



# Preparation for Trading and Clearing of Renminbi (RMB) Products

Hong Kong Exchanges and Clearing Limited  
28 February, 1 March & 4 March 2011

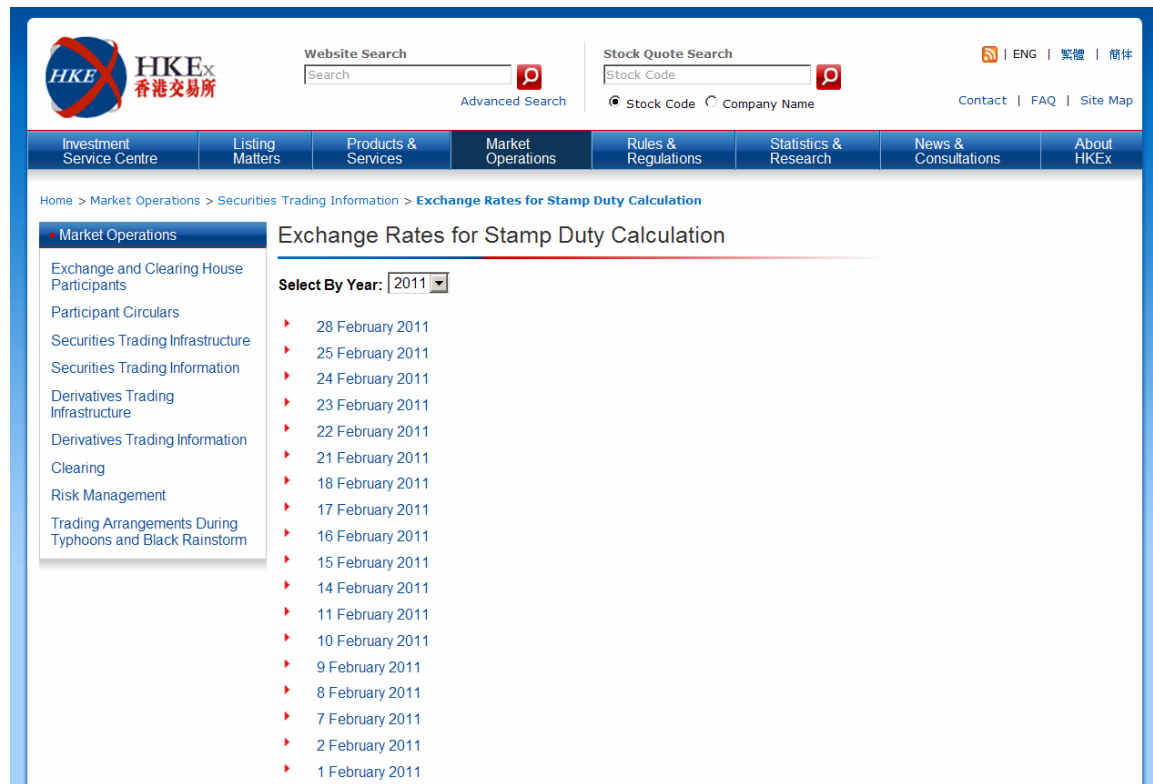


## Trading Arrangements of Renminbi (RMB) Products

- AMS/3 is a multi-currency system which is capable of supporting transactions in RMB products in a manner similar to that applicable to products denominated in HKD and USD today.
- In AMS/3, the currency code of RMB is “CNY” while the stock code range is 80000 – 89999.
- The Rules of the Exchange apply equally to the trading of RMB products.
- Turnover of individual securities will be displayed in their trading denomination. However, turnover will be converted into the HKD equivalent for market turnover calculation.
- Pursuant to the Stamp Duty Ordinance, stamp duty shall be paid in HKD regardless of the trading denominations of the products. To facilitate payments by EPs, the Exchange will collect other trading fees and charges (such as transaction levy, trading fees and trading tariff) in HKD.

# Trading Arrangements of Renminbi (RMB) Products (Cont'd)

- The exchange rates of HKD against RMB will be published on the HKEx website at [http://www.hkex.com.hk/eng/market/sec\\_tradinfo/stampfx.htm](http://www.hkex.com.hk/eng/market/sec_tradinfo/stampfx.htm) by 11:00 am on each trading day.



The screenshot shows the HKEX website interface. At the top, there is a navigation bar with the HKEX logo and search boxes for 'Website Search' and 'Stock Quote Search'. Below the navigation bar, there are several menu items: Investment Service Centre, Listing Matters, Products & Services, Market Operations, Rules & Regulations, Statistics & Research, News & Consultations, and About HKEX. The main content area displays the breadcrumb trail: Home > Market Operations > Securities Trading Information > Exchange Rates for Stamp Duty Calculation. The page title is 'Exchange Rates for Stamp Duty Calculation'. A dropdown menu is set to '2011'. A list of dates follows, each preceded by a right-pointing arrow:

- 28 February 2011
- 25 February 2011
- 24 February 2011
- 23 February 2011
- 22 February 2011
- 21 February 2011
- 18 February 2011
- 17 February 2011
- 16 February 2011
- 15 February 2011
- 14 February 2011
- 11 February 2011
- 10 February 2011
- 9 February 2011
- 8 February 2011
- 7 February 2011
- 2 February 2011
- 1 February 2011

## Preparation work by the Exchange

- Held meetings with regulatory authorities and brokerage industrial associations in August last year to discuss trading of RMB products.
- Issued a circular in August last year to remind EPs to review their front-end and back office systems as well as operational procedures, and check with their internal IT support unit and system vendor to ensure that their systems can process RMB trades.
- Started setting up a designated web corner for trading and clearing of RMB products on HKEx website in August last year, for easy reference by EPs.
- Conducted simulation test for trading of RMB products in September last year.
- Briefed in seminars conducted by brokerage industrial associates on preparation of trading of RMB products.

