



SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

## Financial Review of the Securities Industry

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For the year ended 31 December 2024

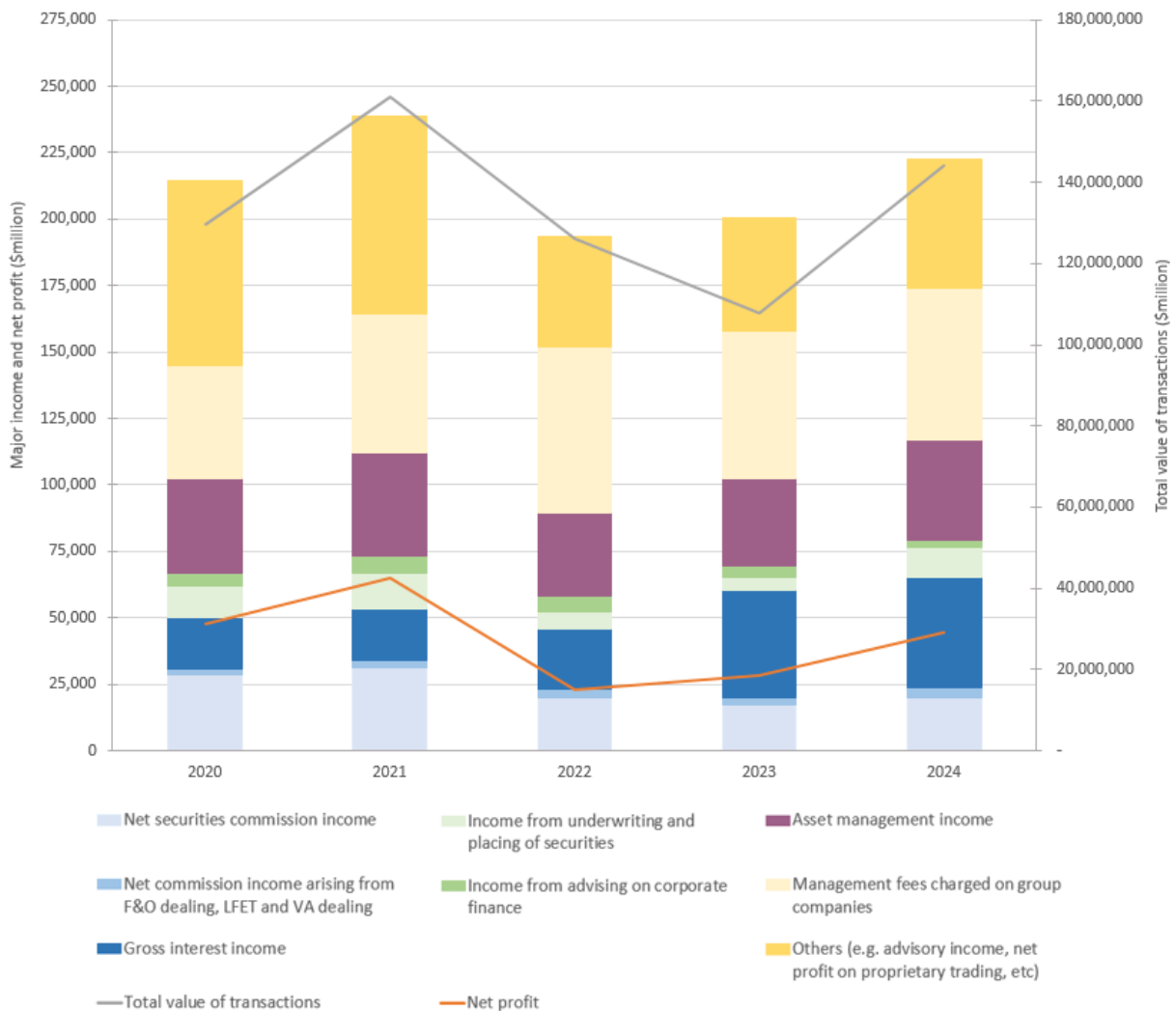
## Executive Summary

In 2024, the total net profits of all securities dealers and securities margin financiers<sup>1</sup> in Hong Kong amounted to \$44.4 billion<sup>2</sup>, up 56% from 2023. Total income increased 11% from a year ago to \$222.6 billion, outpacing the mild 4% increase in overheads.

