

# RMB Equity Trading Support Facility (TSF)

Participants Briefing  
August 2011



# Agenda

**1 Overview of the TSF Model**

**2 Input TSF FX Orders**

**3 TSF FX Rates**

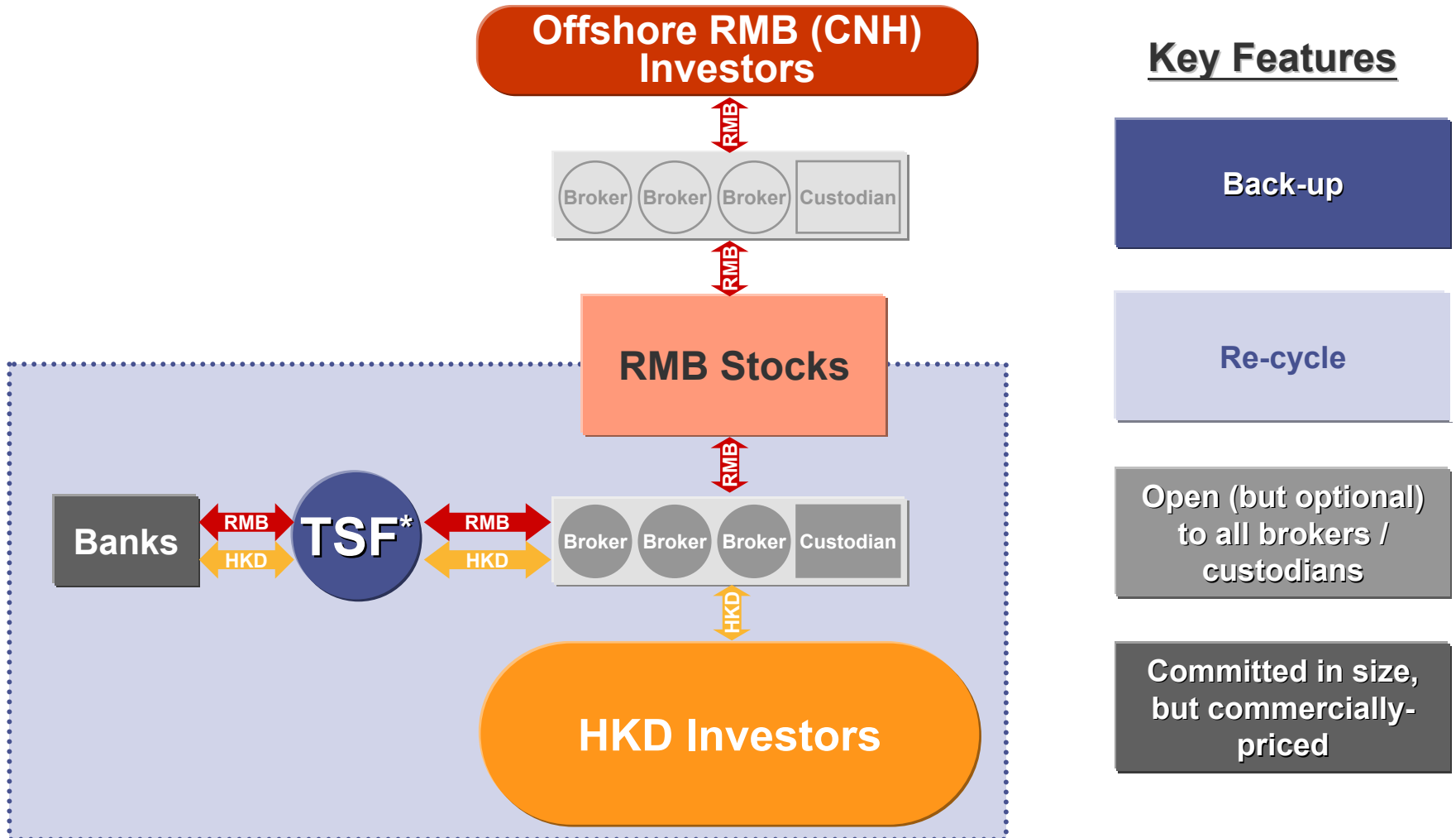
**4 TSF FX Settlement**

**5 TSF Share Handling**

**6 TSF Simulation Test**

**7 Q & A**

# Overview of the TSF Model



## Key Features

Back-up

Re-cycle

Open (but optional) to all brokers / custodians

Committed in size, but commercially-priced

\* Subject to regulatory approval

# Agenda

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# Input TSF FX Orders



## With “TSF” input in Reference / Broker Comment Fields when inputting orders

### Applicable Trade and Order Types

- TSF only supports trades automatically struck through AMS/3 (i.e. auto-matched trades)
- TSF FX Orders are applicable to orders in the form of:

Order Type	+	TSF Indicator
Buy : At-Auction Order & Special Limit Order		“TSF” in capital letters input in the first three characters in: <ul style="list-style-type: none"><li>• “Ref” field for Terminal / MWS users</li><li>• “Broker Comment” field for BSS users</li></ul>
Sell : All order types		

PRE/SP	BUY ORD	STOCK	0	PRICE	0.000	QTY	0
		BROKER		TYPE S	AON? N	REF TSF	SS? N TC

### Input Time

- TSF FX Order for TSF FX Service can be input into AMS/3 during the Pre-opening Session and Continuous Trading Session

### No Splitting of Orders

- Each TSF FX Order is applicable to the whole order, i.e. broker has to input separate orders if a client wants to use TSF for part of its order only

### Commitment upon Matching

- Committed to use TSF once order is auto-matched in AMS/3, i.e. irrevocable once TSF Exchange Trades are matched in AMS/3

\*MWS = Multi-workstation System; BSS = Broker Supplied System

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# TSF FX Rates

## Available at HKEx website



	Rates Available Time	
	RMB Indicative FX Rates	RMB Final FX Rates
Morning Session*	Around 9:30 am	Around 12:45 pm
Afternoon Session	Before 1:00 pm	Around 4:45 pm
For	Order input reference	Settlement of executed trades

TSF RMB FX Rates dd/mm/yyyy		
HKD for One RMB	TSF BUY	TSF SELL
Afternoon Indicative	1.1900	1.2100
Afternoon Final	1.1950	1.2050

**TSF Buy Exchange Trade**

- Buy ¥ from TFS
- Pay ¥ to buy stock

**TSF Sell Exchange Trade**

- Sell stock to receive ¥
- Sell ¥ to TFS

*\*Notes: Morning RMB FX Rates also applicable to TSF trades executed in the Pre-opening Session (9:00 am – 9:30 am)*

