

# Highlights

## Maintaining market resilience and mitigating harm



### Alerting investors on suspicious activities

During the quarter, we added 10 entities onto our Alert List for Suspicious Virtual Asset Trading Platforms (VATPs) to warn the public of suspected virtual asset (VA)-related fraud and unlicensed activities. We also cautioned the public against one suspicious investment product.

### Stepping up anti-scam investor education

In July, we broadcast a video cautioning the public against investment scams at MTR Hong Kong Station. We also supported a community outreach event in August and spoke about tips to avoid falling victim to financial scams.

### Combatting misconduct

During the quarter, we fined a licensed corporation and disciplined three individuals, suspending their licences or prohibiting them from entering the industry for six months to life.

The Court of First Instance handed down in July the heaviest jail sentence on market manipulation cases since the Securities and Futures Ordinance (SFO) came into effect. Three individuals were sentenced to imprisonment of 52 to 80 months for conspiracy to carry out false trading in the shares of Ching Lee Holdings Limited, following the SFC's extensive investigations.

### New alerts against:



**10**  
suspicious VATPs

**1**  
suspicious investment product

A suspected core member of a sophisticated ramp-and-dump syndicate was charged with the offence of conspiracy to defraud at the Eastern Magistracy Court following his arrest in our joint operation with the Police.

We secured a first-of-its-kind settlement to compensate independent public shareholders of Combest Holdings Limited to resolve our court proceedings against three individuals, being former shadow or executive directors of Combest.

## Highlights

### Strengthening surveillance

We identified high shareholding concentration in five listed companies with our enhanced surveillance programme and issued five announcements to alert investors of the potential risks associated with trading in the shares of these companies.

### Supervising intermediaries

We commenced 69 on-site inspections in the quarter to ensure intermediaries' regulatory compliance and operational resilience.

### Enhancing regulation

The new regime for depositaries of public funds (RA 13) took effect on 2 October. We had processed RA 13 licence or registration applications from 19 depositaries and over 300 of their staff members prior to the launch.

We published the consultation conclusions on proposals to introduce a statutory scheme of arrangement and compulsory acquisition mechanism for real estate investment trusts and enhance the market conduct regime for listed collective investment schemes under the SFO. The proposals received general support.

In July, we published consultation conclusions on the proposed legislation, code and guidelines for implementing an uncertificated securities market. We aim to implement the regime towards the end of 2025 following the completion of the legislative process.



**69**  
on-site inspections

## Enhancing Hong Kong market competitiveness



### Gatekeeping listing applications

During the quarter, we processed 144 listing applications, of which 25 were new listing applications. The new cases included one from a company seeking to list by way of de-SPAC<sup>1</sup> transaction and one from a pre-profit biotech company.

Of the 371 listing applications we cleared in the three years up to 30 September 2024, 94% were cleared within 60 business days.



**144**  
listing applications  
processed

<sup>1</sup> A special purpose acquisition company (SPAC) raises funds through a listing for the purpose of acquiring a business (a de-SPAC target) at a later stage (a de-SPAC transaction) within a pre-defined time period.

## Highlights

### Strengthening listing market

Following the SFC's approval, Hong Kong Exchanges and Clearing Limited (HKEX) rolled out severe weather trading (SWT) from 23 September, to maintain normal operations of Hong Kong's securities and derivatives markets under severe weather conditions. On 14 November, SWT was implemented for the first time and all market operations were smooth.

In August, the SFC and the Stock Exchange of Hong Kong Limited (SEHK) jointly announced temporary modifications to the Listing Rules. Guidance materials were published, regarding (a) the minimum thresholds on initial market capitalisation for the listing of specialist technology companies and (b) the minimum independent third-party investment thresholds and related independence requirements for de-SPAC transactions.



After discussing with the SFC, SEHK added Dubai Financial Market and Abu Dhabi Securities Exchange of the United Arab Emirates (UAE) to the list of recognised stock exchanges in July, paving the way for more UAE companies to apply for a secondary listing in Hong Kong.

### Surge in licence applications

During the quarter, we received 2,496 licence applications under the SFO. The numbers of both corporate and individual licence applications increased in the quarter, up 56% and 23% year-on-year (YoY), respectively. The number of new licensees and registrants totalled 3,164.



▲ 56% YoY

Corporate licence applications under the SFO

### Enhancing market connectivity with the Mainland



After the China Securities Regulatory Commission (CSRC) announced further support for leading Mainland companies to list in Hong Kong in April, four leading Mainland companies completed filings with the CSRC from 19 April to 26 September regarding their proposed listings in Hong Kong, among which Midea Group Co., Ltd. was listed in September.



RMB 10 billion  
average daily turnover  
under Swap Connect

As of September, 64 overseas investors had participated in Swap Connect and executed RMB interest rate swap transactions with an aggregate notional amount of approximately RMB3.4 trillion, or a daily average of about RMB10 billion.

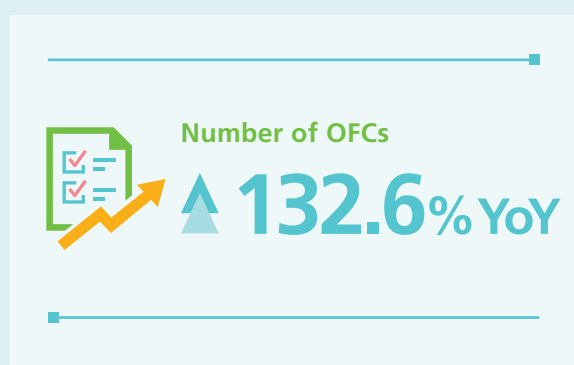
In September, the SFC held the 15th Mainland and Hong Kong Regulatory High-level Meeting with the CSRC in Shenzhen to exchange views on the latest development of the capital markets and regulatory cooperation initiatives, among others.

