

REGULATORY NEWSLETTER

2026 VOL.02



REGULATORY UPDATES



As February unfolds and we enter the Year of the Horse, we are excited to embrace the vibrant energy and opportunities that await us. This year symbolizes strength, freedom, and perseverance, inspiring us to move forward with confidence.

ComplianceDirect wishes you a year brimming with joy, prosperity, and achievement. As always, ComplianceDirect remains firmly committed to delivering authoritative guidance and robust compliance solutions, enabling clients to confidently address the complexities of an ever-evolving regulatory environment.

SFC warns public of suspicious AI-themed investment product offered by Gold Fun and Angel Guardian Alliance Technology

16 Jan 2026

The Securities and Futures Commission (SFC) today warned the public of a suspicious AI-themed investment product involving a high-frequency trading arrangement offered and marketed by Gold Fun Corporation Limited (Gold Fun) and Angel Guardian Alliance Technology Limited (AGA).

The arrangement has not been authorised by the SFC for offering to the Hong Kong public and is suspected to have breached the Securities and Futures Ordinance (SFO).

The SFC notes that Gold Fun and AGA claimed in the marketing materials that the arrangement makes use of “AI-based quantum high-frequency trading” to generate estimated monthly yield of 3% to 8% for investors, with low or no risks. Reports have also been received regarding difficulties in withdrawing investments from the arrangement.

As a result, the SFC posted the arrangement and its related information on the SFC’s [Suspicious Investment Products Alert List](#) on 16 January 2026. The SFC will take all appropriate actions where there is any breach of the law.

The SFC urges the public not to invest in any non-SFC authorised investment products. Since these products are not regulated by the SFC, their investors have very limited or no protection and may lose all their investments. The SFC once again reminds the public to stay vigilant when making investment decisions.

[View News](#)

Circular to Licensed Corporations, SFC-licensed Virtual Asset Service Providers and Associated Entities – Anti-Money Laundering / Counter-Financing of Terrorism

Transition to the new suspicious transaction reporting platform

26 Jan 2026

The Securities and Futures Commission (SFC) issues this circular to inform licensed corporations, SFC-licensed virtual asset service providers and associated entities (collectively referred to as “licensed firms”) about the logistical arrangements for transitioning to the Joint Financial Intelligence Unit’s (JFIU) new suspicious transaction reporting platform by 2 February 2026.

The JFIU has developed the new platform, the Suspicious Transaction Report and Management System 2 (STREAMS 2), which will replace the current STREAMS platform. By enhancing system automation and analytical capabilities, the new platform increases the efficiency and effectiveness of the JFIU’s analysis and dissemination of financial intelligence gathered from suspicious transaction reports (STRs) received.

STR submission

With effect from 2 February 2026, STREAMS 2 will become the only channel for filing STRs. Licensed firms are required to submit STRs to the JFIU via STREAMS 2 by one of the following means:

- (a) submission of an STR in an Extensible Markup Language (XML) format;
- (b) uploading a completed STR form in the prescribed PDF format³; or
- (c) completing the web-based STR form in STREAMS 2.

STREAMS 2 account registration

Licensed firms should register STREAMS 2 user accounts to facilitate the prompt submission of STRs. For new user registration, please download the STREAMS 2 User Registration Form available on the JFIU website (https://www.jfiu.gov.hk/info/doc/STREAMS_2_Reg_form.docx), and submit the completed form to the JFIU via email (jfiu@police.gov.hk).



System transitional arrangements

Licensed firms should observe the JFIU's transitional arrangements as set out below:

- (a) the JFIU will cease accepting STR submissions via STREAMS at 12:00am on 28 January 2026, and will resume accepting STR submissions at 9:00am on 2 February 2026 via STREAMS 2 (hereafter referred to as the "blackout period of STREAMS");
- (b) for any STRs requiring urgent submission during the blackout period of STREAMS, please contact the JFIU directly by email (jfiu@police.gov.hk), phone at 2866 3366 or fax at 2529 4013;
- (c) upon the launch of STREAMS 2 at 9:00am on 2 February 2026, the operation of STREAMS will be discontinued. All STRs previously submitted through STREAMS will be migrated to STREAMS 2. Licensed firms will be able to access these records and, where applicable, view the consent status, via STREAMS 2; and
- (d) licensed firms that intend to submit STRs via the XML format are required to follow the XML schema provided separately by the JFIU and liaise with it as soon as possible to arrange a technical test to ensure a smooth transition.

[View Circular](#)

Should you have any queries regarding the contents of this circular, please contact the JFIU's Senior Inspector Mr Owen Tse at 3660 0533 or by email (owencytse@police.gov.hk).

