

REGULATORY OVERVIEW

This section sets out summaries of certain aspects of the regulatory environment in Hong Kong, which are relevant to our Group’s business and operation.

REGULATIONS AND SUPERVISION OF THE SECURITIES BUSINESS IN HONG KONG

Securities and Futures Commission

Regulation of the securities and futures market

The SFO is the primary legislation regulating the securities and futures industry in Hong Kong, including the regulation of securities, futures, leveraged foreign exchange and derivative markets as well as credit ratings, intermediaries and their conduct of regulated activities and the offering of investments to the public in Hong Kong.

The SFC is an independent statutory body set up in May 1989, the power of which is derived from the SFO and other subsidiary rules and regulations. The SFC administers the SFO and is responsible for regulating the securities and futures market in Hong Kong. The SFC strives to strengthen and safeguard the integrity and soundness of Hong Kong’s securities and futures markets for the benefit of investors and the industry.

The regulatory objectives of the SFC as set out in the SFO are:

- to maintain and promote the fairness, efficiency, competitiveness, transparency and orderliness of the securities and futures industry;
- to promote understanding by the public of financial services including the operation and functioning of the securities and futures industry;
- to provide protection for members of the public investing in or holding financial products;
- to minimise crime and misconduct in the securities and futures industry;
- to reduce systemic risks in the securities and futures industry; and
- to assist the Financial Secretary of Hong Kong in maintaining the financial stability of Hong Kong by taking appropriate steps in relation to the securities and futures industry.

Parties and products regulated by the SFC include, but are not limited to, licensed corporations and individuals carrying on Type 1 to Type 10 regulated activities under the SFO, investment products offered to the public, listed companies, the Stock Exchange, approved share registrars and all participants in trading activities.

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Securities and Futures Ordinance

Licensing regime

The SFC operates a system of authorising corporations and individuals (through licences) to act as financial intermediaries.

Under the SFO, a person who:

- (a) carries on a business in a regulated activity; or
- (b) holds itself out as carrying on a business in a regulated activity,

must be licensed under the relevant provisions of the SFO to carry on that regulated activity, unless one of the exceptions under the SFO applies.

Furthermore, under the SFO, only a company incorporated in Hong Kong or an overseas company registered under Part 16 of the Companies Ordinance as a non-Hong Kong company can be licensed to carry out a regulated activity.

Further, if a person actively markets (whether in Hong Kong or from a place outside Hong Kong) to the public in Hong Kong any services it provides and such services, if provided in Hong Kong, would constitute a regulated activity, then that person will also be subject to the licensing requirements under the SFO.

In addition to the licensing requirements on corporations, any individual who:

- (a) performs any regulated function in relation to a regulated activity carried on as a business; or
- (b) holds himself or herself out as performing such regulated function,

must separately be licensed under the SFO as a licensed representative accredited to his or her principal.

Through licensing, the SFC regulates the financial intermediaries of licensed corporations and individuals that are carrying out the following regulated activities:

Type 1:	Dealing in securities
Type 2:	Dealing in futures contracts
Type 3:	Leveraged foreign exchange trading
Type 4:	Advising on securities
Type 5:	Advising on futures contracts
Type 6:	Advising on corporate finance
Type 7:	Providing automated trading services
Type 8:	Securities margin financing

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Type 9:	Asset management
Type 10:	Providing credit rating services

The SFO provides for a single licensing regime where a person needs only one licence to carry on different types of regulated activities.

Responsible Officer

A responsible officer is an individual approved by the SFC to supervise the regulated activity or activities of the licensed corporation to which he or she is accredited. For each regulated activity conducted by a licensed corporation, the licensed corporation must appoint at least two responsible officers, at least one of whom must be an executive director, to directly supervise the business of the regulated activity.

For each regulated activity, there must be at least one responsible officer available at all times to supervise the business. The same individual may be appointed to be a responsible officer for more than one regulated activity provided that he or she is fit and proper to be so appointed and no conflict in the roles assumed exists. In addition, every director of the licensed corporation who actively participates in or is responsible for directly supervising its regulated activity or activities must apply to the SFC to become a responsible officer.

