

Preparation for Trading and Clearing of RMB Denominated Products Checklist for SEHK and HKSCC Participants (“Participants”)

The following checklist presents a list of some key areas which Participants should review as soon as practicable to prepare for potential business opportunities with RMB denominated products.

1. 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?

2. Securities Clearing and Settlement

- Are your back-office systems (e.g. clearing and settlement, accounting and billing systems) capable of handling RMB denominated products?
- Have you provided the CCASS data files with currency code “CNY” (<http://www.hkex.com.hk/eng/market/clr/secclr/ccass3/updownlist/updownlist.htm>) to your vendor or IT departments for testing the readiness of your back office systems in capturing data files containing RMB denominated transactions?
- Have you notified your clients on the internal policies, procedures and risk management measures of trading and settling RMB denominated products?
- Have you checked whether amendments are required to the client agreements regarding your internal procedures and policies on RMB?
- Do you have any arrangement in place if there is a RMB denominated product listed on the SEHK before your back office systems are ready to handle multi-currency products automatically?
- Have you reviewed other back-office systems and internal procedures that are specific to your firm to prepare for trading RMB denominated products?

3. RMB Designated Bank Account for CCASS Money Settlement

- Have you opened a RMB bank account and executed the proper authorisation to designate the account for CCASS money settlement?
- Have you checked with your clients whether they have RMB bank accounts for money settlement and receiving dividends distributed in RMB?
- If your clients are also Investor Participants in CCASS, have you reminded them to execute the proper authorization to designate their RMB bank accounts for CCASS money settlement?

4. Risk Management

- Will you apply different risk management measures on RMB denominated products which may require upgrade to your systems? (e.g. will you consider accepting HKD as collateral for putting through a RMB buy order placed by your client?)
- Have you checked whether your clients who wish to trade in RMB denominated products have RMB bank accounts for settlement?