Circular to licensed corporations

Reminder of statutory obligations during SFC inspections to comply with section 180 of the Securities and Futures Ordinance (SFO)

29 Jan 2026

1. The Securities and Futures Commission (SFC) has recently observed during its inspections that some licensed corporations (LCs) engaged in unsatisfactory practices and behaviours which appeared to stem from a misunderstanding of the SFO or a lack of awareness regarding LCs' statutory obligations. They also fell short of the expected standards of conduct for LCs and, in some cases, obstructed the SFC's supervisory efforts, thereby undermining market integrity.
2. This circular reminds LCs to fully cooperate with the SFC and duly comply with their statutory obligations when the SFC inspects LCs under section 180 of the SFO. Upon being licensed, all LCs fall under the purview of the SFC's supervision and are obliged to undergo its inspections under section 180 of the SFO. LCs are therefore expected to be prepared for an inspection by the SFC, retrieve any relevant information required by the SFC, and respond to inspection inquiries in a timely manner.

3. For details, LCs should refer to the Appendix to this circular, which highlights examples of unsatisfactory practices and behaviours observed, reiterates their statutory obligations, and clarifies their expected standards of conduct throughout the inspection process. These include statutory obligations and standards of conduct in relation to:

- (a) giving access to any record or document requested as part of the SFC's inspection, and answering any related question;
- (b) maintaining proper records and retrieving them upon inspection inquiries being made without undue delay;
- (c) ensuring the availability of responsible officers to participate in the inspection process;
- (d) remaining fit and proper, and being cooperative with the SFC during an inspection; and
- (e) remaining fully responsible and accountable to the SFC for the conduct of any external representatives handling inspection matters.

Consequence of failure to cooperate or non-compliance

4. The SFC takes any breaches of section 180 of the SFO seriously. Where any person attempts to impede the SFC's conduct of inspections, including instances where these attempts render the SFC unable to ascertain an LC's compliance with section 180(2) of the SFO, the SFC will not hesitate to exercise its powers under the SFO to take appropriate regulatory actions, including but not limited to:

(a) Supervisory interventions, which may include:

- (i) imposing conditions on an LC's licence as may be reasonable in the circumstances, or limiting the LC's business and activities where appropriate (eg, prohibiting certain transactions, suspending the onboarding of new clients, or limiting dealings with property);
- (ii) fully evaluating any concerns regarding the fitness and properness of both the LC and its management personnel and how these concerns impact the LC's existing business, or any proposed changes to or expansion of its business and personnel; and
- (iii) referring our concerns to other relevant regulatory authorities in Hong Kong, Chinese Mainland and overseas markets to assess if coordinated regulatory actions are warranted; or

(b) Enforcement actions, which may include:

- (i) initiating criminal proceedings for contravention of the stipulated requirements (see paragraph 3.1(b) of the Appendix to this circular); and
- (ii) taking appropriate disciplinary actions (eg, licence revocation or suspension, pecuniary penalty and reprimand) pursuant to section 194 of the SFO against the LC and its management personnel concerned (see paragraph 4 of the Appendix to this circular).

5. To this end, the SFC will call on the Manager-In-Charge (MIC) of the Overall Management Oversight (OMO) function at an LC, supported by the MIC of the Compliance function, to exercise robust oversight and proactive leadership in ensuring the LC's full cooperation and compliance throughout the SFC's inspection process. The MIC of the OMO function and persons who attempt to

impede the SFC's inspection will be held accountable and could be subject to the above regulatory actions.

Inspections outside of the SFO regime

6. For inspections carried out under statutory provisions other than the SFO, the SFC will apply similar regulatory principles and expected standards set out in the circular. These include the SFC's inspections on SFC-licensed virtual asset service providers and associated entities under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, and its inspections on Mandatory Provident Fund (MPF) intermediaries of which the SFC is the frontline regulator, under the Mandatory Provident Fund Schemes Ordinance.

7. The SFC will continue to maintain ongoing dialogue with LCs and adopt a pragmatic approach during its inspections. In exceptional cases where an LC requires additional time to gather information and respond to inspection inquiries, it should promptly notify the SFC, clearly articulate its reasons, and submit a proposed new timeline for the SFC's review and approval.

8. Should you have any queries regarding this circular, please contact your case officers-in-charge.

[View News](#)

SFC and HKMA jointly consult on standard calculation periods under OTC derivative Clearing Rules

29 Jan 2026

The Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) today issued [a joint consultation](#) on standardising the calculation periods for each year under the Clearing Rules for the over-the-counter (OTC) derivatives regulatory regime.

