

Consultation Paper

Derivatives Holiday Trading



TABLE OF CONTENTS

DEFINITIONS	3
EXECUTIVE SUMMARY	5
CHAPTER 1: BACKGROUND AND RATIONALE FOR DERIVATIVES HOLIDAY TRADING	6
CHAPTER 2: PROPOSAL FOR CONSULTATION	7
CHAPTER 3: IMPLEMENTATION TIMELINE	13
CHAPTER 4: ISSUES TO BE CONSIDERED	14
APPENDIX 1: LIST OF HKD DENOMINATED AND NON-HKD DENOMINATED FUTURES AND OPTIONS IN HKEX	16
APPENDIX 2: OPERATIONAL ARRANGEMENTS FOR HOLIDAY TRADING PARTICIPANTS	19
APPENDIX 3: OPERATIONAL ARRANGEMENTS FOR NON-HOLIDAY TRADING PARTICIPANTS	22
APPENDIX 4: OVERALL SETTLEMENT TIMELINE	24
APPENDIX 5: PROPOSED RISK MANAGEMENT ARRANGEMENTS	25
APPENDIX 6: PRIVACY POLICY STATEMENT	29

How to Respond to this Consultation Paper

Hong Kong Exchanges and Clearing Limited (“HKEX”) invites written comments on the changes proposed in this paper, or comments on related matters that might have an impact upon the changes proposed in this paper, on or before 6 December 2021.

To submit written comments please complete the questionnaire that can be accessed via the link or QR code below.

Link: https://hkex.syd1.qualtrics.com/jfe/form/SV_01yVdyPLOp3y9ca

QR Code:



Our submission enquiry number is (852) 2840 3844.

Respondents are reminded that HKEX will publish responses on a named basis in the intended consultation conclusions. If you do not wish your name to be disclosed to members of the public, please state so when responding to this paper. Our policy on handling personal data is set out in Appendix 6.

Submissions received by the submission deadline will be taken into account before HKEX decides upon any appropriate further action. HKEX will develop a consultation conclusions paper which will be published in due course.

DISCLAIMER

HKEX and/or its subsidiaries have endeavoured to ensure the accuracy and reliability of the information provided in this document, but do not guarantee its accuracy and reliability and accept no liability (whether in tort or contract or otherwise) for any loss or damage arising from any inaccuracy or omission or from any decision, action or non-action based on or in reliance upon information contained in this document.

DEFINITIONS

Term	Definition
“ Business Day ”	Refers to Monday to Friday (other than Hong Kong public holidays)
“ CCMS ”	Common Collateral Management System
“ CNH ”	Offshore Renminbi
“ CP(s) ”	Clearing Participant(s)
“ DCASS ”	Derivatives Clearing and Settlement System
“ EOD ”	End of day
“ EP(s) ”	Exchange Participant(s)
“ Full Day Trading ”	Refers to trading with morning and afternoon sessions
“ F&O ”	Futures and options
“ H CP(s) ”	Holiday Trading CP(s). CP(s) who participate in Holiday Trading
“ H Day(s) ”	Holiday Trading Day(s). Hong Kong public holiday(s) with trading and clearing
“ H EP(s) ”	Holiday Trading EP(s). EP(s) who participate in Holiday Trading
“ H Participant(s) ”	Holiday Trading Participant(s). Participant(s) who participate in Holiday Trading
“ H Product(s) ”	Holiday Trading Product(s). Non-HKD denominated F&O which can trade and clear on H Days
“ Half Day Trading ”	Refers to trading with morning session only and no afternoon session
“ HKD ”	Hong Kong Dollar
“ HKCC ”	HKFE Clearing Corporation Limited
“ HKEX ”	Hong Kong Exchanges and Clearing Limited
“ HKFE ”	Hong Kong Futures Exchange
“ Holiday Trading ”	Trading and clearing for non-HKD denominated futures and options on Hong Kong public holidays
“ HPAD ”	HKCC Participant Additional Deposits
“ H-1 Day ”	The Business Day before an H Day
“ H+1 Day ”	The Business Day after an H Day
“ IM ”	Initial margin