Qualification and experience required for being a responsible officer

A person who intends to apply to be a responsible officer must establish that he or she fulfils the requirements on both competence and sufficient authority. An applicant should possess relevant ability, skills, knowledge and experience to properly manage and supervise the corporation's business of regulated activities. Accordingly, it is stipulated by the SFC that the applicant has to fulfil certain requirements on academic and industry qualifications, industry experience, management experience and regulatory knowledge.

If a responsible officer intends to conduct regulated activities in relation to matters falling within the ambit of a particular code issued by the SFC, for example, the Takeovers Code or the Code on Real Estate Investment Trusts, additional competence requirements specific to that field may apply.

Licensed Representative

An individual is required to be a licensed representative if he or she is performing a regulated function for his or her principal which is a licensed corporation in relation to a regulated activity carried on as a business, or he or she holds himself out as performing such a function.

Qualification and experience required for being a licensed representative

A person who intends to apply to be a licensed representative must demonstrate his or her competence requirement under the SFO. An applicant has to establish that he or she has the requisite

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basic understanding of the market in which he or she is to work as well as the laws and regulatory requirements applicable to the industry. The SFC will have regard to the applicant's academic and industry qualifications and regulatory knowledge in assessing the applicant's competence to be licensed as a licensed representative.

Fit and Proper

Persons applying for licences and registrations under the SFO, including the licensed representatives and the responsible officers, must satisfy and continue to satisfy after the grant of such licences that they are fit and proper persons to be licensed to carry out the relevant regulated activity.

Pursuant to section 129 of the SFO, in considering whether a person is fit and proper for the purposes of licensing or registration, the SFC shall, in addition to any other matter that the SFC may consider relevant, have regard to the following:

- (a) the financial status or solvency of the applicant;
- (b) the educational or other qualifications or experience of the applicant having regard to the nature of the functions to be performed;
- (c) the ability of the applicant to carry out the regulated activity concerned competently, honestly and fairly; and
- (d) the reputation, character, reliability and financial integrity of the applicant and, where the applicant is a corporation, any officer of the applicant.

The above matters must be considered in respect of the person (if an individual), the corporation and any of its officers (if a corporation other than an Authorised Institution) or the institution, its directors, chief executive, managers and executive officers (if an Authorised Institution).

Furthermore, the SFC may take into account any of the following matters stipulated in section 129(2) of the SFO in considering whether a person is fit and proper:

- (a) decisions made by such relevant authorities as stated in section 129(2)(a) of the SFO or any other authority or regulatory organisation, whether in Hong Kong or elsewhere, in respect of that person;
- (b) in the case of a corporation, any information in the possession of the SFC or the HKMA relating to:
 - (i) any other corporation within the group of companies; or
 - (ii) any substantial shareholder or officer of the corporation or of any of its group companies;

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- (c) in the case of a corporation licensed under section 116 or section 117 of the SFO or registered under section 119 of the SFO or an application for such licence or registration:
 - (i) any information in the possession of the SFC or the HKMA relating to any other person who will be acting for or on its behalf in relation to the regulated activity; and
 - (ii) whether the person has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements under any of the relevant provisions;
- (d) in the case of a corporation licensed under section 116 or section 117 of the SFO or an application for the licence, any information in the possession of the SFC or the HKMA relating to any person who is or to be employed by, or associated with, the person for the purposes of the regulated activity; and
- (e) the state of affairs of any other business which the person carries on or proposes to carry on.

The SFC is obliged to refuse an application if the applicant fails to satisfy the SFC that he or she is a fit and proper person to be licensed. The onus lies on the applicant to make out a case that he or she is fit and proper to be licensed for the regulated activity. In the event that an application to be registered under section 119 of the SFO is made by an Authorised Institution, the SFC is also obliged to take the advice given to it by the HKMA into consideration, whether wholly or partly, when determining whether it has been satisfied that the applicant is a fit and proper person.

Main On-Going Obligations of Licensed Corporations

Licensed corporations, licensed representatives and responsible officers must remain fit and proper at all times. They are required to comply with all applicable provisions of the SFO and its subsidiary rules and regulations as well as the codes and guidelines issued by the SFC.

