

The Designated Specialist (DS) programme permits liquidity providers who are not Exchange Participants (EPs) to take part in Exchange Traded Product (ETP) market making activities in Hong Kong. The DS programme opens up opportunities for liquidity providers to tap the potential in Asia ETF marketplace.

What is the DS programme?

- The programme targets non-EPs who want to provide liquidity in Hong Kong's ETP market.
- All ETPs, including Exchange Traded Funds (ETFs) and Leveraged and Inverse Products (L&I Products) listed on HKEX are eligible.

What are the entitlements?

DS are rewarded with compelling benefits for providing market liquidity, including:



Fee exemption on all market making trades

- Trading Fee
0.00565% ▶ **as low as 0%, based on ETP classification**
- SFC Transaction Levy
0.0027% ▶ **0%**
- AFRC Transaction Levy
0.00015% ▶ **0%**



Discounted Market Making Orion Central Gateway - Securities Market (MMOCG-C) Session

- One-off Fee (per throttle)
HK\$50,000 ▶ **FREE**
- Monthly Fee (per throttle)
HK\$960 ▶ **HK\$480**



Short-selling and tick rule exemption



Stamp duty waiver for underlying stock transactions in the course of creation and redemption of ETP units listed in Hong Kong

- Stamp duty
0.10% ▶ **0%**



Discounted securities market data feeds (OMD) – End User Licence

- Standard Licence (per quarter)
HK\$33,300 ▶ **HK\$15,000**
- Premium Licence (per quarter)
HK\$43,200 ▶ **HK\$19,500**
- Full Tick Licence (per quarter)
HK\$64,800 ▶ **HK\$29,100**

Who is eligible?

To qualify as a DS, an applicant must satisfy at least **one** of the following criteria:

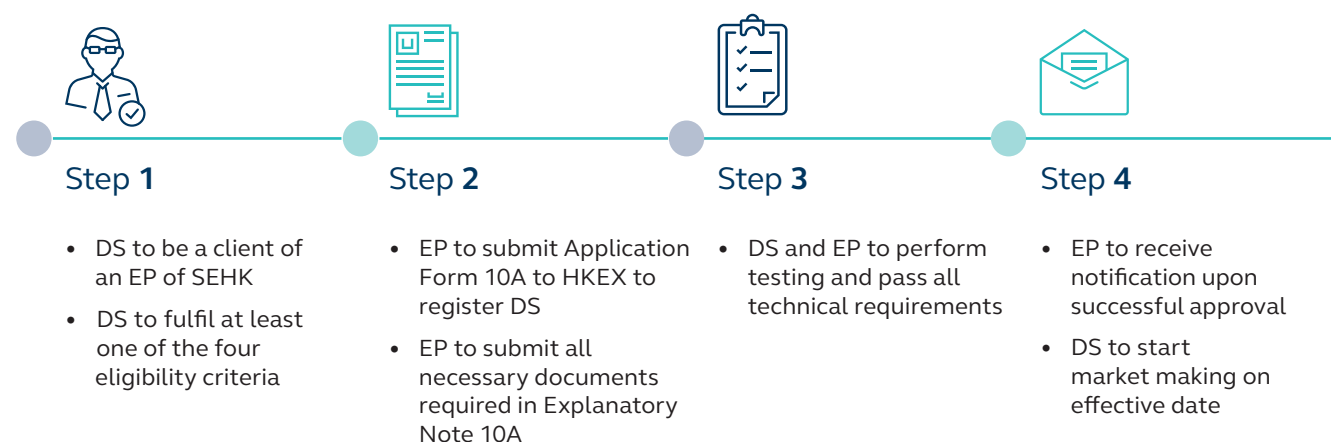
- Maintain a paid-up capital of at least HK\$50 million and shareholders' funds of at least HK\$100 million
- Be licensed by or registered with the Securities and Futures Commission (SFC) for Type 1 or Type 2 regulated activity under the Securities and Futures Ordinance, or be licensed or registered for similar activity by an overseas authority having a memorandum of understanding with SFC
- Be a licensed bank regulated by an authority acceptable to The Stock Exchange of Hong Kong Limited (SEHK)
- Maintain a current long-term credit rating of A- or above (Standard & Poor's) or A3 or above (Moody's)

What are the market making obligations?

ETP market makers are required to enter two-sided quotes within the applicable market maker obligations based on an ETP's grouping, as set out below:

		Grouping		
		A	B	C
1. The maximum spread of two-sided market making orders entered by a Market Maker into the System (in percentage)		0.40%	1.00%	2.00%
2. The minimum quote size of market making orders that are within the maximum spread (per side)	HKD	\$200,000	\$200,000	\$100,000
	RMB	\$170,000	\$170,000	\$85,000
	USD	\$25,000	\$25,000	\$12,500
3. The minimum period of time for which a Market Maker shall maintain a market making order after initially entering it into the system (in seconds)		1 second		
4. The minimum participation rate of a Market Maker per trading day (in percentage)		80%		

How to become a DS?



What is the Hong Kong ETP opportunity?

ETP product diversity

Hong Kong Equity	Mainland China Equity	Overseas Equity	L&I Products
Megatrends	Commodities (Gold, Oil and Iron)	Fixed Income	Money Market

Did you know?

- DSs are subject to the same entitlements and obligations as Securities Market Makers (SMMs) on HKEX
- An EP can register one or more DS for an ETP counter
- A DS can be registered by more than one EP only for different ETP counters
- An EP may apply to make market on the same ETP counter as its registered DS

For further details of market making obligations, please refer to our [ETP market makers webpage](#) or contact us at ETFs@hkex.com.hk.

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