Under the current approach that requires the central clearing of OTC derivative transactions, the existing list of calculation periods specified in the Clearing Rules needs to be updated regularly. In a move to further increase the efficiency of the operation of the Clearing Rules, the SFC and the HKMA propose to designate, once and for all, standard calculation periods for each year with effect from 1 March 2027.

As part of the regulators' ongoing efforts to enhance the OTC derivatives regulatory regime in Hong Kong, the proposed change would also offer greater certainty to derivative dealers in identifying future calculation periods to ensure compliance.

Interested parties are invited to submit comments to the SFC or HKMA by 27 February 2026. The joint consultation paper can be downloaded from the SFC or HKMA websites.

[View News](#)

1. Amid the surge in new listing applications in 2025, the Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (SEHK) have observed the declining quality of draft listing documents as well as certain substandard conduct of licensed corporations carrying out sponsor work (Sponsors). These may constitute non-compliance with Sponsors' obligations under paragraph 17 of the Code of Conduct, CFA Code, Sponsor Guidelines and the Listing Rules.
2. The SFC is concerned that a growing number of Transaction Team members of the most active Sponsors are unfamiliar with the relevant regulatory requirements and lack adequate experience and resources in handling listing applications for initial public offerings (IPOs) in Hong Kong. This circular highlights the key concerns noted from regulators' review of recent listing applications as well as the analysis of deal and resources information obtained from various active Sponsors. Specific case examples and details of their potential non-compliance with relevant regulatory requirements are set out in the Appendix.
3. In summary, the SFC is concerned about:
 - (a) serious deficiencies in the preparation of some listing documents and responses to regulatory comments as well as failure to attend to key regulatory processes and procedures at the offer stage;
 - (b) over-reliance on experts and third parties, including legal advisers, accountants, valuers and others to perform specific tasks, without adequate assessments of their competency and resources;
 - (c) insufficient capacity of Principals to supervise the Transaction Teams and participate in the listing engagements;
 - (d) attempts to appoint Principals that are not suitably qualified; and
 - (e) insufficient staff with appropriate levels of knowledge, skills and experience at Sponsors.
4. In light of the above concerns, the SFC is of the view that certain Sponsors may not have developed a thorough understanding of the listing applicants, some of which may not be adequately prepared for listing and the continuing obligations following listing or fully understand the implications of being listed companies. This suggests that some Sponsors may be adopting a process-driven approach to listing applications, rather than one focused on substantive due diligence and advisory services to the listing applicants. Sponsors should critically examine the readiness of the companies for listing as well as their own resources and management plan before taking on new sponsor mandates.
5. Sponsors perform an important gatekeeping role to uphold the quality of new listings and they will be held accountable for failing to meet the SFC's expectations on Sponsors' conduct discussed in detail in the Appendix as well as the Circular and the Thematic Report issued in 2018. Where draft listing documents are severely deficient, the relevant listing applications may be returned or vetting may be suspended. In case of serious failures, the SFC may take regulatory actions including but not limited to restricting the Sponsors' business scope or the number of active listing engagements the Sponsors can undertake.

Reporting to the SFC

6. The SFC is requiring all Sponsors to submit to their respective case officers:

- a) within two weeks from the date of this circular, the names and number of appointed Principals and the number of active listing engagements each is engaged in as of the date of this circular. The SFC generally regards any Sponsor that has designated any Principals to simultaneously supervise or participate in six or more active listing engagements (Sponsors with Strained Principal(s)) as lacking adequate or appropriate resources to carry out sponsor duties, unless under very exceptional circumstances with valid justifications to the satisfaction of the SFC; and
- b) .within one week from the date of this circular, a list of individuals engaged in IPO sponsor work (including ITPs, temporary licensees, licensed representatives and responsible officers) who, as of the date of this circular, have not passed HKSI LE Paper 16 within three years before or within six months after their first engagement in such work.

SFC On-site Thematic Inspections

7. In December 2025, the SFC and SEHK issued a joint letter (Joint Letter) to 13 Sponsors with specific cases of concerns cited from recent listing applications (Concerned Sponsors).

8. The Concerned Sponsors and the Sponsors with Strained Principal(s) should expect the SFC to conduct on-site thematic inspections of their sponsor work and resources in the near future. The targets for inspection are selected on a risk basis. The purpose of these thematic inspections is, among other things, to:

- (a) identify any breaches of, or non-compliance with, applicable laws and regulatory requirements in conducting sponsor work;
- (b) ascertain the resources issue of Sponsors, particularly with respect to the supervision of Transaction Teams and the actual involvement of Principals in due diligence work of listing engagements, which will form part of our assessment of Principal submissions; and
- (c) assess the supervision and governance of sponsor work by the Management of Sponsors as well as the efficacy of reporting lines on critical matters.