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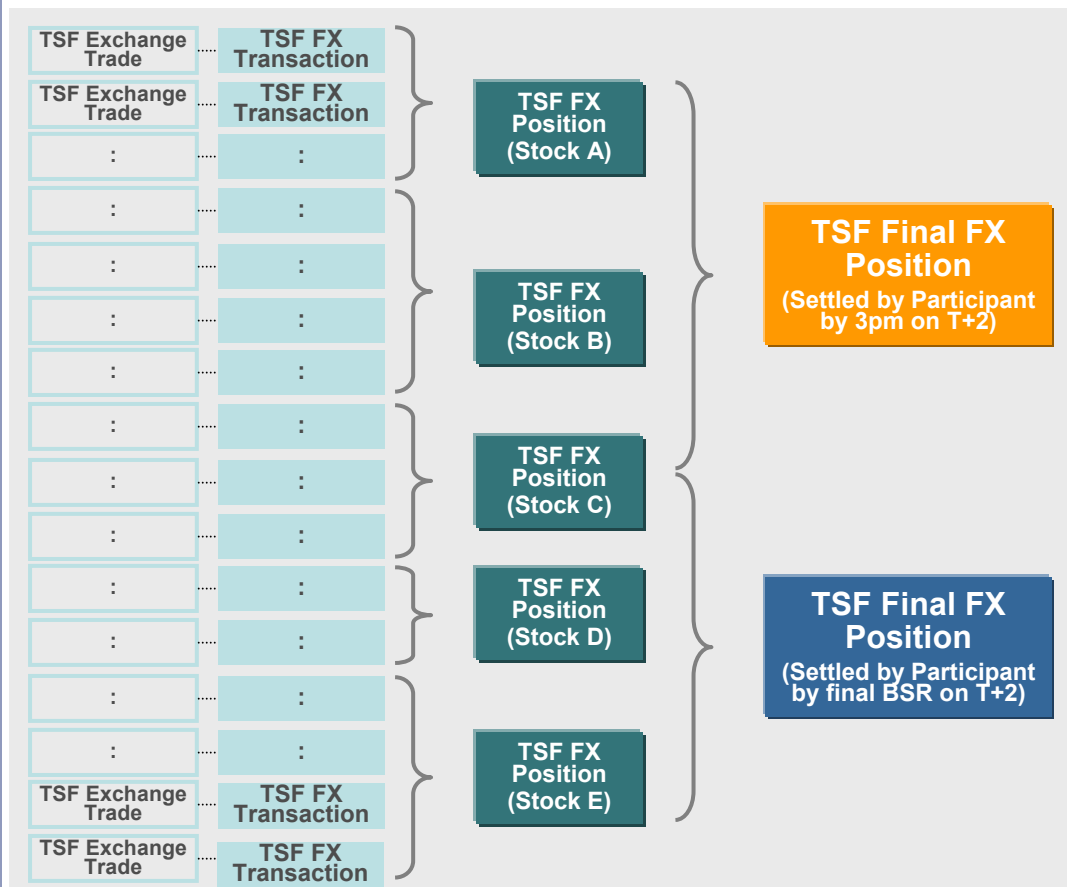
5 TSF Share Handling

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# Background of the TSF FX settlement mechanism



## TSF FX Transactions

- One for each TSF Exchange Trade
- Participant either needs to pay HKD to the TSF in exchange for RMB, or vice versa
- Participants normally need to pay by 3pm on T+2

## Different ways to reduce Participants' intra-day liquidity pressure in settling TSF FX Transactions:

- Netting among different TSF FX Transactions
- Participants may pay by drawing on any RMB receivables from CNS Positions

\* BSR: Batch-settlement-run

# Determine TSF FX Position for each TSF Stock

## Multiple TSF FX Transactions for Stock 1:

TSF <u>Buy</u> FX Transaction	RMB +	HKD -
TSF <u>Sell</u> FX Transaction	RMB -	HKD +
⋮	⋮	⋮
⋮	⋮	⋮
⋮	⋮	⋮

Netting

<b>TSF FX Position</b> (for Stock 1)	RMB +	HKD -
	RMB -	HKD +




- 1 The RMB amount of each TSF FX Transaction is the trade consideration of the relevant TSF Exchange Trade
- 2 Calculate the HKD amount of each TSF FX Transaction by applying the applicable RMB Final FX Rate to the RMB amount
- 3 Net the RMB amounts and HKD amounts respectively of all TSF FX Transactions under the same TSF Stock
- 4 One TSF FX Position for each TSF Stock: normally either for the Participant to pay RMB or HKD

### Notes:

- A minus (-) sign represents Participant to pay TSF
- A plus (+) sign represents TSF to pay Participant

# Determine TSF Final FX Positions for settlement at different times on T+2

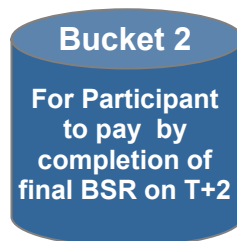
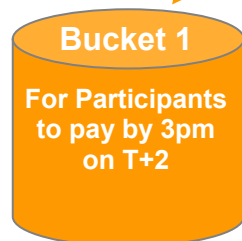
TSF FX Positions of different TSF Stocks

TSF FX Position (Stock 1)	RMB +	HKD -	
TSF FX Position (Stock 2)	RMB -	HKD +	
TSF FX Position (Stock 3)	RMB -	HKD +	 OR 
TSF FX Position (Stock 4)	RMB -	HKD +	

- HKD -
- RMB - (not covered by CNS)

- RMB - (covered by CNS)

	FX	¥ 100 -	CNS	¥ 150 +	
	FX	¥ 100 -	CNS	¥ 150 -	
		FX	¥ 100 -	CNS	¥ 70+



Netting

TSF Final FX Position (3pm)	RMB +	HKD -
	OR	
	RMB -	HKD +

Aggregating

TSF Final FX Position (final BSR)	RMB -	HKD +
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**1** Determine the time by which the Participant should settle the TSF FX Positions

- 1a** TSF FX Positions which require Participant to pay HKD: Participant to pay by 3pm on T+2
- 1b** TSF FX Positions which require Participant to pay RMB: Participant may be able to settle the TSF FX Position by the completion of the final batch-settlement-run (BSR) on T+2 if it will receive RMB from the corresponding CNS position

