

**Regulatory actions taken by the Securities and Futures Commission (SFC)  
in respect of corporate governance deficiencies and disclosure issues,  
insider dealing and market manipulation**

**Number of investigations commenced**

<b>Number of investigations commenced<sup>1</sup> (Number of listed companies involved as a % of number of listed companies)<sup>2</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 (Jan - Sep)</b>
<b>Corporate governance deficiencies and disclosure issues<sup>3</sup></b>	36 (2%)	34 (2%)	60 (4%)	124 (7%)	177 (9%)	150 (8%)
<b>Insider dealing</b>	37 (2%)	40 (3%)	45 (3%)	70 (4%)	53 (3%)	41 (2%)
<b>Market manipulation</b>	54 (4%)	66 (4%)	54 (3%)	78 (4%)	81 (4%)	59 (3%)
<b>Sub-total</b>	<b>127 (8%)</b>	<b>140 (9%)</b>	<b>159 (10%)</b>	<b>272 (15%)</b>	<b>311 (16%)</b>	<b>250 (13%)</b>

<sup>1</sup> “Number of investigations commenced” is not the same as “Number of listed companies involved”.

<sup>2</sup> “Number of listed companies involved as a percentage of number of listed companies” is provided as requested in the question. However, since (i) an investigation in respect of one listed company may involve one or more regulatory issues, (ii) one listed company may be involved in more than one investigation, inquiry or legal or other proceedings, and (iii) an investigation, inquiry or legal or other proceedings may involve one or more listed companies or individuals, it is not possible to rule out any double-counting or under-counting. Hence, these figures should not be taken as an accurate quantitative representation of the regulatory actions taken by the SFC.

<sup>3</sup> Including directions issued under the power in section 179 of the Securities and Futures Ordinance (“SFO”) to require production of records and documents concerning listed companies.

**Number of criminal proceedings, civil proceedings and Market Misconduct Tribunal (MMT) proceedings on foot**

<b>Number of legal proceedings and MMT proceedings on foot (Number of listed companies involved as a % of number of listed companies)<sup>4</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016 (Jan - Sep)</b>
<b>Criminal proceedings</b>	15 (less than 0.01%)	17 (less than 0.01%)	13 (less than 0.01%)	9 (less than 0.01%)	7 (less than 0.01%)	9 (less than 0.01%)
<b>Civil proceedings<sup>5</sup></b>	47 (0.27%)	44 (0.26%)	58 (0.37%)	69 (0.51%)	79 (0.54%)	80 (0.47%)
<b>MMT proceedings<sup>6</sup></b>	10 (0.07%)	11 (0.06%)	11 (0.06%)	31 (0.11%)	26 (0.16%)	39 (0.21%)
<b>Sub-total</b>	<b>72 (0.34%)</b>	<b>72 (0.32%)</b>	<b>82 (0.43%)</b>	<b>109 (0.62%)</b>	<b>112 (0.70%)</b>	<b>128 (0.68%)</b>

Source of information: The SFC

<sup>4</sup> Please refer to footnote 2.

<sup>5</sup> The SFC has the power to initiate civil proceedings by applying to the court for injunctive or other remedial civil orders both in relation to listed companies and other persons, under sections 213 and 214 of the SFO.

<sup>6</sup> The MMT, established under section 251 of the SFO, is empowered to make various orders on the basis of civil burden of proof.