Outlined below are some of the key on-going obligations of a licensed corporation:

Maintenance of minimum paid-up share capital and liquid capital

Depending on the type of regulated activity, licensed corporations must maintain at all times paid-up share capital and liquid capital not less than the specified amounts according to the FRR. If a licensed corporation conducts more than 1 type of regulated activity, the minimum paid-up share capital and liquid capital that it must maintain shall be the highest amount required amongst those regulated activities.

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Minimum paid-up share capital

The following table summarises the minimum paid-up capital that a licensed corporation is required to maintain for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities:

Regulated activity	Minimum paid-up share capital
Type 1	
(a) in the case where the licensed corporation is an approved introducing agent or a trader	Not applicable
(b) in the case where the licensed corporation provides securities margin financing	HK\$10,000,000
(c) in any other case	HK\$5,000,000
Type 2	
(a) in the case where the licensed corporation is an approved introducing agent or a trader or a futures non-clearing dealer	Not applicable
(b) in any other case	HK\$5,000,000
Type 4	
(a) in the case where in relation to the Type 4 regulated activity, the licensed corporation is subject to the licensing condition that it shall not hold client assets	Not applicable
(b) in any other case	HK\$5,000,000
Type 9	
(a) in the case where in relation to the Type 9 regulated activity, the licensed corporation is subject to the licensing condition that it shall not hold client assets	Not applicable
(b) in any other case	HK\$5,000,000

Minimum liquid capital

Pursuant to the FRR, a licensed corporation shall maintain a minimum liquid capital at all times of an amount the higher of (a) and (b) below:

- (a) The amount of:
 - (i) HK\$500,000 in the case of a corporation licensed for Type 1 (dealing in securities) or Type 2 (dealing in futures contracts) regulated activity that is an approved introducing agent or a futures non-clearing dealer; or

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- (ii) HK\$100,000 in the case of a corporation licensed for Type 4 (advising on securities) or Type 9 (asset management) regulated activity that is subject to the licensing condition that it shall not hold client assets; or
 - (iii) HK\$3,000,000 in the case of a corporation licensed for other Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) or Type 9 (asset management) regulated activity not within the scope of paragraphs (i) and (ii) above.
- (b) 5% of the aggregate of:
- (i) the licensed corporation's on-balance sheet liabilities including provisions made for liabilities already incurred or for contingent liabilities but excluding certain amounts stipulated in the definition of "adjusted liabilities" under the SFO;
 - (ii) the aggregate of the initial margin requirements in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients; and
 - (iii) the aggregate of the amounts of margin required to be deposited in respect of outstanding futures contracts and outstanding options contracts held by it on behalf of its clients, to the extent that such contracts are not subject to payment of initial margin requirements.

A licenced corporation must ensure its liquid capital, being the difference between its liquid asset and ranking liabilities, exceeds the required minimum liquid capital in all times.

Repledging of collateral securities

If a licensed corporation offers credit facilities to its customers who would like to purchase securities on a margin basis, or provides financing for applications of shares in connection with IPOs, it must monitor its liquid capital level continuously in order to satisfy the FRR requirements. If the margin requirement of the licensed corporation increases, it would be required to maintain additional liquid capital.

Pursuant to section 8A of the Securities and Futures (Client Securities) Rules (Cap 571H), the maximum aggregate market value of repledged securities must not exceed 140% of the value of margin loan balance at the end of a trading day. Further, pursuant to section 42(1) of the FRR, a licenced corporation licensed for Type 1 or Type 8 regulated activity shall include in its ranking liabilities, any amount receivable from any of its margin clients, when calculated on a client-by-client basis, exceeds 10% of the aggregate of amounts receivable from its margin portfolio.

Maintenance of segregated accounts and custody and handling of client securities

A licensed corporation and any associated entity of the licensed corporation must maintain segregated account(s), and custody and handling of client securities in accordance with the

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requirements of the Securities and Futures (Client Securities) Rules (Chapter 571H of the Laws of Hong Kong) (“SFCSR”). The SFCSR sets out how intermediaries and any associated entity of the licensed corporation should manage client securities and securities collateral that are listed or traded on the Stock Exchange, and are received or held in Hong Kong by or on behalf of the intermediary or any associated entity of the licensed corporation in the course of the conduct of any regulated activity for which the intermediary is licensed or registered. Pursuant to section 10(1) of the SFCSR, an intermediary and any associated entity of the licensed corporation should take reasonable steps to ensure that client securities and securities collateral of the intermediary are not deposited, transferred, lent, pledged, re-pledged or otherwise dealt with except as provided in the SFCSR. Similarly, General Principle 8 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission requires a licensed person to ensure that client assets are promptly and properly accounted for and are adequately safeguarded.