Immediate Internal Review by Selected Sponsors

9. In the meantime:

- (a) all Concerned Sponsors and all Sponsors who receive written communication from the SFC and/or SEHK about specific cases of concerns in the future are required to complete a comprehensive review of the areas described in paragraph 10(a) and (c) below within three months from the date of this circular and from the date of the further written communication, respectively; and
- (b) all Sponsors with Strained Principal(s) are required to complete a comprehensive review of the areas, and submit a rectification and resource plan, described in paragraph 10(b) and (c) below within three months from the date of this circular.

10. Review scope:

- (a) A retrospective review of concerns cited for each listing application in the Joint Letter or written communication, with a focus on identifying any material non-compliance issues related to internal control and corresponding remedial actions. In addition, accountability measures should be determined and documented on a case-by-case basis, including Principal's supervision and Management oversight of these engagements.
- (b) A comprehensive review of the resources available to the Sponsor for conducting sponsor work as well as the listing engagements that it is currently handling, based on which the Sponsor should submit a rectification and resource plan to the SFC. Consideration would be given to the ability and governance of the Management to implement a responsible rectification and resource plan for managing the Sponsor's resources when the SFC considers any new RA6 individual applications.
- (c) For Sponsors operating under a group company structure, identify the key group personnel responsible for overseeing the Sponsor's business line and key control functions related to the Sponsor's activities as part of the Sponsor's Management. The SFC may engage these personnel directly regarding any future concerns identified as well as regulatory expectations to be imposed on the Sponsors.

11. The above review should be signed off by the Managers-In-Charge of the Overall Management Oversight (OMOs) of the Sponsors. The SFC may inspect, among other things, the results of the review as part of its thematic inspections.

Responsibilities of Sponsors and Management

12. Sponsors are required to discharge a high standard of professionalism and integrity in overseeing new listing applications, including ensuring that listing applicants meet all applicable requirements, maintaining sufficient resources and effective systems and controls for proper implementation and adequate management oversight of the sponsor work, and satisfying themselves that experts and third parties engaged by Sponsors possess adequate expertise and resources to fulfil their respective responsibilities.
13. Sponsors should keep a record of all sponsor work to demonstrate to the SFC their compliance with the relevant regulatory requirements under paragraph 17.10(c) of the Code of Conduct¹⁷. These records should clearly substantiate the basis for appointing Transaction Teams and demonstrate that sufficient resources are allocated to each listing engagement.
14. A Sponsor's Management is ultimately responsible for supervising sponsor work and ensuring compliance with all relevant legal and regulatory requirements. Management includes a Sponsor's Board of Directors, Managing Director, Chief Executive Officer, Responsible Officers, Executive Officers and other senior management personnel. While Management may delegate operational functions to its staff, it cannot abrogate its responsibilities. The SFC expects all members of the Board of Directors and key group personnel of a Sponsor, as applicable, as the firm's ultimate decision-making authority to play a critical role in overseeing the Sponsor's operations and pay attention to the requirements under paragraphs 17.11(a), (d), (e)(ii) and (iv) of the Code of Conduct.

Potential Actions and Further Guidance

Vetting of Listing Applications

15. The SFC stresses that if a listing document is considered to be unreasonably lengthy, taking into account the nature of the listing applicant and its business as well as the industry in which it operates, the regulators may put the vetting process on hold as well as explore the option of imposing an overall page limit on listing documents. The SFC would generally expect the main body of a listing document to not exceed 300 pages in total (excluding the experts' reports contained in the appendices).
16. In addition to drafting quality, materially incomplete and/or unsatisfactory responses from Sponsors to regulators' comments may also lead to suspension of the vetting process of the listing application, which may in turn result in a delay to the listing timetable¹⁸.
17. The SFC will also notify its regulatory counterparts that the vetting process has been suspended. In addition, where Sponsors are found to have repeatedly submitted substandard listing documents or unsatisfactory responses to regulators, the SFC will not hesitate to take any action that it considers appropriate under the current regulatory framework.