## Highlights

### Expanding Hong Kong's asset and wealth management footprint to Saudi Arabia

In October, the first two Hong Kong-listed exchange-traded funds were cross-listed on the Saudi Exchange (via master-feeder structure). One tracks an index comprising major Stock Connect-eligible Hong Kong-listed stocks, whilst the other tracks the city's flagship equity benchmark.

Our Chief Executive Officer (CEO) Ms Julia Leung and other senior executives joined the Hong Kong delegation to Saudi Arabia led by Financial Secretary of the HKSAR in October. Senior executives of the SFC met with Saudi Arabia's Capital Market Authority (CMA) and the Saudi Tadawul Group to discuss further collaboration. The SFC also worked with the CMA to arrange a roundtable discussion connecting Saudi and Hong Kong asset managers.



### Asset and Wealth Management Activities Survey

Published in July, the *Asset and Wealth Management Activities Survey for 2023* showed that the overall asset under management (AUM) of Hong Kong's asset and wealth management business grew 2% YoY in 2023, while net fund inflows surged 342%.

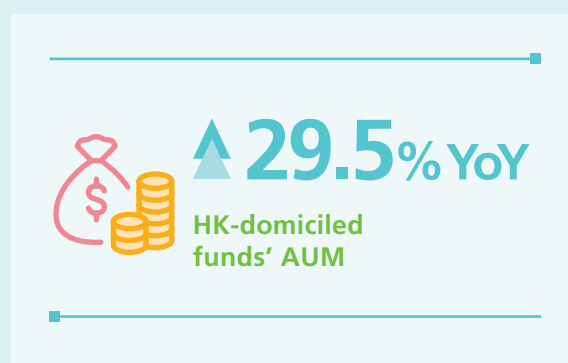
### Net inflows into local domiciled funds

As at 30 September, there were 948 Hong Kong-domiciled funds, up 0.4% from the previous quarter. Their AUM increased 12.2% to \$1,665.5 billion (US\$214 billion). Net fund inflows of about \$33.9 billion (US\$4.4 billion) were recorded in the quarter.

### Authorising investment products

During the quarter, we authorised 36 unit trusts and mutual funds (including 24 Hong Kong-domiciled funds), one investment-linked assurance scheme, three mandatory provident fund pooled investment funds, and 113 unlisted structured investment products for public offering in Hong Kong.

As at 30 September, there were 435 registered open-ended fund companies (OFCs), of which 64 were newly registered during the quarter. The number of registered OFCs increased 132.6% YoY.



## Highlights



### Transforming markets via technology and ESG

#### Tokenisation to increase industry efficiency

In August, the Project Ensemble Sandbox was launched with the SFC and Hong Kong Monetary Authority (HKMA) co-leading tokenisation initiatives for the asset management industry to build and scale the tokenisation market in Hong Kong.

#### Enhancing the virtual asset regulatory regime

The SFC is reviewing the licence applications of 15 VATP applicants, 11 of which are deemed-to-be-licensed VATP applicants.<sup>2</sup>

During the quarter, we conducted on-site inspections of a number of deemed-to-be-licensed VATP applicants, with a focus on their safeguarding of client assets, know-your-client processes and cybersecurity requirements.



#### Reviewing

# 15

#### VATP licence applications

#### Developing Hong Kong as sustainable finance hub

In July, we organised a seminar on sustainability disclosures for more than 100 university students as part of our capacity building efforts.

As at 30 September, there were 231 SFC-authorized ESG funds with total AUM of \$1,360.9 billion (US\$175.1 billion), decreasing 0.9% and increasing 3.5% from the previous quarter respectively.



#### Authorised ESG funds' AUM

# ▲ 3.5% QoQ

<sup>2</sup> As of November 2024.

## Highlights

### Enhancing SFC's resilience and efficiency



#### Board appointments

Dr Kelvin Wong Tin-yau, SBS, JP, was appointed the Chairman of the SFC for a term of three years, effective 20 October 2024.<sup>3</sup> He succeeded Mr Tim Lui, GBS, JP, who stepped down after having chaired the SFC for six years.

Mr Vincent Chan Chun-hung was appointed and Mr Victor Dawes, SC, BBS, was re-appointed the SFC's Non-Executive Directors respectively for a term of two years from 1 August 2024.

Mr Keith Pogson was appointed and Mr Chew Fook-aun was re-appointed as NEDs, respectively for a term of two years.<sup>4</sup> The term of Mr Pogson began on 20 October 2024 and the renewed term of Mr Chew will begin on 1 January 2025.

#### Driving regulatory and operational efficiency

In July, we launched a new one-stop online application and submission system for investment products named e-IP. An industry webinar was held before the launch to introduce the new platform for over 700 industry participants.


During the quarter, we introduced a generative artificial intelligence solution designed to expedite everyday tasks, and provided staff with usage guidelines and controls.

#### Commitment to carbon neutrality

The SFC received the highest Platinum rating in Swire Properties' Green Performance Pledge programme for 2023-24. Last year, we have already achieved a 48.6% reduction in carbon emissions, edging close to our 2030 target at 50%.

#### Proactive public communications

During the quarter, our senior executives spoke at 10 local and international events covering mutual market access, Fintech, sustainability and other topics.



Management spoke at  
**10** major events

<sup>3</sup> Post-reporting period.

<sup>4</sup> Post-reporting period.