“JPY”	Japanese yen
“LOP”	Large Open Position
“LTD”	Last Trading Day
“MMC”	Mandatory VA and margin call
“NH CP(s)”	Non-Holiday Trading CP(s). CP(s) who do not participate in Holiday Trading
“NH EP(s)”	Non-Holiday Trading EP(s). EP(s) who do not participate in Holiday Trading
“NH Participant(s)”	Non-Holiday Trading Participant(s). Participant(s) who do not participate in Holiday Trading
“NH Product(s)”	Non-Holiday Trading Product(s). HKD denominated F&O which will not be traded and cleared on H Days
“OAPI”	OMnet Application Programme Interface
“OMD-D”	Orion Market Data – Derivatives Market
“Participant(s)”	EP(s) and CP(s) are collectively referred to as Participant(s)
“RF”	Reserve fund
“RTGS”	Real Time Gross Settlement
“SFC”	Securities and Futures Commission
“SFO”	Securities and Futures Ordinance
“SGD”	Singapore Dollar
“T+1 Session”	After-hours trading session
“USD”	US Dollar
“VA”	Variation adjustment

EXECUTIVE SUMMARY

1. This consultation paper outlines the key requirements, implications and operational arrangements for the proposed Derivatives Holiday Trading.
2. Hong Kong's growth as an international financial centre has gone hand-in-hand with an expansion of HKEX's product offering, with a strong mix of Hong Kong Dollar ("HKD") denominated and non-HKD denominated derivatives.
3. To ensure Hong Kong retains its competitiveness as a financial hub, and to allow investors to better manage or lower their overall risk portfolio, it is essential that they have the ability to trade and clear non-HKD denominated products when the markets of their underlying securities are open. That means without being bound by Hong Kong public holidays.
4. In line with other global exchanges, HKEX proposes the introduction of non-HKD denominated futures and options ("F&O") trading and clearing services on Hong Kong public holidays ("Holiday Trading"), with the exception of New Year when the market will remain closed. This will not apply to HKD denominated products, and there are currently no plans to open the cash market for trading during any Hong Kong public holidays.
5. Participation in Holiday Trading will be optional, with participants classified as either Holiday Trading Participants or non-Holiday Trading Participants. Similarly, products will be classified as either Holiday Trading Products or non-Holiday Trading Products.
6. To avoid an overly complex model that could potentially create market confusion, HKEX proposes to only allow Holiday Trading Participants access to Holiday Trading Products, even on regular Business Days.
7. The consultation period will be 4 weeks and will close on 6 December 2021. HKEX will then review the comments received and, if applicable, set out the final model for Holiday Trading.
8. Subject to market feedback received and regulatory approval, HKEX targets Holiday Trading to begin in April 2022, with a readiness test or market rehearsal to be held in the first quarter of 2022. Details of the first batch of non-HKD products to be included as Holiday Products will be announced in due course.

CHAPTER 1: BACKGROUND AND RATIONALE FOR DERIVATIVES HOLIDAY TRADING

9. Over the past decade, the products available in HKEX's markets have expanded to include a greater number and variety of non-HKD denominated derivatives. Many of these products cover global and regional markets across different asset classes, helping to further internationalise the products available to market participants. This transformation to an internationally-focused market, serving global, regional, Mainland China and local investors, has played an important part in Hong Kong's continuing development as an international financial centre. HKEX continues to broaden its product ecosystem to position HKEX as a trading, clearing and risk management hub in Asia for global investors. To maintain and strengthen this position, and allow investors to better manage or lower their overall portfolio risk, it is essential that the expanded suite of non-HKD denominated products is supported with the right infrastructure.
10. The Hong Kong market has a broad spectrum of Exchange Participants ("EPs") including global financial institutions that trade all types of products (both HKD and non-HKD denominated), as well as brokerage firms (78¹ out of 188 EPs that take part in futures and options trading) that only trade HKD denominated products. This unique client base differentiates Hong Kong from other global exchanges, which are typically represented by global financial institutions.
11. The expansion of product offerings in Hong Kong has helped drive increased participation in HKEX markets from global, regional and Mainland China investors with portfolios that include both local products (i.e. HKD-denominated products) and non-local products (i.e. non-HKD denominated products). As such, the ability to trade and clear non-local, non-HKD denominated products, without being bound by Hong Kong public holidays, is of great importance for investors to effectively manage their portfolio risk. The ability to trade derivatives on local holidays, when the markets of their underlying securities are open, is a key consideration for investors when evaluating the suitability of a location for which to build their positions and to manage their portfolios.
12. Holiday Trading will allow HKEX to enhance its competitiveness as an international financial centre and to continue to cater the needs of different investors. The provision of Holiday Trading is also in line with the practices of other global exchanges that provide trading and clearing services to market participants on their own local public holidays.

