



# Overview of Self-Match Prevention in Securities and Derivatives Market

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**HKEX**  
香港交易所

# Model Design – Introduction of SMP in Cash Market and Enhancement in Derivatives Market

	<u>Derivatives Market</u>		<u>Cash Market</u>
	<u>HKATS Username-based SMP</u> <small>**currently available**</small>	<u>ID-based SMP</u> <small>**to be rolled out**</small>	<u>SMP</u> <small>** to be rolled out **</small>
Service Nature	Optional service		Optional service
Cancellation Method	Cancel Aggressive	Cancel Aggressive or Cancel Passive	Cancel Aggressive or Cancel Passive
Level of Granularity on SMP Setting	Based on HKATS Username	Based on SMP ID <small>(SMP ID for Derivatives Market only)</small>	Based on SMP ID <small>(SMP ID for Cash Market only)</small>
SMP Coverage	<b>Single broker model</b> <small>(prevent self-matches under same EP and within same HKATS Customer Code)</small>	<b>Multi-broker model</b> <small>(prevent self-matches for orders with same SMP ID within/ across EPs)</small>	<b>Multi-broker model</b> <small>(prevent self-matches for orders with same SMP ID within/ across EPs)</small>
Applicable Session	Continuous trading session <small>(day session and after-hours trading session)</small>		Continuous trading session
Fee	Free of charge		Free of charge



# Illustration of Cancellation Method (Cancel Aggressive & Cancel Passive)

## ID-based SMP

Scenario: Investor A possesses a SMP ID (210005012)

Initial Order Book

Bid Qty	Price	Ask Qty
	100	1K
1K [A] 2K	99	

Investor A submitted a buy order (1K @ \$99) **tagged with SMP ID (210005012)**

Potential Self-Match

Bid Qty	Price	Ask Qty
	100	1K
1K [A] 2K	99	3K [A]

Investor A submitted a sell order (3K @ \$99) **tagged with SMP ID (210005012)**

**CANCEL AGGRESSIVE**



Investor A's incoming order (i.e. 3K sell order) is cancelled.

Bid Qty	Price	Ask Qty
	100	1K
1K [A] 2K	99	3K [A]

*SMP kicks in*

No update to the order book

Bid Qty	Price	Ask Qty
	100	1K
1K [A] 2K	99	

No Self-Match

**CANCEL PASSIVE**



Bid Qty	Price	Ask Qty
	100	1K
1K [A] 2K	99	3K [A]

Investor A's buy order at the top of the bid queue will be cancelled.

Bid Qty	Price	Ask Qty
	100	1K
	99	1K [A]

- 2K of Investor A's incoming sell order is matched with next order in the bid queue
- 1K remains in the order book



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