Licence Applications and Eligibility Criteria

18. The SFC's assessment of the fitness and properness of a Sponsor and its Principals and their ability to carry out sponsor work is a continuous process. In conducting the assessment, the SFC will have regard to their listing application records and their compliance with the relevant provisions of the Code of Conduct, CFA Code and Sponsor Guidelines, including whether their listing applications have been subject to any adverse comments from the SFC and/or SEHK.
19. Sponsors should also take note that any Principal submissions which are incomplete and/or have fundamental issues will be returned in line with paragraph 7.5 of the Licensing Handbook, including submissions:
 - (a) without concrete supporting documents demonstrating the Principal's actual role in listing engagements;
 - (b) with incomplete information regarding the Principal's relevant corporate finance experience over a continuous five-year period; or
 - (c) with information suggesting that arrangements were made for other individuals to claim experience from the same IPO transaction(s) once the first individual's Principal submission was returned.
20. Furthermore, specific cases of concern cited in the Joint Letter or similar written communications from the SFC and/or SEHK should not be included as supporting cases for Principal submissions. Repeated substandard Principal submissions by Sponsors will negatively impact any further submissions.

21. Going forward, licence applications of RA6 individuals who intend to engage in IPO sponsor work from all Sponsors must be accompanied by a document, signed off by all OMOs of the Sponsor, demonstrating that (i) no Principal is simultaneously supervising or participating in six or more active listing engagements, unless under very exceptional circumstances with valid justifications to the satisfaction of the SFC; and (ii) the Sponsor's resource arrangements align with paragraph 47 of the Appendix.
22. Currently, all individuals engaging in IPO sponsor work are required to pass HKSI LE Paper 16 not more than three years prior to and not later than six months after the date of their first engagement in such work.
23. In view of the concern that certain Sponsors have been engaging individuals who do not meet such eligibility criteria, the SFC now requires all individuals engaging in IPO sponsor work (including ITPs, temporary licensees, licensed representatives, responsible officers) to pass HKSI LE Papers 1 and 16 not more than three years before their first engagement in IPO sponsor work, unless otherwise exempted. This examination requirement may also be imposed as a licensing condition.
24. For Sponsors with individuals who have not passed the above HKSI LE Papers but are already engaging in IPO sponsor work:
- (a) if the six-month window after the date of the first engagement in IPO sponsor work has not yet passed, these individuals should pass the examination within the original window. If these individuals failed to pass the examination within the original window, Sponsors should replace such individuals by suitably qualified individuals to work on their engagements; and
 - (b) if the aforementioned six-month window has already passed and these individuals are still engaged in IPO sponsor work, these individuals have breached paragraphs 4.1 and 4.4 of the Sponsor Guidelines and are prohibited from engaging in any sponsor work. As a rectification measure, upon submitting the list set out in paragraph 6(b) above, the identified individuals should be taken out from all Transaction Teams with immediate effect.

Supervisory and Enforcement Actions

25. In addition to the above, where warranted, the SFC will restrict a Sponsor's business scope and the number of active listing engagements a Principal, responsible officer or licensed representative can supervise or participate in by imposing conditions on their licences.
26. The SFC will also commence investigation and/or disciplinary action in serious cases of misconduct against the Sponsor and its Principals as well as Management who are accountable for the Sponsor's failures.

Should you have any queries regarding this circular, please contact your case officer.

[View Circular](#)

Cross Agency Steering Group announces Strategic Priorities for 2026–2028

30 Jan 2026

The Green and Sustainable Finance Cross-Agency Steering Group (Steering Group) convened its 12th meeting yesterday (29 January 2026), setting out its strategic priorities for 2026–2028 to further strengthen Hong Kong's role as a competitive and future-ready sustainable finance centre.

Building on the solid foundation of the [2023–2025 plan](#), the Steering Group's strategic priorities for the next three years are anchored around two key pillars:

1. Consolidate and strengthen efforts to solidify Hong Kong as a sustainable finance centre

- Strengthening the sustainability disclosure ecosystem, including sustainability assurance, supporting high-quality transition plan disclosure, and the effective use of technology.
- Expanding and deepening sustainable finance markets through facilitating sustainable capital flows through Hong Kong and strengthening cross border carbon market collaboration.
- Strengthening external engagement via events and participation in global dialogues.
- Supporting talent development through capacity building initiatives.

2. Develop Hong Kong's strengths in emerging areas

- Scaling transition finance with practical guidance, enabling tools and case studies, while encouraging wider industry adoption of transition planning.
- Supporting adaptation finance by building market readiness, identifying capability gaps, and supporting product innovation and development, while strengthening physical risk assessment capabilities.

Julia Leung, Co-Chair of the Steering Group and Chief Executive Officer of the Securities and Futures Commission said, "These updated priorities underscore our ongoing commitment to ensuring Hong Kong remains globally aligned, forward-looking, and responsive to market needs. Enhancing disclosures and scaling transition finance are essential to supporting credible outcomes, transparent and science-based pathways across the financial system."