¹ Referring to EPs that traded HKD denominated F&O exclusively in HKEX, as of YTD October 2021 (e.g. Hang Seng Index F&O or Hang Seng China Enterprises Index F&O)

CHAPTER 2: PROPOSAL FOR CONSULTATION

13. This chapter sets out the proposed operational arrangements for Holiday Trading with regards to products, participants, trading, clearing, risk management and Large Open Position (“LOP”) reporting arrangements, for market comments.
14. In many markets, holiday trading arrangements require all market participants to possess trading and clearing capabilities on local holidays. Should such measures be directly adopted in the Hong Kong market, all EPs would be required to have in place money settlement capabilities, system and operational availability on all Hong Kong public holidays (“H Days”). As many EPs have little to no business demand in trading non-HKD denominated products, requiring them to meet these requirements would be inefficient and create an unnecessary burden.
15. To address this unique aspect of the Hong Kong market, HKEX proposes different options for EPs that trade all products, and those that are focused on the Hong Kong market only. This will ensure that trading of eligible products is conducted with proper risk and operational measures in place, whilst keeping operational costs unchanged for the EPs focused only on the Hong Kong market.
16. For the avoidance of doubt, there are currently no plans to open the cash market for trading during any Hong Kong public holidays.

Product Scope

17. **Non-HKD denominated futures and options² will be included:** Refers to F&O with underlying outside Hong Kong³. These products should not be subject to the Hong Kong local trading calendar. All non-HKD denominated F&O that could be traded and cleared on H Days will be referred to as “H Products”. The inclusion of products to be traded and cleared on H Days will be subject to market readiness and regulatory approval.
18. **HKD denominated F&O will not be included:** Refers to F&O with the Hong Kong market as the underlying. In order to minimise impact to EPs and Clearing Participants (“CPs”) (EPs and CPs are collectively referred to as “Participants”) that only trade and clear F&O focused on the Hong Kong market, HKD denominated F&O (“NH Products”) are not in scope of Holiday Trading. These NH Products include Hang Seng Index F&O, Hang Seng China Enterprises Index F&O, Hang Seng TECH Index F&O, single stock F&O, etc.
19. The full list of HKD and non-HKD denominated F&O can be found in Appendix 1. In future new product launches, HKEX will state whether the products are classified as H or NH Products. All H Products will follow the calendar mentioned in paragraph 24, unless specifically mentioned otherwise.

Participantship

20. Participation in Holiday Trading will be optional.
21. **Holiday Trading Participants:** Participants who trade and clear H Products during H Days (“H Participants”) must fulfil the following criteria to become eligible:

² For illustration purpose, we have categorised HKEX products into HKD denominated and non-HKD denominated futures and options in Appendix 1.

³ With the exception of MSCI Hong Kong NTR (USD) Index Futures

- 21.1. **Support from CPs and settlement banks:** As money settlement is required between CPs and the Clearing House for all products under Hong Kong Futures Exchange (“HKFE”) during H Days, EPs looking to become a Holiday Trading EP (“H EP”) must ensure that their appointed CP is a Holiday Trading CP (“H CP”). For CPs who intend to become an H CP, their settlement bank must support money settlement on H Days.
- 21.2. **System and operational readiness:** HKEX will arrange readiness test or market rehearsal one month prior to the first H Day. Participants who intend to become H Participants are required to successfully complete the readiness test or market rehearsal and declare their system and operational arrangement readiness. Testing environments will be made available to Participants ahead of the readiness test or market rehearsal. Participants may also apply to be H Participants after the first H Day as long as they have completed the required testing, and declared system and operational arrangement readiness.
22. **Non-Holiday Trading Participants:** Participants who choose not to, or are ineligible, to trade and/or clear H Products during H Days (“NH Participants”) will not be able to access H Products even on Business Days.
23. HKEX had considered measures that would allow NH Participants to access H Products on Business Days, but doing so would require a much more complex model and potentially create market confusion⁴ (especially for end clients of Participants). As such, HKEX proposes to only allow H Participants to access H Products.

