

# Regulatory engagement

## IOSCO

We are actively involved in international policy making. Mr Ashley Alder, our Chief Executive Officer, is Chair of the Board of the International Organization of Securities Commissions (IOSCO). During the quarter, he chaired regular IOSCO Board meetings which were held virtually due to the ongoing COVID-19 pandemic. Discussions focussed on capital market issues arising from the crisis and emerging regulatory developments.

We are a member of the IOSCO Financial Stability Engagement Group and its Steering Group which coordinates IOSCO's role in ensuring financial stability in close contact with the Financial Stability Board (FSB).

We participate in all eight IOSCO policy committees as well as the Committee on Emerging Risks, Assessment Committee and Asia-Pacific Regional Committee (APRC). We joined the Retail Market Conduct Task Force and participate in its follow-up work to deepen regulatory and supervisory cooperation. We also participate in the Fintech Network, Cyber Task Force and Data Analytics Group.

We lead the APRC's working group on sustainable finance which focusses on capacity building and enhancing the regulation of ESG<sup>1</sup> and climate-related disclosures in the region. Ms Julia Leung, our Deputy Chief Executive Officer and Executive Director, Intermediaries, co-leads a workstream on sustainability and asset management under the Sustainability Task Force.

Our senior executives have been appointed Vice Chairs of the Committee on Investment Management and the Committee on Enforcement and the Exchange of Information for the 2021-22 term.

## FSB

Mr Alder, in his role as IOSCO Board Chair, participated in virtual meetings of the FSB's Steering Committee, Plenary, Standing Committee on Supervisory and

Regulatory Cooperation and Steering Committee Group on Non-bank Financial Intermediation. Mr Alder moderated an industry discussion on the impact of the pandemic on the global financial system during the FSB's stakeholder outreach meeting in September.

## Mainland China

During the quarter, we maintained close communication with the China Securities Regulatory Commission (CSRC) and other Mainland authorities on cross-boundary regulatory cooperation, including the financial reporting of A+H companies, the supervision of financial institutions operating on a cross-boundary basis and the expansion of mutual market access schemes such as the cross-listing of exchange-traded funds between Hong Kong and the Mainland<sup>2</sup>.

## Regulatory collaboration

Following the introduction of the direct regulatory regime for insurance intermediaries, the SFC entered into a new Memorandum of Understanding with the Insurance Authority in September which covers information sharing, case referrals and joint inspections and investigations.

## Green and sustainable finance

During the quarter, our Climate Change Technical Expert Group, chaired by Ms Julia Leung, provided views and support in formulating regulatory policy on the management of climate change risks and providing practical guidance to the asset management industry.

In October, we launched a public consultation on requirements for fund managers to take climate-related risks into consideration<sup>3</sup>.

<sup>1</sup> Environmental, social and governance.

<sup>2</sup> See Products on pages 8-10.

<sup>3</sup> See Intermediaries on pages 6-7.

## Regulatory engagement

We continued to implement other goals as set out in our strategic framework<sup>4</sup>, including to foster collaboration across relevant authorities. In November, Mr Alder co-chaired the second meeting of the Green and Sustainable Finance Cross-Agency Steering Group with participation from the Government and the other financial regulators. The Steering Group, initiated by the SFC, will coordinate a comprehensive green and sustainable finance strategy for Hong Kong in its capacity as one of the world's leading international financial centres.

Mr Alder participated in the September launch of the Greater Bay Area Green Finance Alliance, which aims to promote research and incubate green investments across the region.

Globally, we actively participate in the Central Banks and Supervisors' Network for Greening the Financial System and the United Nations Sustainable Stock Exchanges Initiative Advisory Group. Mr Alder delivered a keynote address at a UN Principles for Responsible Investment event in September.

### Other regulatory engagement

To keep abreast of regulatory developments, we held virtual meetings and calls during the quarter with the Australian Securities and Investments Commission, UK Financial Conduct Authority, US Commodity Futures Trading Commission, US Securities and Exchange Commission and other overseas regulators.

<sup>4</sup> The SFC announced its Strategic Framework for Green Finance in 2018.