WINGS from 1 June. The information received can facilitate our supervision and monitoring of intermediaries.

We prepared for the July 2024 launch of a one-stop online application and submission platform named e-IP to promote digital processing and enhance efficiency. Through the new platform, the industry can submit new product applications and post-authorisation or registration submissions, track application progress and settle fee payments.

In addition, we enhanced our market surveillance system to facilitate our oversight of Exchange Participants' compliance with the self-matching prevention rules and enable access to more information and reports on order flows, cancellation policies and deletion reasons. The system's infrastructure was also upgraded to strengthen security and performance.

Internally, we kicked off a series of initiatives to streamline operational workflow and increase efficiency for our enforcement work. They aim to digitalise and automate existing processes, standardise protocols, centralise knowledge management and streamline cross-divisional collaboration processes. For example, we improved the efficiency of the case referral process between divisions and are conducting a cross-divisional review of the investigation and enforcement processes.

 **53**
press releases
100
social media posts



FSTB-RTHK video series

We also work to streamline workflow for handling complaints of serious nature such as those involving fraud or misappropriation of client assets, as early investigation and swift action are desirable to limit potential losses for investors.

Facilitating regulatory transparency and efficiency via proactive communications

We keep stakeholders informed of regulatory updates and explain our work through industry events, publications as well as other engagements and channels. During the quarter, our senior executives spoke at over 10 local and international events covering Fintech, virtual assets and sustainability. We were the supporting organisation of seven industry events.

Our CEO Ms Julia Leung took part in a video series about the benefits to the Hong Kong market brought about by the Mainland's five support measures as well as other mutual market access initiatives. Jointly produced by the Financial Services and the Treasury Bureau (FSTB) and the Radio Television Hong Kong (RTHK), the series was aired in June.

In June, we published the *SFC's Annual Report 2023-24* to highlight various initiatives to promote the resilience and sustainable growth of Hong Kong's capital markets and lay out the SFC's roadmap to prepare for future opportunities and challenges. Also in the same month, the latest issue of the *Takeovers Bulletin* features new practice notes on treasury shares and severe weather arrangements, which provide guidance on takeovers activities in Hong Kong.

¹ Web-based INteGrated Service.

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During the quarter, we issued 13 circulars to guide the industry on a wide range of topics, including exchange-traded funds, severe weather trading arrangements, anti-money laundering and counter-financing terrorism. A total of 100 posts were published on the SFC's social media platforms to promote the public's awareness of various matters, such as alerts against scams and suspicious investment products, and latest developments on Mainland-Hong Kong mutual market access initiatives.

Guarding against cyber threats

We have strengthened our collaboration with other law enforcement agencies to facilitate the sharing of cybersecurity intelligence, improve incident response handling and training. To further raise our staff's cybersecurity awareness, we adopted an advanced training platform to provide the latest information on cybersecurity threats and insights from industry experts.

Publications and other communications

	Quarter ended 30.6.2024
Press releases	53
Policy statements and announcements	1
Consultation papers	1
Consultation conclusions	1
Industry-related publications	1
Codes and guidelines ^a	1
Circulars to industry	13
Social media posts ^b	100
Corporate website average daily page views ^c	67,120
General enquiries	985

^a Includes updates to previous versions.

^b Includes posts on the SFC's Facebook, LinkedIn and WeChat pages.

^c Average number of webpages browsed per day during the reporting period.