Trading Calendar

24. **All Hong Kong public holidays with the exception of New Year’s Day will be covered:** This is to allow investors and participants to manage their portfolio during all weekdays (Monday to Friday). However, the market will remain closed on the New Year’s Day holiday. This is in line with the practices of other global exchanges that are closed for trading on 1 January. Nevertheless, there will be flexibility to allow individual products to follow their own trading calendar, if required. For the avoidance of doubt, there will be no Holiday Trading on Saturday and Sunday.
25. **Half Day Trading will be extended to Full Day Trading for H Products:** Currently, there are no afternoon and after-hours trading sessions (“T+1 Session”) on the eves of Christmas, New Year’s and Chinese New Year (“Half Day Trading”)⁵. As H Products would not observe the Hong Kong trading calendar, Half Day Trading should not be applicable to these products. With the implementation of Holiday Trading, HKEX proposes to allow H Products to trade until the end of regular trading hours of the T Session (“Full Day Trading”). Christmas Eve and Chinese New Year’s Eve would have a T+1 Session for H Products, though New Year’s Eve would not have a T+1 session. For the avoidance of doubt, NH Products would maintain the Half Day Trading arrangements.

Trading Arrangements

⁴ e.g. If NH Participants are allowed to continue accessing H Products on Business Days, H Products’ position holders under NH Participants would not be able to trade / clear when the market is open, including the ability to participate in T+1 Session before H Days.

⁵ Currently, the closing time for all stock index futures and options for Christmas Eve, New Year’s Eve and Chinese New Year’s Eve is 12:30 pm, whereas the closing time for stock futures and options is 12:00 pm.

26. The proposed trading arrangements for Holiday Trading are as follows:

26.1. **Trading arrangements:** For H EPs, trading arrangements during an H Day will be the same as those for a Business Day.

26.2. **Market protection mechanism during an H Day:** Same as for a Business Day.

H Products		Volatility Control Mechanism	Price Limit Up / Down Mechanism	Dynamic Price Banding
Business Day	T Session	Applicable ⁶	Not applicable	Applicable
	T+1 Session	Not applicable	Applicable	Applicable
H Day	T Session	Applicable	Not applicable	Applicable
	T+1 Session	Not applicable	Applicable	Applicable

26.3. **Last Trading Day arrangement:** To align the contract designs with international practices, HKEX proposes that the Last Trading Day (“LTD”)⁷ and the settlement day may fall on an H Day, subject to contract design⁸.

26.4. **Severe Weather situations:** Trading arrangements for Typhoon, Black Rainstorm, Severe Weather on H Days will follow the same arrangements for a Business Day.

Clearing Arrangements

27. The proposed clearing arrangements for Holiday Trading are as follows:

27.1. The clearing and settlement services timeline in HKFE Clearing Corporation Limited (“HKCC”) would follow that of the current Business Days.

27.2. For H CPs, post trade activities⁹ will be allowed for all Hong Kong Futures Exchange (“HKFE”) products; for CPs who do not participate in Holiday Trading (“NH CPs”), post trade activities will not be allowed on H Days.

27.3. H CPs will be required to settle all payment obligations (including HKD and other currencies) arising on H Days. As there is no inter-bank transfer on Hong Kong public holidays due to the absence of HKD Real Time Gross Settlement (“RTGS”), any HKD payment obligation including fees, variation adjustment (“VA”) and margin obligation settlement will be collected in US Dollar (“USD”) first during H Days and H CPs are required to settle such outstanding HKD obligations after H Days. NH CPs will not be required to fulfil any HKCC payment obligations during H Days, and any outstanding payment obligation will be settled the next Business Day after an H Day.

27.4. Collateral deposit services will be available in HKCC on H Days, though withdrawal services from settlement banks will not be available.

27.5. For detailed clearing operation arrangements from the day before an H Day (“H-1

⁶ As of October 2021, none of the non-HKD denominated F&O are VCM-eligible. The mechanism is proposed to be consistently applied across Business Days and H Days should any non-HKD denominated F&O become VCM-eligible.

⁷ Including the day to determine the final settlement price.

⁸ Each H Product can consider whether to allow LTD and settlement day to fall on H Days or to continue to follow LTD and settlement day on Business Days only.

⁹ Post trade activities include trade give-up/take up, position closeout, internal and external position transfer between CPs and other trade and position adjustments.

Day”) to the day after an H Day (“H+1 Day”), please refer to Appendices 2 to 4.

- 27.6. The extension of Half Day Trading to Full Day Trading (for H Products) including T+1 Session is regarded as a normal trading day with T+1 Session. Existing clearing arrangements including post trade adjustments will be applied.

