

Anti -Corruption Compliance Summit 2024

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Good morning and thank you to Thomson Reuters and Asian Legal Business (ALB) for inviting me to address the Pan Asian Regulatory and Anti-Corruption Compliance Summit this year. I am grateful for this opportunity to discuss some of the strategies the Securities and Futures Commission (SFC) has implemented to combat financial crime and misconduct.

Recently, it feels as if a cornucopia of tools straight from science fiction movies is conspiring to make the most vigilant of us fall prey to increasingly sophisticated scams.

The elaborate p O R W R I D + R O O \ Z R R G P R Y L H V X F K D V ³ 2 F H D Q ¶ V (O H Y H to scam a Vegas casino owner may take two hours to unfold, but today this would take only 15 minutes in real life using deepfake technology and a Zoom call. And that would cost much less than a cast including George Clooney and Julia Roberts.

As the methods and tools available to fraudsters are continuously upgraded with each new wave of technological disruption, we must ensure that we adapt our strategies to those new threats.

Alone, regulators cannot successfully tackle those new challenges. We need the help of the entire financial community to collaborate to safeguard our financial system and guarantee a level playing field for every market participant.

Today, I will first discuss the threats we are facing, which have grown in quantity, complexity, D Q G P D J Q L W X G H 7 K H Q , ¶ O O P R Y H R Q W R K R Z Z H D W W K H 6) & engagement to protect investors and maintain market integrity.

As fraudulent schemes expand their reach globally, I will also share how we collaborate with other regulators to address cross-border investigation challenges and highlight some of our recent enforcement actions.

Growing sophistication of financial misconduct

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¹ This is the text of the speech as drafted, which may differ from the delivered version.



Engagement

We all know that prevention is far better than cure. So my third point is about investor engagement.

An effective investor education program is essential to tackle financial crimes and complement the work of regulators. We must better equip the investing public with the skill and knowledge to make informed financial decisions.

7KH 6)&¶V VXEVLGLDU\ ,QYHVWRU DQG)LQDQFLDO (GXFDWLRQ 5HWDLO ,QYHVWRU 6WXGLHV ZKLFK SURYLGHV YDOXDEOH LQV mindset and habits. From the 2023 study, we learned that social media has emerged as the primary information source for many stock investors, with 72% of respondents acknowledging its influence. Also, from my own detailed longitudinal study of two teen kids at home, I can confirm that social media is by and large their primary information source. They are less willing, though, to acknowledge its influence.

Additionally, the study highlighted a growing interest in virtual assets, particularly among the younger demographic. Notably, the majority of virtual asset investors are driven by potential or perceived short-term gains. This highlights the importance of our education campaigns and the vigilant monitoring of social media scams.

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Enforcement actions

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We obtained an interim injunction order against a pair of individuals suspected of insider dealing. The duo made away with a profit of over HK\$4 million and attempted to remove all their assets out of Hong Kong.

To underscore our enforcement priority to combat all forms of market misconduct regardless of the scale, we have also secured an insider dealing conviction against a personal assistant WR D OLVWHG FRPSDQ\ V FKDLUPDQ 7KH LQGLYLGXDQ PDGH D sentenced to 240 hours of community service, along with a fine of HK\$25,000.

In another on-going case of suspected corporate fraud, after we received intelligence indicating a real risk of asset dissipation, we quickly obtained an interim injunction against the Executive Director of a listed company to preserve assets that can now be used to compensate investors at the conclusion of the proceeding.

We are also leading the proceedings against the core members of a sophisticated ramp and dump syndicate. This is the first time that such a case is proceeding at the District Court, meaning that substantially higher penalties can be applied. This is an encouraging development. We hope that this trend continues, and similar cases will also receive a higher level of judicial scrutiny.

As for virtual assets, with growing public interest in this space, related misconduct is now an additional focal point for us. We have formed a dedicated working group with the Police to bolster collaboration in monitoring and investigating suspicious plat I R U P V \$ W W K H 6) & V request, the Police will block access to websites of suspicious virtual asset trading platforms and take down the relevant social media pages.

Closing

Ladies and gentlemen, before I finish, let me reiterate that the financial crimes we face today are more complex and challenging, V R L W V LtRaswustaymimle and willing to innovate our regulatory approach. No single entity or jurisdiction alone can tackle the challenges they face.



Each one of us in this room is a stakeholder in upholding financial market integrity and fairness. By joining forces, we can share intelligence, close regulatory gaps, address potential vulnerabilities and always stay one step ahead of the bad actors.

Thank you again to Thomson Reuters and ALB for having me here.

I wish you all a very successful summit today.