Eddie Yue, Co-Chair of the Steering Group and Chief Executive of the Hong Kong Monetary Authority, said, "Hong Kong's sustainable finance market has witnessed significant development in the past few years. The 2026–2028 priorities will reinforce our groundwork for building a robust sustainable finance ecosystem, while positioning Hong Kong to capture the emerging opportunities in Asia's transition to a low-carbon and climate-resilient economy."

During the meeting, members also reviewed the progress made on the implementation of the Roadmap on Sustainability Disclosure in Hong Kong, including ongoing work on sustainability assurance and initiatives to strengthen the sustainability disclosure ecosystem. They also acknowledged the significant strides in establishing Hong Kong as a leading hub for sustainable and transition finance, including enhancing the Hong Kong Taxonomy for Sustainable Finance, developing transition planning guidance for the banking sector, developing carbon market, and hosting major sustainable finance events in Hong Kong.

[Attachment: 2026–2028 Priorities of the Steering Group](#)

For details on the initiatives of the Steering Group and its members, please visit <https://sustainablefinance.org.hk/en/>.

About the Steering Group

Established in May 2020, the Steering Group is co-chaired by the Hong Kong Monetary Authority and the Securities and Futures Commission. Members include the Financial Services and the Treasury Bureau, the Environment and Ecology Bureau, the Insurance Authority, the Mandatory Provident Fund Schemes Authority, the Accounting and Financial Reporting Council, and Hong Kong Exchanges and Clearing Limited. The Steering Group aims to coordinate the management of climate and environmental risks to the financial sector, accelerate the growth of green and sustainable finance in Hong Kong and support the Government's climate strategies.

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ENFORCEMENT NEWS

SFC reprimands and fines Saxo Capital Markets HK Limited \$4 million for regulatory breaches over distribution of virtual asset-related products

6 Jan 2026

The Securities and Futures Commission (SFC) has reprimanded and fined Saxo Capital Markets HK Limited (SCMHK) \$4 million for failures in distributing virtual asset (VA) funds not authorised by the SFC and VA-related products (collectively, VA Products) on the firm's online trading platform (Online Platform).

Between 1 November 2018 and 25 November 2022 (Relevant Period), SCMHK allowed retail clients to trade certain VA Products on the Online Platform. These products should only be offered to professional investors (PIs) according to two SFC circulars to intermediaries which were effective at the material time.

The SFC's investigation revealed that during the Relevant Period, SCMHK executed 1,446 transactions involving 32 VA Products for six individual PIs and 130 retail clients on the Online Platform. All of them were complex products, including 21 exchange-traded derivative products (Exchange-traded derivative VA Products).

Contrary to the guidance in the two SFC circulars, prior to effecting these transactions, SCMHK did not assess whether the clients had knowledge of investing in VA Products, nor did it provide them with sufficient information and warning statements specific to VAs.

During the Relevant Period, SCMHK did not have in place any specific procedures for conducting product due diligence on VA Products. It relied on certain protocols established on a group-wise basis by its parent company to identify instruments with VA exposure. Due to deficiencies in the protocols, the 32 VA Products were not identified as such. As a result, they were made available to SCMHK's clients, regardless of whether they were Pls, on the Online Platform. SCMHK did not realise the deficiencies until it was notified by its parent company in November 2022.

The SFC found that SCMHK failed to implement adequate and effective policies and controls to effectively manage and adequately supervise the operation of the Online Platform to ensure that it meets the relevant regulatory requirements and expected standards and practices in distributing VA Products.

The SFC also found that SCMHK failed to ensure that:

- transactions in complex VA Products effected via the Online Platform were suitable for the clients in all the circumstances; and
- sufficient information on the key nature, features and risks of such VA Products and appropriate warning statements were provided on the Online Platform to enable clients to understand them before making investment decisions.

Furthermore, with respect to the 87 clients – comprising 82 retail clients and five individual Pls – who traded the 21 Exchange-traded derivative VA Products, the SFC found that SCMHK did not make adequate enquiries or gather sufficient information which would enable it to properly assess the clients' knowledge of derivatives and characterise them based on such knowledge.

The SFC considers SCMHK's failures constituted breaches of the Guidelines on Online Distribution and Advisory Platforms and the Code of Conduct.

In deciding the disciplinary sanction, the SFC has taken into account all relevant circumstances, including:

- SCMHK's failures persisted for over four years;
- SCMHK self-reported its misconduct to the SFC;
- SCMHK has taken remedial actions including voluntarily compensating clients for losses incurred from trading VA Products during the Relevant Period;
- SCMHK has ceased carrying on regulated activities;
- SCMHK's cooperation with the SFC and acceptance of the SFC's findings and disciplinary action facilitated an early resolution of the matter; and
- SCMHK's otherwise clean disciplinary record.