TSF FX Position for Participant to pay	Participant to settle by	
	3 pm	Final BSR
HKD	Whole	-
RMB	Portion not covered by CNS	Portion covered by CNS

**2** Net / aggregate all TSF FX Positions designated for settlement by the respective time to arrive at a TSF Final FX Position for each settlement time

Notes: A minus (-) sign represents Participant to pay TSF  
A plus (+) sign represents TSF to pay Participant

# Example : Calculate TSF FX Positions for each TSF Stock

	CNS money position		Broker Buy ¥ from TSF / Sell ¥ to TSF	TSF FX Transaction	
				RMB	HKD
Stock A	Non-TSF Trade	¥2,000 -	No TSF FX Transaction for Non-TSF Trades		
		¥200 +			
	TSF Trade	¥900 -	Buy	¥900 +	\$990 -
		¥200 +	Sell	¥200 -	\$220 +
	CNS	¥2,500 -	TSF FX Position	¥700 +	\$770 -
Stock C	Non-TSF Trade	¥300 -	No TSF FX Transaction for Non-TSF Trades		
		¥1,000 +			
	TSF Trade	¥100 -	Buy	¥100 +	\$110 -
		¥500 +	Sell	¥500 -	\$550 +
	CNS	¥1,100 +	TSF FX Position	¥400 -	\$440 +

1. Apply RMB Final FX Rates to calculate HKD amount
2. Calculate TSF FX Position for each TSF Stock

[Same process for each TSF Stock]

# Example : Calculate TSF Final FX Positions for settlement at different times on T+2

	CNS Money Position			TSF FX Position (3 pm)			TSF FX Position (day end)		
Stock	Non-TSF Trade	+ TSF Trade	= CNS	Broker Buy ¥ from TSF / Sell ¥ to TSF	RMB	HKD	Broker Buy ¥ from TSF / Sell ¥ to TSF	RMB	HKD
A	¥1,800-	¥700 -	¥2,500 -	Buy	¥700 +	\$770 -	-	-	-
B	¥1,300+	¥300 -	¥1,000 +	Buy	¥300 +	\$330 -	-	-	-
C	¥700+	¥400 +	¥1,100 +	Sell	-	-	Sell	¥400 -	\$440 +
D	¥200-	¥600 +	¥400 +	Sell	¥200 -	\$220 +	Sell	¥400 -	\$440 +
E	¥700-	¥500 +	¥200 -	Sell	¥500 -	\$550 +	Sell		
	CNS Net Position			TSF Final FX Position			TSF Final FX Position		
	¥200 -			¥300 +    \$330 -			¥800 -    \$880 +		
				TSF Final FX Position for broker to settle by 3 pm			TSF Final FX Position for broker to settle by final Batch-settlement-run		

TSF FX Positions for broker to pay HKD:

- Broker to pay by 3 pm

TSF FX Positions for broker to pay RMB:

- Compare RMB FX amount and RMB receivable from CNS (if any)
- RMB FX amount not covered by CNS: Broker to pay by 3 pm
- RMB FX amount covered by CNS: Broker to pay at day end

# TSF Final FX Position to be settled by 3pm

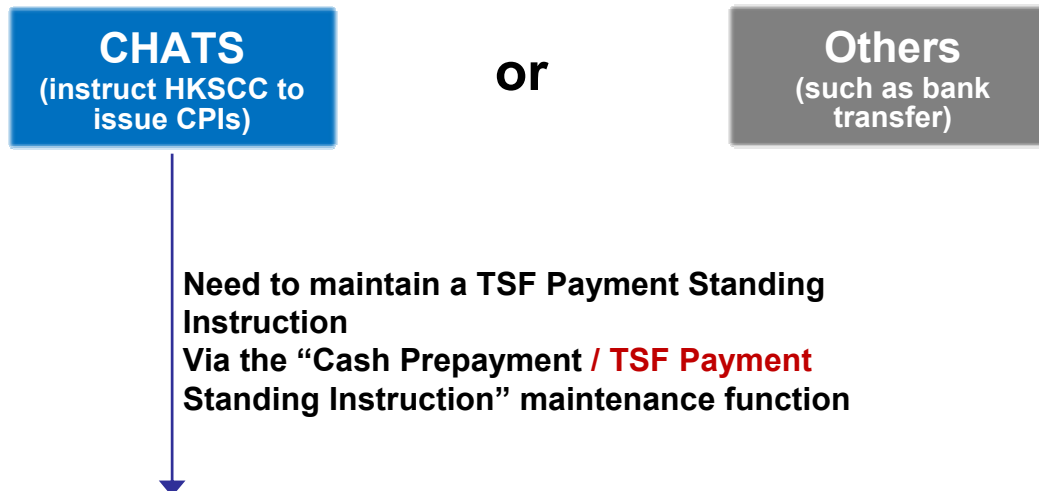
## Information available on TSF Confirmation Report

- Extract from new report : TSF Confirmation Report (CSETF07)
  - Section: Final Summary of Stock Transfer and Money Obligation
  - Sub-section: Payment to be settled by 3pm

	<u>Stock Code</u>	<u>Trade Date</u>	<u>Payable / Converted Amount (RMB)</u>	<u>Payable / Converted Amount (HKD)</u>
TSF FX Position (Net Buy)	Stock A	XXXXXX	700	770 -
	Stock B	XXXXXX	300	330 -
TSF FX Position (Net Sell)	Stock C	XXXXXX	0	0
	Stock D	XXXXXX	200 -	220
	Stock E	XXXXXX	500 -	550
			.....	.....
	Total:		300	330 -
	Payment to be settled by 3pm:			330 - (HKD) 0 (CNY)

**A negative (-) amount represents an obligation for the Participant to pay by 3pm (may be HKD or RMB, or both)**

# How do participants pay TSF by 3pm?



<b>Maintain Cash Prepayment / TSF Payment Standing Instruction</b>	<a href="#">Site Map</a>	<a href="#">Broadcast Message</a>	<a href="#">Report Download</a>
	<a href="#">Announcement Information</a>	<a href="#">Change Password</a>	<a href="#">Print</a> <a href="#">Logout</a>
<b>Add Cash Prepayment / TSF Payment Standing Instruction Detail</b>			
(I) The selected Payment Method is applied to TSF related Payment and/or Cash Prepayment (if details in part (II) is selected).			
Payment Method:	<input checked="" type="radio"/> CHATS - You DO NOT NEED to make payment instruction to your bank		
	<input type="radio"/> OTHERS - You NEED to make payment instruction to your bank directly		