Maintenance of segregated account(s), and holding and payment of client money

A licensed corporation and any associated entity of the licensed corporation must maintain segregated account(s), and holding and payment of client money in accordance with the requirements

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under the Securities and Futures (Client Money) Rules (Chapter 571I of the Laws of Hong Kong) (“SFCMR”). The SFCMR sets out the requirements to ensure proper handling of client money. It prescribes the treatment of client money received or held in Hong Kong by licensed corporations or any associated entity of the licensed corporation.

Issue of contract notes, statements of account and receipts

A licensed corporation must issue contract notes, statements of accounts and receipts in accordance with the requirements under the Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules (Chapter 571Q of the Laws of Hong Kong) (“SFCNR”) unless an exemption applies. The SFCNR requires all licensed corporations entering into contracts with or on behalf of their clients to provide contract notes to their clients in the course of regulated activities for which they are licensed or registered. For those intermediaries providing financial accommodation or entering into margined transactions with or on behalf of their clients, it is also required under the SFCNR that a statement of account including a summary of the details of the account is provided to clients. In addition, licensed corporations are required to provide a monthly statement summarising activities in the account for the month and, subject to some exceptions, receipts for client assets received.

Record keeping requirements

A licensed corporation must keep records in accordance with the requirements under the Securities and Futures (Keeping of Records) Rules (Chapter 571O of the Laws of Hong Kong) (“SFKRR”). The SFKRR requires licensed corporations to keep proper records. It prescribes the records that are to be kept by licensed corporations to ensure that they maintain comprehensive records in sufficient detail relating to their businesses and client transactions for proper accounting of their business operations and clients’ assets.

Additionally, the premises used for keeping records or documents required under the SFO and the Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Chapter 615 of the Laws of Hong Kong) (“AMLO”) must be approved by the SFC as required under section 130 of the SFO. Records must also be kept in accordance with the AMLO and related guidelines, as well as applicable company and general law requirements.

Submission of audited accounts

A licensed corporation must submit its audited accounts and other required documents in compliance with the requirements under the Securities and Futures (Accounts and Audit) Rules (Chapter 571P of the Laws of Hong Kong) (“SFAAR”). SFAAR prescribes the contents of the financial statements and the auditor’s report of such accounts to be submitted by licensed corporations to the SFC. Licensed corporations and associated entities of intermediaries (except for those which are authorised financial institutions) are required to submit their financial statements, auditor’s reports and other required documents within four months after the end of each financial year as required under section 156(1) of the SFO.

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Submission of financial resources returns

Licensed corporations are required to submit monthly financial resources returns to the SFC except for those licensed corporations licensed solely for Type 4 (advising on securities), Type 9 (asset management) and/or Type 10 (providing credit rating services) regulated activities and their licences are subject to the condition that they shall not hold client assets. In such latter case, the licensed corporations concerned shall submit semi-annual financial resources returns to the SFC as required under section 56 of the FRR.

Payment of annual fees

Licensed corporations, licensed persons and registered institutions should pay annual fees within one month after each anniversary date of the licences or registrations under section 138(2) of the SFO. Details of the current annual fees applicable to the type of the regulated activity that our Group is engaged in are as follows:

Type of intermediary	Type of regulated activity	Annual fees
Licensed corporation	Types 1, 2, 4, 9	HK\$4,740 per regulated activity
Licensed representative (not approved as responsible officer)	Types 1, 2, 4, 9	HK\$1,790 per regulated activity
Licensed representative (approved as responsible officer)	Types 1, 2, 4, 9	HK\$4,740 per regulated activity

Maintenance of insurance

A licensed corporation must maintain insurance against specific risks for specific amounts in accordance with the requirements under the Securities and Futures (Insurance) Rules (Chapter 571AI of the Laws of Hong Kong) unless exempted.