Risk Management Arrangements

28. The proposed key risk management arrangements to support the Holiday Trading proposal are summarised below. The existing clearing risk management arrangements, applicable on Business Days, will be applied to H Days to the extent possible. All details are set forth in Appendix 5.

- 28.1. **Daily mark to market and initial margin (“IM”):** Extend the existing VA and IM call mechanism (including the calculation and collection of additional margin) to all H Days for HKFE products of H CPs. All products will be included in the calculation and collection of mandatory intra-day VA and margin call for all trading days.
- 28.2. **Margin offset:** Margin offset arrangements between all products will be maintained throughout all H Days.
- 28.3. **Holiday margin:** Apply holiday margin to (i) all NH Products and (ii) H Products that are eligible for margin offset with NH Products.
- 28.4. **Collateral management for margin (including IM and additional margin) requirement:** HKEX proposes to temporarily suspend the 50-50 collateral rule in order to allow H CPs to cover their HKD and USD margin requirements with other eligible collateral (where non-cash collateral could satisfy up to 50% of the margin requirement) to meet their margin obligations on H Days. For margin requirements in offshore Renminbi (“CNH”), Singapore Dollar (“SGD”) and Japanese yen (“JPY”), the existing exceptions to the 50-50 collateral rule will remain in place.
- 28.5. **Reserve fund (“RF”):** Maintain the settlement of HKCC Participant Additional Deposits on Business Days only, given that all CPs need to contribute to additional contributions to the RF and that the RF is denominated in HKD.

Market Data Arrangements

29. The proposed market data arrangements for Holiday Trading are as follows:

- 29.1. Real-time data on H Products will be available through Orion Market Data – Derivatives Market (“OMD-D”).
- 29.2. Market statistical reports on H Products will be published as those on Business Days.

Large Open Positions Reporting Arrangements

30. The proposed LOP reporting arrangements for Holiday Trading are as follows:

- 30.1. Pursuant to the existing reporting requirements under Cap. 571Y Securities and Futures (Contracts Limits and Reportable Positions) Rules under Securities and Futures Ordinance (“SFO”) and Rule 628 of Rules, Regulations and Procedures of the Futures Exchange, a Participant who holds or controls open positions in any HKFE product in excess of the prescribed reporting levels is obligated to file a

report with HKFE for the reportable positions no later than 12:00 noon on the next Business Day after the positions are opened or accumulated.

- 30.2. In order to maintain LOP monitoring capability for H Products on H Days, HKEX proposes the introduction of new reporting provisions to require Participants who hold or control reportable positions in H Products to file the LOP reports during H Days.
- 30.3. An illustration on the proposed LOP reporting arrangement is set forth below:-

Scenario: Assuming 2 and 5 April are H Days

	Current	Proposed LOP reporting arrangement	
		LOP in NH Products	LOP in H Products
	LOP reporting required? (Yes/No)		
1 April (Thursday) - Business Day	Yes (LOP report for trade date 31 March)	Yes (LOP report for trade date 31 March)	Yes (LOP report for trade date 31 March)
2 April (Friday) - H Day	No	No	Yes⁽ⁱⁱ⁾ (LOP report for trade date 1 April)
3 April (Saturday)	Not applicable		
4 April (Sunday)	Not applicable		
5 April (Monday) - H Day	No	No	Yes⁽ⁱⁱ⁾ (LOP report for trade date 2 April)
6 April (Tuesday) - Business Day	Yes (LOP report for trade date 1 April)	Yes⁽ⁱ⁾ (LOP report for trade date 1 April)	Yes⁽ⁱⁱ⁾ (LOP report for trade date 5 April)

- (i) Participants who have LOP in **NH Products only**:

Same as existing LOP reporting arrangements, Participants are required to file an LOP report for reportable positions in NH Products for trade date 1 April by 12:00 noon on 6 April (i.e. next Business Day).

- (ii) Participants who have LOP in **both NH and H Products**:

Under the proposed reporting provisions, Participants will be required to file an LOP report for reportable positions in H Products for trade date 1 April by 12:00 noon on 2 April (i.e. **next Trading Day**) to HKFE and continue to file a LOP report on each H Day as long as they are holding or controlling reportable positions in H Products.