Sample screen for indicative purpose only

*Note : Payment Method selected will be applicable to both TSF Payment and Cash Prepayment, if Cash Prepayment Standing Instruction is also maintained*

# On T+2, settlement date

## Generation of TSF Payment Instruction



- A TSF Payment Instruction will be generated at 8 am on T+2, for the TSF Final FX Position amount to be settled by 3 pm
- If TSF Payment Standing Instruction is maintained (i.e. to be settled via CHATS), based on CCASS reports, Participants' Designated Banks should complete payment for the TSF Final FX Position amounts by 3 pm
- Otherwise, Participants should arrange to pay the TSF Payments into TSF's specified bank account by 3 pm



# Enquire TSF Payment Instruction

Maintain TSF Payment Instruction

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## Enquire TSF Payment Instruction Detail

Participant ID :	B98765 TSF Participant
Payment Instruction Number :	P23456781
Purpose :	TSF FX Transaction
Related Payment Instruction Number :	123456789
Payment Method :	CHATS
Value Date :	14-DEC-11
Settlement Date :	14-DEC-11
Bank Code :	987 HKSCC Bank
Currency :	HKD
Payment Instruction Amt :	330.00
Status :	Credited

Status will become  
"Credited" when  
payment is settled

# On T+2, settlement date

## Settlement status of TSF Payment Instruction



### New Report : TSF FX Transaction / Stock Release Activity / Status Report (CSETF03) sub-section TSF FX Transaction / Stock Release Request Status

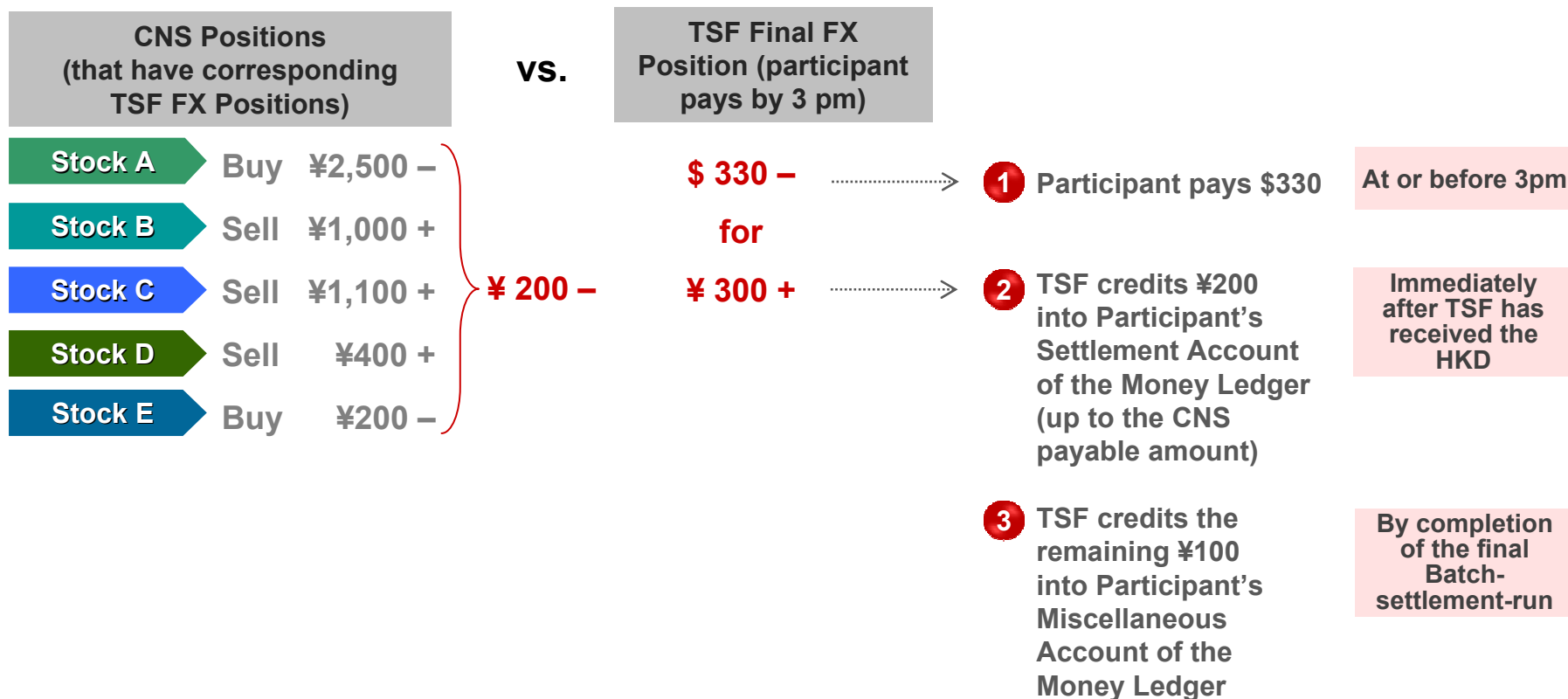
TSF FX TRANSACTION / STOCK RELEASE REQUEST STATUS

A) STATUS	TRD/RLSE DTE / STOCK (31)	ISIN	QTY	EARNARK/DE-EARNARK	QTY TSF	SHORTFALL	QTY
B) TSF SHORTFALL	STM DTE / FX TRAN/STK RLSE NO	FINAL RMB FX RATE	FX TRAN/STK RLSE AMT(RMB)				
C) CNS SHORTFALL	CNS O/S QTY/ PURPOSE/ B/S	STK PRICE	FX TRAN/STK RLSE AMT(HKD)				
A) COMPLETED	12DEC11 STOCK A	HK0001603256	1,000		1,000		0
B)	14DEC11 C00000002		600.00-				
C)	O TRADE B		660.00-				
A) COMPLETED	12DEC11 STOCK B	HK0001000250	2,000		2,000		0
B)	14DEC11 C00000001		300.00-				
C)	O TRADE B		330.00-				
A) COMPLETED	12DEC11 STOCK C	HK0001526881	3,000-		3,000-		0
B)	14DEC11 C00000014		400.00				
C)	O TRADE S		440.00				
A) COMPLETED	12DEC11 STOCK D	HK0001526840	1,000-		1,000-		0
B)	14DEC11 C00000018		600.00				
C)	O TRADE S		660.00				
A) COMPLETED	12DEC11 STOCK E	HK0001526820	3,000-		3,000-		0
B)	14DEC11 C00000020		500.00				
C)	O TRADE S		550.00				