Notification to the SFC of certain changes and events

As required under the Securities and Futures (Licensing and Registration) (Information) Rules (Chapter 571S of the Laws of Hong Kong), a licensed corporation must notify the SFC of certain changes and events. This include, among others, changes in the basic information of the licensed corporation, its controlling persons and responsible officers, or subsidiaries that carry out a business in a regulated activity, significant changes in business plan, changes in the address or premises where records or documents are kept or the business is carried on and changes in the capital and shareholding structure of the licensed corporation. A range of other notifications (including e.g. those relating to corporate structure and breach reporting) and approvals may be required depending on the circumstances.

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Continuous professional training

According to the Guidelines on Continuous Professional Training published by the SFC pursuant to section 399 of the SFO, a licensed corporation is held primarily responsible for designing and implementing a continuous education system best suited to the training needs of the individuals it engages which will enhance their industry knowledge, skills and professionalism. A licensed corporation should at least annually evaluate its training programs and make commensurate adjustments to cater for the training needs of the individuals it engages. Licensed individuals must undertake a minimum of 5 continuous professional training hours per calendar year for each regulated activity he or she engages in, except for Type 7 (providing automated trading services) regulated activity. The SFC also requires training on particular issues, such as anti-money laundering and counter-terrorist financing issues.

Obligation for substantial shareholder

As required under section 131 of the SFO, a person (including a corporation) has to apply for the SFC's approval before becoming or continuing to be a substantial shareholder of a licensed corporation. A person, being aware that he or she becomes a substantial shareholder of a licensed corporation without the SFC's prior approval should, as soon as reasonably practicable and in any event within three business days after he or she becomes so aware, apply to the SFC for approval to continue to be a substantial shareholder of the licensed corporation.

Other Approvals from the SFC

Prior approval would also need to be obtained from the SFC in the circumstances such as addition or reduction of regulated activity, modification or waiver of licensing conditions, change in record-keeping premises and change of financial year end.

Employee dealings

Pursuant to the Code of Conduct, a licensed or registered person should have a policy which has been communicated to employees (including directors other than non-executive directors) in writing on whether employees are permitted to deal or trade for their own accounts in securities, or futures contracts. In the event that employees of a licensed or registered person are permitted to deal or trade for their own accounts in securities or futures contracts:

- (i) the written policy should specify the conditions on which employees may deal for their own accounts;
- (ii) employees should be required to identify their related accounts (including accounts of their minor children and accounts in which the employees hold beneficial interests) and report them to senior management;
- (iii) employees should generally be required to deal through the licensed or registered person or its affiliates;

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- (iv) if the licensed or registered person provides services in securities or futures contracts listed or traded on one of the Hong Kong exchanges or in derivatives, including over-the-counter derivatives written over such securities or future contracts, and its employees are permitted to deal through another dealer in those securities or future contracts, the licensed or registered person and employee should arrange for duplicate trade confirmations and statements of account to be provided to senior management of the licensed or registered person;
- (v) any transactions for employees’ accounts and related accounts should be separately recorded and clearly identified in the records of the licensed or registered person; and
- (vi) transactions of employees’ accounts and related accounts should be reported to and actively monitored by senior management of the licensed or registered person who should not have any beneficial or other interest in the transactions and who should maintain procedures to detect irregularities and ensure that the handling by the licensed or registered person of these transactions or orders is not prejudicial to the interests of the licensed or registered person’s other customers.

A licensed or registered person should not knowingly deal in securities or futures contracts for another licensed or registered person’s employee unless it has received written consent from that licensed or registered person.

Implementation of anti-money laundering and terrorist financing policies and procedures

Money laundering covers a wide range of activities and processes intended to alter the identity of the source of criminal proceeds in a manner which disguises their illegal origin. Terrorist financing is a term which includes the financing of terrorist acts, and of terrorists and terrorist organisations. It extends to any property, including any funds, whether from a legitimate or illegitimate source.

Licensed corporations are required to comply with applicable anti-money laundering laws and regulations in Hong Kong. The four main pieces of legislation that apply to licensed corporations in Hong Kong that are concerned with anti-money laundering and counterterrorist financing (“AML/CTF”) are the AMLO, the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong) (“DTROP”), the Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) (“OSCO”) and the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong). (“UNATMO”).