To facilitate Participants' system setup and reporting logistics, Participants can opt-in either (1) to include the LOP in NH Products together with LOP in H Products in the LOP report for trade date 1 April and file the report on 2 April to HKFE **or** (2) to file an LOP report separately for NH Products following the existing LOP reporting arrangement as described in (i) above to fulfil the reporting obligations on NH Products.

- 30.4. The reporting form and the required contents for LOP reporting on H Days will be the same as the ones currently used for Business Days.

- 30.5. In order to ensure the effective implementation of the new reporting provisions, H EPs will be reminded to observe the notification requirements stipulated in HKFE Rule 633(c) pertaining to informing their Clients of the reporting requirements and the responsibilities of reporting. With the launch of Holiday Trading, H EPs will be required to inform their Clients on the specific LOP reporting requirements pertaining to Holiday Trading, including reporting arrangements, possible consequences of non-compliance (i.e. imposition of trading limit and/or position limit), and to procure their Clients to comply with relevant reporting requirements prescribed by the Securities and Futures Commission (“SFC”) under the SFO or otherwise for H Products.

Consultation Questions

Q1: Do you have any comments or concerns on:

- (i) the proposed trading arrangements
- (ii) the proposed clearing arrangements
- (iii) the proposed risk management arrangements
- (iv) the proposed market data arrangements
- (v) the proposed large open position reporting arrangements

CHAPTER 3: IMPLEMENTATION TIMELINE

31. The consultation period for this Consultation Paper will be 4 weeks and will be closed on 6 December 2021. HKEX will then review comments received and, if applicable, set out the final models for Holiday Trading.
32. Subject to market feedback received and regulatory approval, HKEX expects Holiday Trading to begin in April 2022, with a readiness test or market rehearsal to be held in the first quarter of 2022. Details of the first batch of non-HKD F&O to be included as H Products will be announced in due course.
33. Should Participants choose not to become H Participants, they will have four weeks after the readiness test or market rehearsal to unwind their positions in the relevant H Products.

CHAPTER 4: ISSUES TO BE CONSIDERED

34. This chapter outlines key issues relating to the implications of Holiday Trading across market participants.

Implications between HKEX and Participants

35. Participation in Holiday Trading is optional. Participants that require access to H Products, either on Business Days or H Days, could consider becoming H Participants.

35.1. **Participants opting to take part in Holiday Trading:**

35.1.1. Eligibility requirements: As H Participants are required to have the ability to support money settlement on H Days, an H EP's appointed CP must be an H CP, and the settlement bank for the H CP must support Holiday Trading.

35.1.2. Money settlement on H Days: H Participants are required to fulfil money settlement obligations that include fees, VA and margin obligation settlement to HKCC for all HKFE products (including HKD, USD, CNH, SGD, and JPY) arising on H Days. Any HKD payment obligation will be collected in USD first during H Days, and H CPs are required to settle such outstanding HKD obligations on H+1 Days.

35.2. **Participants opting not to take part in Holiday Trading:**

35.2.1. H Products are only accessible to H Participants: HKEX proposes that H Products can only be accessed by H Participants on both Business Days and H Days to avoid potential market confusion.

35.2.2. Wind-down positions for H Products: When existing non-HKD denominated F&O become H Products, NH Participants would be required to wind down their positions on such products before the effective date.

35.2.3. Continued access to NH Products: HKEX will ensure that there is immaterial impact to NH Participants on trading and clearing NH Products on Business Days after the implementation of Holiday Trading.

Implications between Participants, clients and settlement banks

36. **Notification to clients:** Following their decision to be H Participants, or remain as NH Participants, Participants should notify their clients as early as possible in regards to trading and clearing of H Products.

37. **Liquidity management:** H Participants would be required to fulfil money settlement obligations even as collateral withdrawal services will not be available in HKCC on H Days. H Participants are advised to evaluate their liquidity management on H Days, and to review their policies and arrangements with their clients. These include, for example, their money settlement arrangements for margin obligation, collateral withdrawal, and contingencies during an H Day, or consecutive H Days.

38. **Settlement bank:** HKEX has been in constant dialog with all HKCC Settlement Banks on the implementation of Holiday Trading. H Participants are recommended to commence

discussions with their settlement bank on the services provided on H Days, such as non-HKD credit facilities, to ensure their capability to fulfil payment obligations and meet the prescribed payment timeline.