# When will TSF pay participant in respect of the TSF Final FX Position?

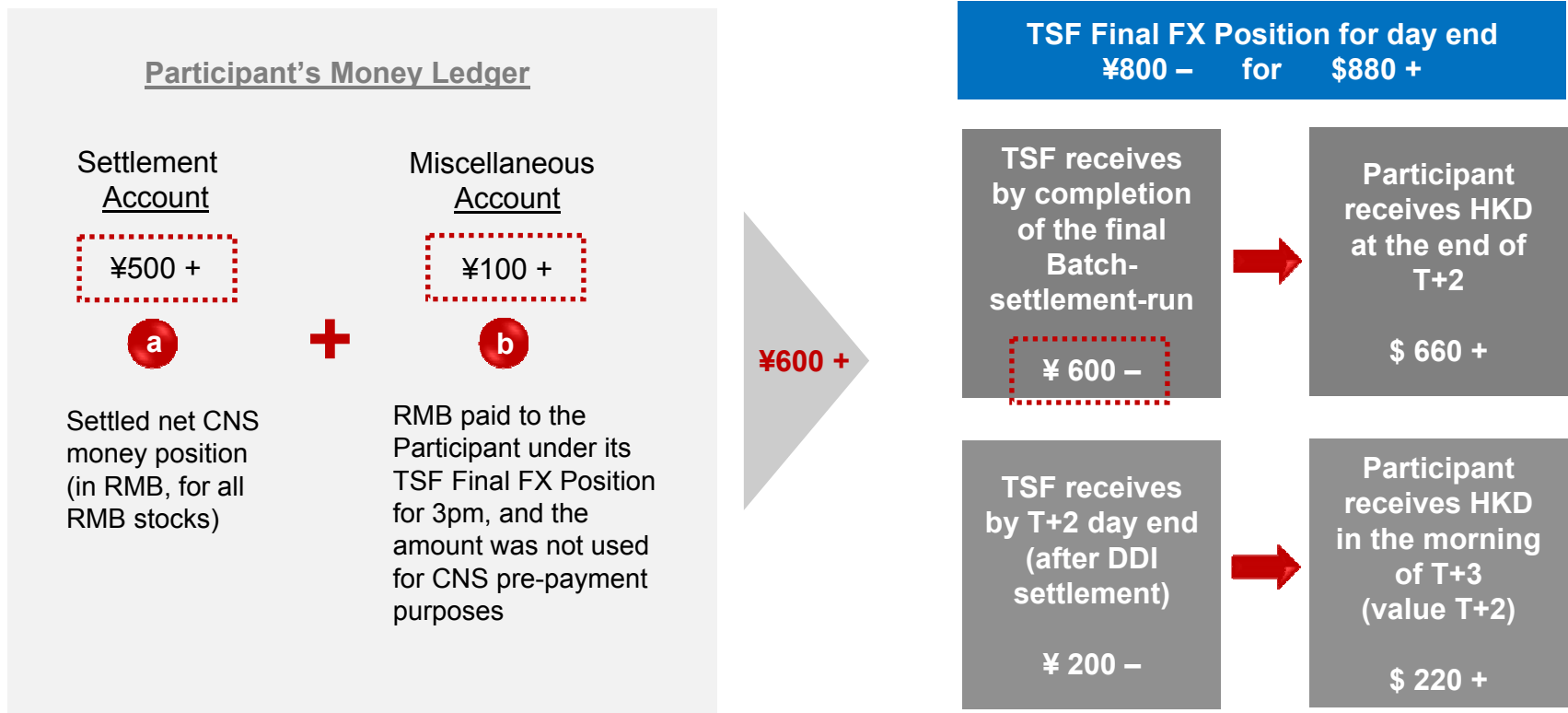


- TSF will only pay participant after it has received the corresponding FX payment
- TSF will normally pay participant by the completion of the final Batch-settlement-run
- For the case where participant is to pay HKD in exchange of RMB at 3 pm, TSF may pay participant earlier if the participant needs to pay RMB to HKSCC under its CNS positions (so that participant can make use of its CNS allocated shares earlier)



# How to settle the TSF Final FX Position by day end

- Participant to pay RMB: debit Participant's Miscellaneous Account of the Money Ledger
- TSF to pay HKD: credit Participant's Miscellaneous Account of the Money Ledger



# TSF Final FX Position to be settled by day end



## Information available on TSF Confirmation Report

- Extract from new report : TSF Confirmation Report (CSETF07)
  - Section: Final Summary of Stock Transfer and Money Obligation
  - Sub-section: Projected Payment to be settled by DCI/DDI

Receivable Amount (HKD) (DCI on T+2)	Receivable Amount (HKD) (DCI on T+3)	Payable/Receivable Amt (RMB) (DCI/DDI on T+2)
\$660	\$220	¥ 200 –
	←..... (Converted into HKD)	
Projected Total DCI (HKD):	\$880	