[View News](#)

SFC obtains court order to freeze up to \$85.2 million of assets belonging to suspect traders of Wan Cheng shares

9 Jan 2026

The Court of First Instance has granted an interim injunction order in proceedings brought by the Securities and Futures Commission (SFC) under section 213 of the Securities and Futures Ordinance (SFO) against seven defendants who manipulated the shares of Wan Cheng Metal Packaging Company Limited (Wan Cheng).

Pursuant to the Court order, three defendants are prohibited from (i) removing any of their assets which are within Hong Kong, or (ii) in any way disposing of or dealing with or diminishing the value of any of their assets which are within Hong Kong, up to the value of \$85.2 million. The interim injunction order ensures that there are sufficient assets to meet the restoration orders sought by the SFC, if the Court finds the defendants in the proceedings in contravention of the relevant provisions of the SFO.

The interim injunction order remains in effect until the next hearing on 13 March 2026.

This action is part of the SFC's legal proceedings targeting an alleged sophisticated syndicate, comprising the defendants and other syndicate members, for their suspected orchestration of a complex ramp-and-dump scheme of Wan Cheng shares between 22 December 2020 and 23 April 2021. In parallel, criminal proceedings against four of the defendants are ongoing at the District Court, with the trial scheduled to begin on 14 September 2026.

[View News](#)

SFC obtains disqualification order against former executive director of National United Resources Holdings Limited

14 Jan 2026

The Securities and Futures Commission (SFC) has obtained a disqualification order in the Court of First Instance against Mr Lo Ka Wai, a former executive director of National United Resources Holdings Limited (NUR).

Lo was disqualified for a period of three years from being a director, liquidator, receiver or manager of, or being involved in the management of, any listed or unlisted corporation in Hong Kong. Lo was also ordered to pay the SFC's costs in the proceedings.

The SFC found that in 2015, NUR's subsidiary entered into two back-to-back fuel oil supply and sale transactions that constitute fictitious transactions as both the customer and the supplier were controlled by NUR or persons closely connected to it, and the supporting bills of lading were not genuine.

The disqualification order was made after Lo admitted to breaching his duties and being negligent in committing NUR's subsidiary to the above transactions and approving payments totalling \$302 million from NUR to its subsidiary for the purported settlement of the fictitious supply transaction.

Had Lo properly discharged his duty as a reasonably prudent director of NUR, he would have noticed that there was little commercial sense in the transactions, including an extraordinarily thin profit margin and a serious mismatch of credit periods. Furthermore, Lo approved the publication of NUR's 2015 annual results and report which contained false or misleading statements about the transactions.

The SFC's proceedings against the other former directors and officers of NUR are ongoing.

[View News](#)

SFC obtains \$595 million compensation order and disqualification orders up to 15 years against three former directors and senior executives of Superb Summit International Group Limited

21 Jan 2026

The Securities and Futures Commission (SFC) has obtained orders in the Court of First Instance against three former directors and senior executives of Superb Summit International Group Limited (Superb Summit), requiring the trio to pay a total of \$595 million in compensation to Superb Summit for orchestrating and/or participating in fraudulent schemes to defraud the company.

The outcome of SFC's legal action against the trio – Mr Yang Dongjun, a shadow director controlling a 22.6 per cent stake in Superb Summit, Mr Wu Tao, former executive director (ED), and Mr Chan King Chung, former chief financial officer and company secretary – marked the end of the legal proceedings brought by the SFC against former directors and officers of Superb Summit for their misconduct.

The Court also made disqualification orders for 15 years against Yang, and 12 years against Wu and Chan. They were ordered to pay the SFC's costs in the proceedings. In addition to the trio, 10 former directors of Superb Summit were disqualified earlier, with disqualification periods ranging from two and a half years to 10 years.

"The Court ruling sends a clear and unequivocal message to the public that to safeguard the interests of shareholders of listed companies, individual accountability does not stop at corporate directors but extends to senior corporate officers. As a result, individuals occupying positions of responsibility – be they directors or senior corporate officers – should be acutely aware that they will be held answerable for their actions", said Mr Michael Duignan, the SFC's Executive Director of Enforcement.

The SFC's case against Yang centred on corporate acquisitions resulting in significant losses for Superb Summit. The Court found that Yang, acting as a shadow director, concealed his personal interests in Superb Summit's acquisition of a target company in 2009 that purportedly held forestry assets when in fact they did not exist (2009 Acquisition). As a result, Superb Summit suffered a loss of \$347 million after Yang caused the transaction to proceed by fraud.