## Simulation Test for Trading of Renminbi (RMB) Products on 19 March 2011 – (trading simulation test)

### A two-day Simulation Test will be held on 19 and 20 March 2011

- Trading simulation test will be conducted on 19 March (Saturday).
- Clearing simulation test will be conducted on 20 March (Sunday)

### Trading Simulation Test Arrangement on 19 March 2011

- The trading simulation test will be conducted from 9:00am to 12:00 noon and include the following sessions:  

Pre-opening Session	:	9:00 am to 9:30 am
Continuous Trading Session	:	9:30 am to 12:00 noon
- Use on-floor and off-floor trading terminals, OG/MWS and OG/BSS for EPs to conduct the simulation test. ORS and PNS systems will also be available for the simulation test.

## Simulation Test for Trading of Renminbi (RMB) Products on 19 March 2011 – (trading simulation test) (Cont'd)

- List of all test securities created for the simulation test is available in HKEx website ([http://www.hkex.com.hk/eng/market/sec\\_tradinfra/preparermb/preparermb.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/preparermb/preparermb.htm)) .
- List of test securities denominated in RMB created for the simulation test for trading of RMB products is shown below.

Market	Type of Product	Stock Code
Main Board	Equity Securities	83890 – 83894
	Derivative Warrants	89970 – 89999
	Callable Bull/Bear Contracts	80980 – 80999
	Debt Securities	86001 – 86002
	Exchange Traded Funds	88995 – 88999
	Unit Trusts / Mutual Funds	87495 – 87499
GEM	Equity Securities	83895 – 83899

- To ensure that there are sufficient number of trades for CCASS to conduct the clearing simulation test, please complete a total of 5 or more automatched trades (direct or non-direct) on RMB equity securities (i.e. Stock code 83890 – 83894 in Main Board and 83895 – 83899 in GEM).
- Also simulate real-life trading activities on other exchange listed products.



## Simulation Test for Trading of Renminbi (RMB) Products on 19 March 2011 – (trading simulation test) (Cont'd)

### Submission of Stamp Duty - Daily Return (Form SD-1)

- Complete the Form SD-1 (Form SD-1 is available for download from HKEx website) based on the transactions concluded during the simulation test.
- To facilitate the calculation of stamp duty for transactions concluded on RMB products during the simulation test, the exchange rate of 1 CNY as equivalent to 1.1710 HKD (i.e. the exchange rate on 28 January 2011) will be used for stamp duty calculation.
- Submit the completed Form SD-1 to HKEx via email to [RMBtestSD1@hkex.com.hk](mailto:RMBtestSD1@hkex.com.hk) **before 12:00 noon on 21 March 2011 (Monday)**.
- EPs should note that actual payment for the stamp duty for transactions concluded during the simulation test would **NOT** be required, and special caution should be exercised by EPs to prevent confusing with real life transactions.

## Simulation Test for Trading of Renminbi (RMB) Products on 19 March 2011 – (trading simulation test) (Cont'd)

### Submission of Confirmation of Completion of RMB Readiness Test

- Complete and return the “Confirmation of Completion of RMB Readiness Test and Readiness for Dealing in RMB Securities” to HKEx – Trading Division by fax **before 6:00 pm on 21 March 2011 (Monday)**.
- A list of EPs who have successfully completed the RMB Readiness Test and confirmed their readiness for dealing in RMB securities will be posted on the HKEx website for the information of the general investing public.



## Preparation Checklist - Trading System and Operations

- Is your firm's order management and routing system capable of handling RMB denominated products?
- Is your firm's market quotes and information system capable of handling RMB denominated products?
- Is your firm's trading system (including online trading system) capable of handling RMB denominated products?
- Is your firm's credit and risk checking system capable of handling RMB denominated products?
- Are your firm's communications channels with clients (e.g. websites, IVRS, SMS and mobile phone applications) capable of handling RMB denominated products?
- Have you reviewed your firm's procedures on issuing client documents (e.g. contract notes, trade confirmation and monthly statements) to prepare for trading RMB denominated products?
- Have you reviewed your firm's procedures on fees collection (e.g. stamp duty, levies, other fees and charges from clients) to prepare for trading RMB denominated products?
- Have you reviewed other trading-related systems and procedures that are specific to your firm to prepare for trading RMB denominated products?

## Webpage on Preparation for Trading and Clearing of Renminbi (RMB) Products

EPs may refer to the designated webpage on preparation for trading and clearing of Renminbi products in HKEx website ([http://www.hkex.com.hk/eng/market/sec\\_tradinfra/preparermb/preparermb.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/preparermb/preparermb.htm)) for relevant information, including:

- Frequently Asked Questions
- Checklist for SEHK and HKSCC Participants
- SEHK Circulars
- HKSCC Circulars
- HKCC / SEOCH Circulars
- RMB Designated Bank Account for CCASS Money Settlement
- Other References (such as circular issued by the SFC to SEHK EPs)