

I am pleased to present my report on The Hong Kong Association of Online Brokers Limited (“HKAOB”) for the period of 2016 to 2017. During the period, I represented BOCI Securities Limited and served as Chairman of HKAOB.

Trading on the Hong Kong Stock Market was holding steady at daily average turnover of around HKD75 Billion during the six months. However, interest started to pick-up pace with daily turnover surpassing HKD100 Billion on many trading days in September. The Hang Seng Index has seen strong performance by rising near 25% by end of September. One of the highlights was the IPO subscription of ZhongAn Online Property & Casualty Insurance which attracted demand of nearly 400 times the number of shares offered.

Despite the optimism, our industry is still facing the persisting issues on compliance, regulations and cybersecurity. As a result, industry participants are seriously considering Fintech (Financial Technology) solutions for cost reduction and workflow efficiency.

The eID initiative for Non Face to Face Account Opening that was started in early 2016 is still being reviewed by Government authorities in Mainland and Hong Kong. However, we are quite hopeful to see fruition soon.

With these viewpoints in mind, HKAOB will aim to continue working with the Regulators to bring in new technology and processes into our business and to enhance securities regulations that are conducive to the business development in Hong Kong.

During the period 2016/2017, HKAOB has continued to participate in benevolent events organized and supported by other securities and precious metals associations. HKAOB conducted the following activities to fulfill the objectives of the Association:

1. Meeting with Julia Leung, Executive Director of SFC, to express views on Cybersecurity and Two Factor Authentication.
2. Meeting with Chris Cheung, Hong Kong Legislative Council Member (Financial Services Sector) to express views on SFC requirement on Anti Money Laundering regulations.
3. Meeting with Gary Lai, Assistant Government Chief Information Officer, to express views on cross border certification of identity.
4. Joining Smart City Consortium Delegation to Shenyang
5. Hosting workshop on Big Data Analysis for Brokerage Industry delivered by Finfabrik, a Fintech Startup
6. Invited SFC to conduct workshop on meeting SFC’s requirement on Anti Money Laundering and Counter Terrorist Financing Controls.
7. Organized visit to Cyberport for meeting with Fintech Startup
8. Expressed view on Non Face to Face Account Opening to Joseph Chan, Under Secretary for Financial Services and the Treasury
9. Responded to various market consultations and discussions issued by HKEx, SFC, Financial Services and the Treasury Bureau

10. Submission of Response to SFC Consultation Paper on 1) Proposal to Reduce and Mitigate Hacking Risks; 2) Guidelines on Online Distribution and Advisory Platforms

As HKAOB has become more recognized for the involvement and contribution to the Securities Industry, especially with Fintech becoming more visible, there are increasingly more Securities Dealers and Vendors that want to be part of HKAOB. During the 12 months, we have added 3 new members.

In closing, I would like to express my deepest gratitude to all the members for their unwavering support and guidance in contributing to the success of HKAOB.