The Court also found that Yang masterminded another fraudulent acquisition in 2014 (2014 Acquisition), in which Superb Summit acquired a company which purportedly owned a grossly

overvalued engineering technology. The acquisition resulted in a misappropriation of \$248 million from Superb Summit.

The Court further found that Wu played an active role whilst Chan was involved in the fraudulent 2014 Acquisition, breaching their fiduciary duties to Superb Summit.

Consequently, the Court ordered Yang to compensate Superb Summit in the amount of \$347 million for the 2009 Acquisition, and ordered Yang, Wu and Chan to compensate Superb Summit in the amount of \$248 million on a joint and several basis for the 2014 Acquisition.

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Retail trader convicted in SFC's false trading prosecution

22 Jan 2026

The Eastern Magistrates' Courts today convicted Mr Ng Ka Hei of seven counts of false trading in the shares of six Hong Kong-listed companies following a criminal prosecution by the Securities and Futures Commission (SFC).

The SFC alleged that between 20 September 2022 and 24 October 2023, Ng employed a strategy commonly known as "scaffolding" by repeatedly placing and cancelling trading orders at progressively higher prices. He also used his various securities accounts to conduct wash trades in which he was both the buyer and seller of the shares.

These trading activities carried out by Ng impacted the price of the shares and misled market participants into believing that there was a genuine market for the shares at artificial price levels. He took advantage of the situation to dispose of the shares, netting himself a profit of \$117,715.

Ng pleaded guilty to all seven counts of the offence. The Court adjourned the case to 12 February 2026 for sentencing. He was granted a cash bail of \$10,000.

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SFC suspends Wong Chi Fai for 27 months

26 Jan 2026

The Securities and Futures Commission (SFC) has suspended the licence of Mr Wong Chi Fai, a former licensed representative of Fulbright Securities Limited and Fulbright Futures Limited (collectively Fulbright), for 27 months from 23 January 2026 to 22 April 2028.

As part of an investigation into a suspected ramp-and-dump scheme, the SFC found that, between October 2019 and January 2022, unbeknownst to Fulbright, Wong conducted approximately 1,300 securities transactions with an aggregate value of \$670 million via a

securities account held in the name of his relative maintained at another brokerage firm. Wong not only failed to disclose to Fulbright his beneficial interest and personal trading activities in the undisclosed securities account but also falsely declared to Fulbright on multiple occasions that there were no external securities accounts in which he had any beneficial interest.

The SFC also found that, between 1 January 2015 and 31 December 2018, Wong conducted approximately 10,000 personal trades with an aggregate value of \$2.8 billion through a securities account held in the name of his relative at Open Securities Limited (OSL) when he was an employee of the broker without obtaining the required approval. In this connection, Wong had made a number of false declarations to conceal from OSL his financial interest in and control over the securities account between May 2011 and December 2018.

Wong's conduct circumvented the staff dealing policies of Fulbright and OSL and prevented them from monitoring his personal trading activities. The SFC considers Wong's conduct willful and dishonest, thereby calling into question his fitness and properness to remain a licensed person.

In determining the sanction against Wong, the SFC has taken into account all relevant circumstances, including:

- his breaches lasted for nearly 10 years;
- the significant number and amount of his personal trades were primarily attributable to his frequent day trading and short-term margin trading activities;
- Wong cooperated with the SFC in resolving the SFC's concerns; and
- his otherwise clean disciplinary record.

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SFC suspends Choi Sau Wai for seven months

26 Jan 2026

The Securities and Futures Commission (SFC) has suspended Ms Choi Sau Wai, a former licensed representative of Glory Sun Securities Limited (GSSL), for seven months from 23 January 2026 to 22 August 2026.

As part of an investigation into a suspected ramp-and-dump scheme, the SFC found that, between October 2019 and January 2022, Choi knowingly allowed and facilitated an account executive of another brokerage firm (AE) to operate and carry out personal trades in a client's securities account at GSSL without obtaining the client's written authorisation, nor did she obtain a written consent from the AE's employer, in breach of GSSL's internal policies and the Code of Conduct.

During the relevant period, the AE, a relative of Choi's client, was allowed to conduct personal trading in the client's account at GSSL. The AE conducted approximately 1,300 securities transactions with an aggregate value of \$670 million in the client's account without disclosing them to his employer.

In doing so, Choi's conduct exposed the client to potential losses from the personal trading conducted by the AE and GSSL to potential liability in case the client disputes the trades in her account. Choi also prevented GSSL from discharging its obligations under the Code of Conduct.

In determining the sanction against Choi, the SFC has taken into account all relevant circumstances, including her breaches enabled the AE to circumvent his employer's internal controls, her cooperation in resolving the SFC's concerns and her otherwise clean disciplinary record.

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