Compared to 2023, the total value of transactions rose 34% from \$107.9 trillion to \$144.1 trillion, whilst broad-based growth was observed across the following income categories:

- net securities commission income (up 18% from \$17.1 billion to \$20.2 billion);
- net commission income arising from futures and options (F&O) dealing, leveraged foreign exchange trading (LFET) and virtual assets (VA)<sup>3</sup> dealing (up 14% from \$3.14 billion to \$3.59 billion);
- income from underwriting and placing of securities (up 118% from \$5.1 billion to \$11.1 billion); and
- asset management income (up 14% from \$32.8 billion to \$37.5 billion).

Major income, net profit and total value of transactions of securities dealers and securities margin financiers (2020 to 2024)



<sup>1</sup> Securities dealers and securities margin financiers refer to corporations licensed for dealing in securities or securities margin financing. Both SEHK participants and non-SEHK participants are included unless otherwise specified.

<sup>2</sup> Unless otherwise stated, the figures provided in this report are denominated in Hong Kong dollars.

<sup>3</sup> Licensed corporations are required to specifically report their commission income arising from VA dealing and trading profit and loss from VA starting from 1 December 2023. The total reported net commission income and net trading profit from licensed corporations was \$209 million in 2024.

Average daily turnover on the Stock Exchange of Hong Kong Limited (SEHK) in 2024 was \$131.8 billion<sup>4</sup>, up 26% from 2023. As of 31 December 2024, the Hang Seng Index closed at 20,060, 18% higher than its close at the end of 2023.

In respect of SEHK participants, brokerages in Categories A, B and C (please see remark 2a in Table 2) reported total net profits of \$8.4 billion, \$10 billion and \$3.5 billion, respectively. The net profits of all SEHK participants totalled \$21.9 billion, up 66% from 2023.

At the end of 2024, average collateral coverage (as defined in remark 1a in Table 1) was 3.9 times, whilst outstanding margin loans totalled \$177.2 billion, up 20% from a year ago. The 20 largest providers of securities margin financing collectively accounted for 85% of the industry's total outstanding margin loans.

Table 1 below summarises the statistical information and financial position for securities dealers and securities margin financiers. Table 2 summarises the financial performance of the three categories of SEHK participants in 2024.

<b>Table 1 Statistical information and financial position of securities dealers and securities margin financiers</b>		
	<b>31/12/2024</b>	<b>31/12/2023</b>
Total number of securities dealers and securities margin financiers	1,397	1,406
Total number of active cash clients <sup>1b 1c</sup>	1,857,740	2,193,229
Total number of active margin clients <sup>1b 1c</sup>	2,546,405	2,563,883
<b>Balance sheet (\$ million)</b>		
Cash in hand and at bank <sup>1d</sup>	635,332	564,507
Amounts receivable from margin clients	177,193	148,038
Amounts receivable from clients and other dealers arising from dealing in securities	215,701	183,166
Proprietary positions	67,974	69,444
Other assets	417,802	366,674
<b>Total assets</b>	<b>1,514,002</b>	<b>1,331,829</b>
Amounts payable to clients and other dealers arising from dealing in securities	775,133	624,749
Total borrowings from financial institutions	30,812	28,753
Short positions held for own account	1,005	2,571
Other liabilities	205,613	194,380
Total shareholders' funds	501,439	481,376
<b>Total liabilities and shareholders' funds</b>	<b>1,514,002</b>	<b>1,331,829</b>

<sup>4</sup> Source: Hong Kong Exchanges and Clearing Limited.