The AML/CTF regime for financial institutions comprises two tiers of regulation: (a) legislation, being the AMLO; and (b) supplementary guidance issued by each respective financial institutions’ regulator, which includes guidelines that apply to all types of financial institutions (as defined in the AMLO) and sector-specific guidelines. The SFC has published the Guideline on Anti-Money Laundering and Counter-Terrorist Financing which applies to licensed corporations for this purpose (“SFC Guidelines”).

Broadly speaking, the AMLO and the SFC Guidelines require licensed corporations to, among other things, adopt and enforce set of due diligence measures to their direct “customers”, each

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customer’s ultimate “beneficial owners” and any persons who purport to act on behalf of the customer. It also imposes ongoing monitoring and record keeping requirements on licensed corporations. The SFC Guidelines also provides sector-specific guidance for AML/CTF requirements under DTROP, OSCO and UNATMO such as, staff of licensed corporations who knows, suspects or has reasonable grounds to believe that a customer might have engaged in money laundering or terrorist financing activities must immediately report to the Money Laundering Report Officer of its organisation which, in turn, will report to the Joint Financial Intelligence Unit (“**JFIU**”) if necessary.

DTROP

The DTROP provides for the tracing, freezing and confiscation of the proceeds of drug trafficking and creates a criminal offence in relation to dealing with such proceeds. Where a person knows or suspects that any property is the proceeds of drug trafficking, the person shall disclose to a police officer, a member of the Customs and Excise Service, a member of the Immigration Service, or an officer of the Independent Commission Against Corruption (an “**Authorised Officer**”) the information or other matter on which the knowledge or suspicion is based, as soon as is practicable after that information or other matter comes to the person’s attention. It is an offence to fail to disclose to an Authorised Officer such information. It is also an offence for any person knowing or suspecting such a disclosure has been made to disclose any matter to another person which is likely to prejudice any investigation. This is commonly referred to as “tipping off”.

OSCO

The OSCO extends the dealing offence under DTROP to cover the proceeds of indictable offences. It also creates a similar offence in relation to failing to disclose knowledge or suspicion of the proceeds of an indictable offence and tipping off.

UNATMO

The UNATMO implements the mandatory elements of the United Nations Security Council resolutions aimed at combating international terrorism on various fronts. The UNATMO relates to “Terrorist Property”, which refers to property of a terrorist or terrorist associate, or any other property that is intended to be used to finance or otherwise assist the commission of a terrorist act; or was used to finance or otherwise assist the commission of a terrorist act.

The UNATMO prohibits a person from providing any property knowing that the property will be used, in whole or in part, to commit one or more terrorist acts. It also prohibits a person from making any property or financial services available to or for the benefit of a person knowing that, or being reckless as to whether, the person is a terrorist or terrorist associate, except under the authority of a licence granted by the Secretary for Security of Hong Kong.

The UNATMO regulates the disclosure of knowledge or suspicion that property is Terrorist Property, similar to the requirements of DTROP and OSCO. It also creates a similar tipping off offence.

Our Directors confirm that we have been in compliance with these pieces of legislation.

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Hong Kong Exchanges and Clearing Limited

Apart from the SFC, the HKEx also plays a leading role in regulating companies which seek admission to the Hong Kong markets and supervising those companies once they are listed.

The HKEx is a recognised exchange controller under the SFO. It owns and operates the only stock and futures exchanges in Hong Kong, namely the Stock Exchange and The Hong Kong Futures Exchange Limited and their related clearing houses. The duty of HKEx is to ensure orderly and fair markets and that the risks are prudently managed, being consistent with the public interest, particularly, the interests of the investing public.

As the operator and frontline regulator of the central securities and derivatives marketplace in Hong Kong, the HKEx regulates listed issuers; administers listing, trading and clearing rules; and provides services, primarily at the wholesale level, to participants and users of the exchanges and clearing houses, including issuers and intermediaries — such as investment banks or sponsors, securities and derivatives brokers, custodian banks and information vendors — who service the investors directly. These services comprise of trading, clearing and settlement, depository and nominee services, and information services.