\* Projection of DCI /DDI based on assumption of fully settlement of CNS

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3 TSF FX Rates

4 TSF FX Settlement

**5 TSF Share Handling**

6 TSF Simulation Test

7 Q & A

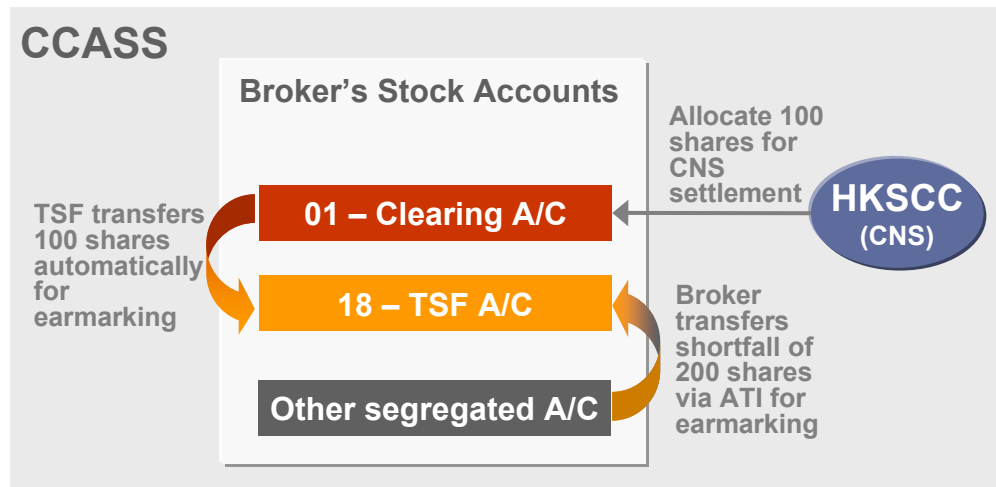
# TSF Share Earmarking Process

- **Two TSF Accounts** will be allocated to each TSF CCASS Participant:
  - (i) #17 TSF Segregated A/C
  - (ii) #18 TSF Principal A/C
- **Net quantity for each stock:** Shares bought through TSF will be earmarked in TSF A/C (on a net basis for each stock)
- **Automatically to A/C 18:** After final BSR, CCASS will automatically transfer TSF shares from #01 Clearing A/C to #18 TSF Principal A/C for earmarking
- **Participant to make up the difference:** In case TSF shares available in #01 Clearing A/C is less than the number of shares required for earmarking, Participant should use ATI to transfer shares from other A/C into TSF A/C to fulfill its earmarking obligation

A broker executed TSF and non-TSF trades in Stock A:

No of shares			
Non-TSF Trade	+	TSF Trade	= CNS Position
200 -		300 +	100 +

Share settlement on T+2:



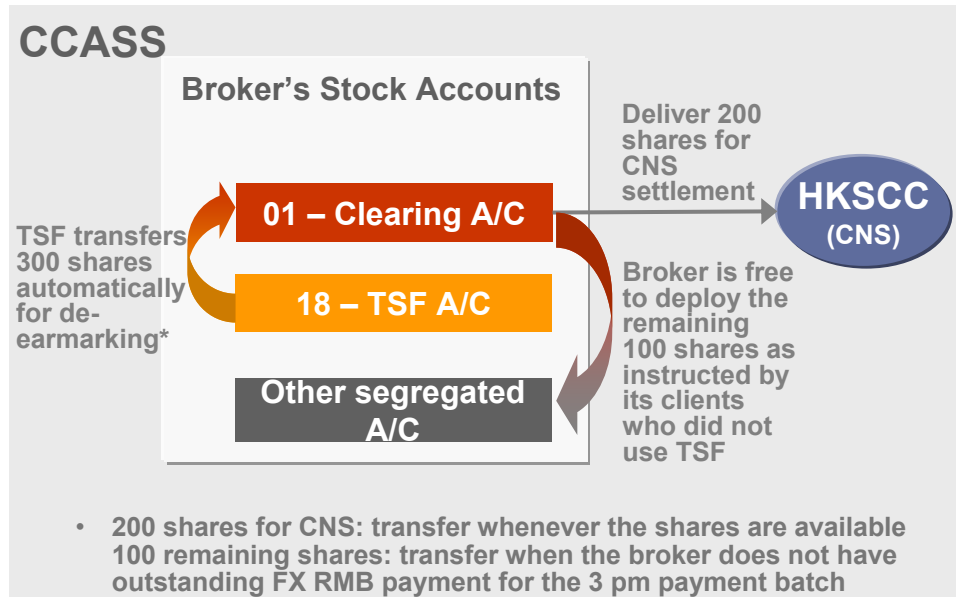
# TSF Share De-earmarking Process

- **Net quantity for each stock:** TSF Shares sold through TSF will be de-earmarked (on a net basis for each TSF stock)
- **Automatically from A/C 18:** Before each BSR, CCASS will automatically transfer TSF shares from #18 TSF Principal A/C to #01 Clearing A/C for de-earmarking
- **Participant to make up the difference:** In case TSF shares available in #18 TSF Principal A/C is less than the number of shares required for de-earmarking, Participant should use ATI to transfer shares from other A/C to #18 TSF Principal A/C
- **CNS obligation independent of de-earmarking result:** Irrespective of the de-earmarking result, Participant is obliged to settle its CNS settlement obligations
- **De-earmark quantity may be in excess of CNS quantity:** If the de-earmarked TSF share quantity is more than the CNS delivery obligation, de-earmarked shares in excess will be remained in #01 Clearing A/C

A broker executed TSF and non-TSF trades in Stock A:

No of shares			
Non-TSF Trade	+	TSF Trade	= CNS Position
100 +		300 -	200 -

Share settlement on T+2:





# Stock Release Request

## How to release earmarked shares without selling on SEHK

- New Function : Stock Release Request maintenance functions
- Functions available time: from 9:30 am – 4:00 pm, Monday to Friday
- To “release” TSF shares from TSF A/C (#17 or #18) by replenishing RMB in exchange for HKD
- TSF shares will be released immediately upon authorisation
- RMB to be replenished by 3 pm, two settlement days later