**Table 1 Statistical information and financial position of securities dealers and securities margin financiers (cont'd)**

	2024	2023
<b>Profit and loss (\$ million)</b>		
Total value of transactions <sup>1e</sup> (+34%)	144,110,203	107,897,497
Net securities commission income (+18%)	20,187	17,113
Net commission income arising from F&O dealing, LFET and VA dealing (+14%)	3,586	3,140
Gross interest income	41,392	39,987
Income from advising on securities and/or futures (+12%)	9,241	8,238
Income from underwriting and placing of securities (+118%)	11,130	5,109
Income from advising on corporate finance (-22%)	3,224	4,111
Asset management income (+14%)	37,528	32,816
Management fees charged on group companies	57,279	55,704
Other income (+13%)	34,972	31,021
Net profit on proprietary trading (+24%)	4,090	3,307
<b>Total income (+11%)</b>	<b>222,629</b>	<b>200,546</b>
Total overheads and interest expense	(178,260)	(172,046)
<b>Net profit (+56%)</b>	<b>44,369</b>	<b>28,500</b>

**Remarks:**

1a. Average collateral coverage represents the number of times the aggregate market value of securities collateral deposited by margin clients covers the total amount of margin loans due from these clients on a given date on an industry-wide basis:

<u>As at 31/12/2024</u>	<u>As at 31/12/2023</u>
3.9 times	4.1 times

1b. Active clients refer to clients for whom a licensed corporation is required to prepare and deliver monthly statements of account in respect of the relevant reporting month in accordance with the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Cap. 571Q).

1c. The net decrease in the number of active clients in 2024 was mainly due to the closure of client accounts by a licensed corporation following its internal review. Excluding the impact of this licensed corporation, the number of active cash and margin clients decreased by 2% and increased by 16% respectively as compared to 2023.

1d. Cash in hand and at bank includes \$405,156 million in trust monies held on behalf of clients (31/12/2023: \$340,373 million).

1e. Total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

*Source: Monthly financial returns submitted to the Securities and Futures Commission by licensed corporations licensed for dealing in securities or securities margin financing in accordance with the Securities and Futures (Financial Resources) Rules (Cap. 571N).*

**Table 2 Financial performance of SEHK participants<sup>2a</sup> by category for the year ended 31 December 2024 (\$ million)**

	Category A		Category B		Category C		All SEHK Participants	
	2024	2023	2024	2023	2024	2023	2024	2023
Total value of transactions <sup>2b</sup>	70,517,541	47,844,664	36,920,862	29,899,254	15,380,317	11,336,100	122,818,720	89,080,018
Net securities commission income	3,777	3,309	7,867	6,356	4,285	3,495	15,929	13,160
Net commission income arising from F&O dealing, LFET and VA dealing	1,508	1,173	629	613	849	919	2,986	2,705
Gross interest income	7,266	6,235	20,951	19,790	8,391	8,519	36,608	34,544
Income from advising on securities and/or futures	-	-	1,779	1,398	505	378	2,284	1,776
Income from underwriting and placing of securities	16	72	2,320	1,609	4,222	1,225	6,558	2,906
Income from advising on corporate finance	81	192	546	574	166	334	793	1,100
Asset management income	50	222	72	23	558	578	680	823
Management fees charged on group companies	7,256	7,847	6,347	5,207	3,435	2,791	17,038	15,845
Other income	5,193	3,767	1,951	1,941	3,878	2,810	11,022	8,518
Net profit/(loss) on proprietary trading	204	132	1,661	1,487	(410)	442	1,455	2,061
<b>Total income</b>	<b>25,351</b>	<b>22,949</b>	<b>44,123</b>	<b>38,998</b>	<b>25,879</b>	<b>21,491</b>	<b>95,353</b>	<b>83,438</b>
Salary and staff benefits	(3,863)	(4,386)	(8,291)	(7,863)	(7,224)	(7,300)	(19,378)	(19,549)
Other overheads and interest expense	(13,099)	(13,502)	(25,793)	(24,095)	(15,192)	(13,130)	(54,084)	(50,727)
<b>Net profit</b>	<b>8,389</b>	<b>5,061</b>	<b>10,039</b>	<b>7,040</b>	<b>3,463</b>	<b>1,061</b>	<b>21,891</b>	<b>13,162</b>

Remarks:

2a. SEHK participants are classified into Categories A, B and C on the basis of their monthly turnover on SEHK. Category A participants refer to the top 14 brokers by market turnover, Category B participants refer to those ranked 15th to 65th and the remainder is grouped under Category C.

2b. The total value of transactions includes trading in equities, bonds and other securities in Hong Kong and overseas.

Source: Monthly financial returns submitted to the Securities and Futures Commission by SEHK participants in accordance with the Securities and Futures (Financial Resources) Rules (Cap. 571N).