

Highlights



Regulatory enhancements

Anti-money laundering: We launched a consultation on proposals to amend our anti-money laundering and counter-financing of terrorism guidelines to align with international standards and provide guidance on applying the measures in a more risk-sensitive manner.

OFC regime: Following the conclusion of a consultation on enhancements to the open-ended fund companies regime, all investment restrictions for private OFCs were removed and the eligibility requirements for private OFC custodians were expanded to include securities brokers.

Climate-related risks in funds: We began a consultation on proposed requirements for fund managers to consider climate-related risks in their investment and risk management processes and disclose them appropriately.

REIT Code: We concluded a consultation on proposed amendments to the Code on Real Estate Investment Trusts to provide Hong Kong REITs with more flexibility in making investments.

Listing regulation

Listing applications: We vetted 61 new listing applications, including two from companies with a weighted voting rights structure and seven from pre-profit biotech companies.

Corporate conduct: As part of our review of corporate disclosures, we issued section 179 directions to gather additional information in 17 cases and wrote to detail our concerns in one transaction.

Review of the Exchange's work: We published a report on our review of the performance of The Stock Exchange of Hong Kong Limited in its regulation of listing matters during 2018.

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Intermediaries

Licensing: As at 30 September, the number of licensees and registrants totalled 47,048, of which 3,122 were licensed corporations.

Supervision: We conducted 80 on-site inspections of licensed corporations to review their compliance with regulatory requirements.

Cybersecurity risks: We issued a report on our recent thematic review of licensed corporations which engage in internet trading business and provided guidance on our expected standards for cybersecurity.

Products

Product authorisations: We authorised 40 unit trusts and mutual funds (including 25 Hong Kong-domiciled funds), one investment-linked assurance scheme and 73 unlisted structured investment products for public offering in Hong Kong.

Fund flows: Hong Kong-domiciled SFC-authorized funds reported overall net inflows of US\$7,062 million in the six months to 30 September.

Mainland-Hong Kong ETF cross-listing: We and the China Securities Regulatory Commission approved four exchange-traded funds (ETFs) under a scheme which facilitates the cross-listing of ETFs between the Hong Kong and Mainland markets.

MSCI index futures: We approved five MSCI index futures contracts and one MSCI index options contract proposed by Hong Kong Exchanges and Clearing Limited.

Enforcement

Disciplinary actions: We disciplined two licensed corporations and seven individuals during the quarter, resulting in total fines of \$6.7 million. In October, we reprimanded and fined Goldman Sachs (Asia) L.L.C. US\$350 million (HK\$2.71 billion) for serious regulatory failures over 1Malaysia Development Berhad's bond offerings.

Market surveillance: We made 2,417 requests for trading and account records triggered by untoward price and turnover movements.

Online investment scams: We launched a campaign and published a special issue of the SFC Enforcement Reporter to warn the public about social media investment scams.

Regulatory cooperation

Insurance Authority: We entered into a new Memorandum of Understanding with the Insurance Authority which covers information sharing, case referrals and joint inspections and investigations.

Stakeholders

SFC on social media: We introduced our official Facebook page featuring updates on topics of interest to the general public.

Corporate website: We redesigned our corporate website to provide improved navigation, functionality and access to information.