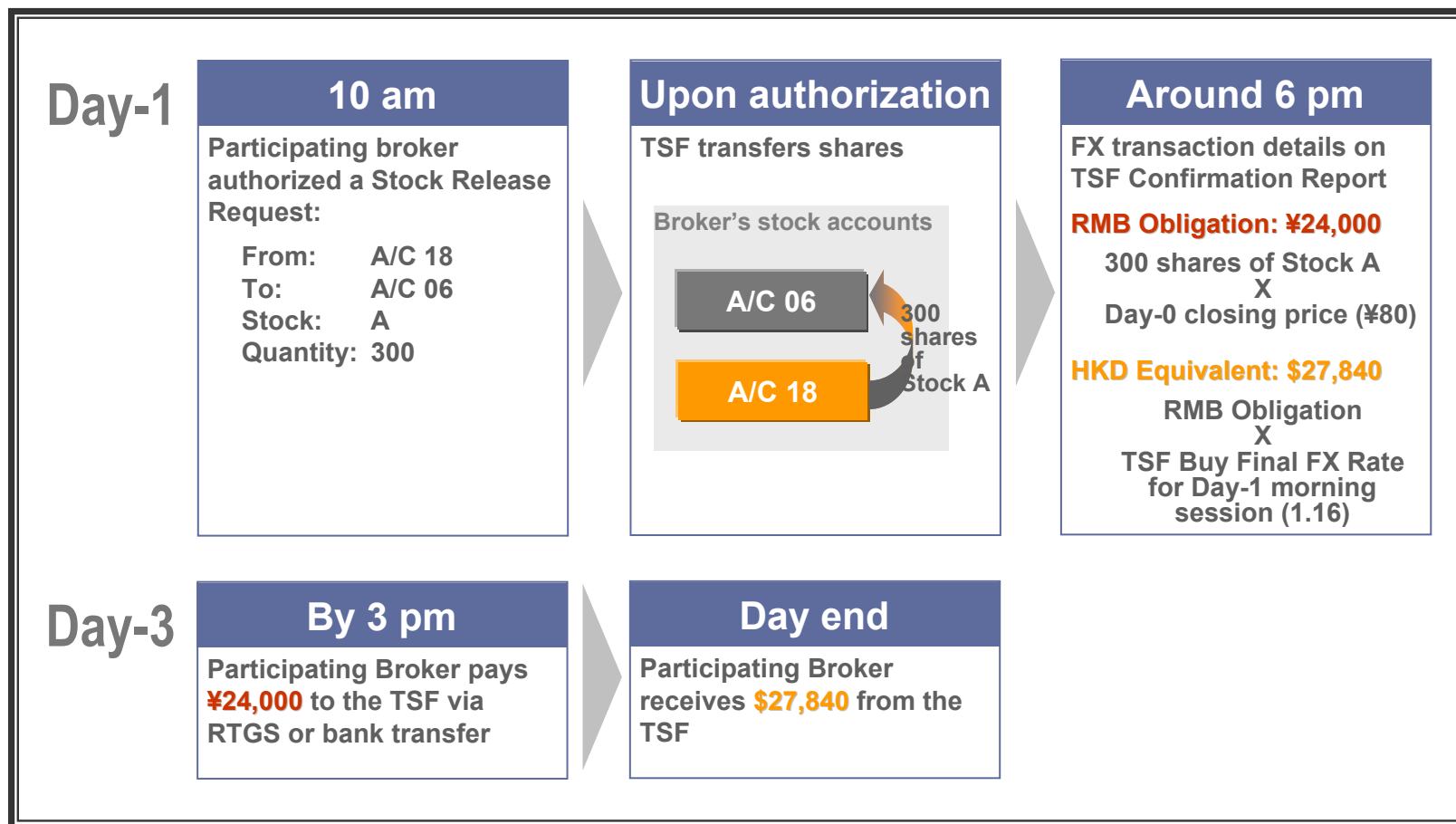
## How to settle the Stock Release FX Transaction

- Payment method: either by CHATS with TSF Payment Standing Instruction or by other means such as bank transfer
- Amount of RMB to be paid to the TSF: the market value of the releasing TSF shares (i.e. released quantity \* closing price as of previous day)
- Amount of HKD to be received via DCI on settlement date (T+2)  
= RMB amount \* RMB Buy Final FX Rate

Use morning RMB Buy Final FX Rate, if request is authorised at or before 12 noon, otherwise use afternoon RMB Buy Final FX Rate

# Stock Release Request

## Example



# Stock Release Request

## Sample Screen (Adding a Request)



Maintain Stock Release Request

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### Add Stock Release Request Detail

Stock Code :	TSF Stock A
ISIN :	ISIN12345678
Stock Release Request Number :	\$23456782
Available Balance :	1,000
Nominal Stock Price :	80.00 (Price of previous trading day as request input)
Delivering Account :	18
Receiving Account :	<input type="text" value="06"/>
Release Quantity :	<input type="text" value="300"/>
RMB FX Rate :	<input type="text" value="1.1800 (morning)"/>
RMB FX Amount :	
HKD Receivable Amount :	
Stock Release Date :	13-DEC-11
Settlement Date :	15-DEC-11
Request Status :	
Payment Status :	

Input the "Receiving Account" & "Release Quantity" via "Add Stock Release Request" function

RMB Indicative FX Rate is displayed for reference only

# Stock Release Request

## Sample Screen (Confirming a Request)



Maintain Stock Release Request

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### Add Stock Release Request Confirmation

Stock Code :	TSF Stock A
ISIN :	ISIN12345678
Stock Release Request Number :	S23456782
Available Balance :	1,000
Nominal Stock Price :	80.00 (Price of previous trading day as request input)
Delivering Account :	18
Receiving Account :	06
Release Quantity :	300
RMB FX Rate :	1.1600 (morning)
RMB FX Amount :	24,000.00
HKD Receivable Amount :	27,840.00
Stock Release Date :	13-DEC-11
Settlement Date :	15-DEC-11
Request Status :	
Payment Indicator :	

RMB FX Amount to be paid by 3 pm two days later (T+2)

After clicking "Add" in input screen, projected HKD Receivable Amount will be displayed for reference

Confirm

Back

# Stock Release Request Activity Report (On T-Day)



## New Report : TSF FX Transaction / Stock Release Activity / Status Report (CSETF03) sub-section Stock Release Request Maintenance Activity

### STOCK RELEASE REQUEST MAINTENANCE ACTIVITY

A) ACTION	STOCK / ISIN	RCV STK A/C	REQ DTE	RMB FX AMT (RMB)	TIME / UPDATE BY / TERM ID
B)	STK RLSE REQ NO / PURPOSE	STK RLSE REQ QTY	PMT STM DTE	PRELIM HKD RECV ANT (HKD)	STK PRICE
C)	STATUS / SESSION DLV STK A/C	DLV STK A/C BAL		RMB FX RATE	
A) ADD	TSF STOCK A ISIN12345678	6	13DEC11	24,000.00-	10:02 B0345601 RZ01
B)	S23456782 / STK RLSE	300-	15DEC11	27,840.00	80.00000
C)	PENDING / AM 18			1.1600000000	
A) AUTHORIZE	TSF STOCK A ISIN12345678	6	13DEC11	24,000.00-	10:45 B0345602 RZ01
B)	S23456782 / STK RLSE	300-	15DEC11	27,840.00	80.00000
C)	PROCESSED / AM 18	700		1.1600000000	
TOTAL NUMBER OF REQUEST ADDED	:	1			
TOTAL NUMBER OF REQUEST CHANGED	:	0			
TOTAL NUMBER OF REQUEST DELETED	:	0			
TOTAL NUMBER OF REQUEST AUTHORIZED	:	1			
TOTAL NUMBER OF REQUEST PURGED	:	0			

Please refer to TSF Confirmation Report (CSETF07) for actual HKD receivable amount

# Stock Release Request Payment Status (On T+2)



## New Report : TSF FX Transaction / Stock Release Activity / Status Report (CSETF03) sub-section TSF FX Transaction / Stock Release Request Status

TSF FX TRANSACTION / STOCK RELEASE REQUEST STATUS

A) STATUS	TRD/RLSE DTE / STOCK	ISIN	QTY	EARMARK/DE-EARMARK	QTY TSF	SHORTFALL	QTY
B) TSF SHORTFALL	STM DTE / FX TRAN/STK RLSE NO	FINAL RMB FX RATE	FX TRAN/STK RLSE AMT (RMB)				
C) CNS SHORTFALL	CNS O/S QTY/ PURPOSE/ B/S	STK PRICE	FX TRAN/STK RLSE AMT (HKD)				
A) PAID	13DEC11 TSF STOCK A	ISIN2345678	300-		0		0
B)	15DEC11 S23456782		24,000.00-				
C)	STK RLSE	80.00000	27,840.00				

# Corporate Actions Handling for earmarked TSF Shares

## Consolidation / Splitting



- Unchanged – Convert at stock account level (i.e. TSF A/C #17 or #18)

## Other corporate actions such as Bonus Shares / Scrip Dividends



- Unchanged – distribute to Entitlement A/C #02
- Additional flexibility – TSF Participant can request for transferring part or all of its share entitlement arising from earmarked TSF Stocks into its TSF A/C #18 by form submission

\* Cash dividend will be distributed in the currency as per issuer's announcement

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# TSF Simulation Test



**HKEx will arrange a two-day TSF Simulation Test (tentatively on 10 and 11 September 2011, Saturday and Sunday) for Participants who have already submitted Form of Indication of Interest (IOI):**

<b>Execution Date</b>	<b>Logical Date</b>	<b>Scope of Test</b>
10 September 2011 (Saturday)	10 September 2011 (T day)	Trading Simulation Test (TST)
11 September 2011 (Sunday)	12 September 2011 (T+2 day)	Clearing Simulation Test (CST)

# TSF Simulation Test

## Trading Simulation Test (TST)



### ■ Execution Date

- 10 September 2011 (Saturday)

### ■ Simulating Trading Date

- as of 10 September 2011

### ■ TSF Stocks

- Designated TSF Stocks, non-TSF RMB traded Stocks and HKD traded Stocks will be available for Participants to simulate trading activities during TST

### ■ Dummy TSF Trades

- Pre-assigned TSF Trades with dummy TSF Stocks to simulate earmarking / de-earmarking of TSF shares on T+2 in CCASS during CST

### ■ RMB FX Rates

- RMB Buy / Sell FX Rates for morning / afternoon trading sessions will be pre-set for T, T+1 & T+2 respectively

**Note :** *Only trades executed with the designated testing stocks during TST and the pre-assigned dummy TSF trades will be transmitted to CCASS for clearing and settlement during CST*

# TSF Simulation Test

## Clearing Simulation Test (CST)



### ■ Execution Date

- 11 September 2011 (Sunday)

### ■ Simulating Settlement Date

- as of 12 September 2011

### ■ Stock Balances

- Pre-assigned stock balances for TSF Stocks and non-TSF RMB traded Stocks

### ■ TSF FX Positions

- All TSF FX Positions will be settled during CST
- Settlement of TSF payment by 3 pm will be simulated at around 11 am during CST

### ■ Earmarking / de-earmarking TSF Stocks

- TSF shares will be earmarked / de-earmarked automatically based on TSF Trades
- Participant should also use ATI to transfer shares into TSF A/C #18 to simulate the transfer of TSF shares for earmarking, if applicable

# TSF Simulation Test

## Clearing Simulation Test (CST) cont'



### ■ Stock Release Request

- Dummy Stock Release Requests will be pre-authorized with TSF shares released on 10 September 2011
- Settlement of Stock Release FX payment (RMB) by 3 pm will be simulated at around 11 am during CST
- Participant should also simulate release of TSF shares from TSF A/C #17 & #18

# More TSF information on the website

Visit TSF Web Corner at

[www.hkex.com.hk](http://www.hkex.com.hk)

**Home**

- **Market Operations**
  - **Securities Trading Infrastructure**
    - **RMB Equity Trading Support Facility (TSF)**

**Content:**

- **TSF Information Paper**
- **FAQ**
- **Circulars**
- **Briefing materials**
- ***CCASS reports related to TSF***
- ***TSF Simulation Test (to be released soon)***
- ***List of TSF Stocks / Participants (to be released at a later stage)***



# Questions and Answers

# Appendices

# Appendix 1

## Share transfer into/out of TSF Accounts



SI

- Only between TSF A/C (#17 & #18) of different TSF CCASS Participants
- Shares transferred to TSF A/C #18 after CNS settlement at final Batch-settlement-run can only be onward delivered to TSF A/C of other Participants on the following day

ATI

- Can only transfer into TSF A/C up to “Earmarking shortfall” quantity
  - current day TSF to-be-earmarked quantity; and
  - overdue TSF earmarking quantity
- Can transfer between TSF A/C (#17 & #18)
- **Cannot** transfer out of TSF A/C (including transfer to CCMS as specific stock collateral)

ISI/STI/DI

- **Not allowed**



# Appendix 2

## Exception handling of TSF Trades



forgot to indicate as TSF in order or indicated wrongly

		How can broker fix it?		
Case 1	Client instructed to buy through TSF	but	Forgot to indicate in Order	<ul style="list-style-type: none"> <li>• Get RMB outside TSF to meet CNS obligation (if relevant)</li> </ul>
Case 2	Client did not instruct to buy through TSF	but	Wrongly indicated in Order	<p>Input Stock Release Request* in CCASS to:</p> <ul style="list-style-type: none"> <li>• Release wrongly earmarked shares immediately</li> <li>• Return RMB to TSF for HKD conversion two days after the stock release day</li> </ul>
Case 3	Client did not instruct to sell through TSF	but	Wrongly indicated in Order	<ul style="list-style-type: none"> <li>• Transfer shares to Clearing A/C by ATI on settlement day to complete TSF FX Transaction</li> <li>• Use HKD received from TSF to buy RMB outside TSF and then pay client*</li> </ul>
Case 4	Client instructed to sell through TSF	but	Forgot to indicate in Order	<p>Input stock release request* in CCASS to:</p> <ul style="list-style-type: none"> <li>• Release earmarked shares immediately</li> <li>• Return RMB to TSF for HKD conversion two days after the stock release day</li> </ul>

• *Brokers will have to bear FX cost when executing these transactions*