39. **Trading liquidity:** It is expected that the trading liquidity will be lower on H Days. Nevertheless, to ensure adequate market liquidity during H Days, Market Makers and Liquidity Providers will be required to continue providing two-way quotes on H Days for H Products.
40. **LOP reporting:** H Participants will be required to inform their Clients on the specific LOP reporting requirements pertaining to Holiday Trading, including reporting arrangements, possible consequences of non-compliance with relevant reporting requirements for H Products (i.e. imposition of trading limit and/or position limit).

Consultation Questions

Q2: Are there any other issues regarding the arrangements of Holiday Trading that you would like HKEX to consider?

APPENDIX 1: LIST OF HKD DENOMINATED AND NON-HKD DENOMINATED FUTURES AND OPTIONS IN HKEX

HKD Denominated F&O	Non-HKD Denominated F&O
<p>A) Equity Index</p> <ol style="list-style-type: none"> 1. CES China 120 Index Futures 2. FTSE/JSE Top40 Futures 3. Hang Seng China Enterprises Index Futures 4. Hang Seng China Enterprises Index Futures Options 5. Hang Seng China Enterprises Index Options¹⁰ 6. Hang Seng Index Futures 7. Hang Seng Index Futures Options 8. Hang Seng Index Options¹¹ 9. Hang Seng Mainland Banks Index Futures 10. Hang Seng Mainland Oil & Gas Index Futures 11. Hang Seng Mainland Properties Index Futures 12. Hang Seng TECH Index Futures 13. Hang Seng TECH Index Options 14. HSCEI (Gross Total Return Index) Futures 15. HSCEI (Net Total Return Index) Futures 16. HSCEI Dividend Point Index Futures 17. HSI (Gross Total Return Index) Futures 18. HSI (Net Total Return Index) Futures 19. HSI Dividend Point Index Futures 20. HSI Volatility Index Futures 21. IBOVESPA Futures 22. MICEX Index Futures 23. Mini Hang Seng Index Futures 24. Mini Hang Seng Index Options 25. Mini-Hang Seng China Enterprises Index Futures 26. Mini-Hang Seng China Enterprises Index Options 	<p>A) Equity Index</p> <ol style="list-style-type: none"> 1. MSCI AC Asia ex Japan NTR Index Futures 2. MSCI Australia Net Total Return (USD) Index Futures 3. MSCI China A50 Connect (USD) Index Futures 4. MSCI China Free (USD) Index Futures 5. MSCI China Free (USD) Index Options 6. MSCI China Free Net Total Return (USD) Index Futures 7. MSCI EM Asia ex China Net Total Return (USD) Index Futures 8. MSCI EM Asia ex Korea Net Total Return (USD) Index Futures 9. MSCI EM Asia Net Total Return (USD) Index Futures 10. MSCI EM EMEA Net Total Return (USD) Index Futures 11. MSCI EM ex China Net Total Return (USD) Index Futures 12. MSCI EM ex Korea Net Total Return (USD) Index Futures 13. MSCI EM LatAm Net Total Return (USD) Index Futures 14. MSCI Emerging Markets (USD) Index Futures 15. MSCI Emerging Markets Net Total Return (USD) Index Futures 16. MSCI HK Net Total Return (USD) Index Futures¹² 17. MSCI India (USD) Index Futures 18. MSCI India Net Total Return (USD) Index Futures 19. MSCI Indonesia (USD) Index Futures 20. MSCI Indonesia Net Total Return (USD) Index Futures 21. MSCI Japan (JPY) Index Futures 22. MSCI Japan Net Total Return (JPY) Index Futures 23. MSCI Japan Net Total Return (USD) Index Futures 24. MSCI Malaysia (USD) Index Futures 25. MSCI Malaysia Net Total Return (USD) Index Futures 26. MSCI New Zealand Net Total Return (USD) Index Futures 27. MSCI Pacific ex Japan Net Total Return (USD) Index Futures

¹⁰ including flexible and weekly

¹¹ including flexible and weekly

¹² MSCI HK Net Total Return (USD) Index is classified as a non-local product even though its underlying market is Hong Kong.

	<p>28. MSCI Pacific Net Total Return (USD) Index Futures</p> <p>29. MSCI Philippines (USD) Index Futures</p> <p>30. MSCI Philippines Net Total Return (USD) Index Futures</p> <p>31. MSCI Singapore Free (SGD) Index Futures</p> <p>32. MSCI Singapore Free Net Total Return (USD) Index Futures</p> <p>33. MSCI Singapore Net Total Return (USD) Index Futures</p> <p>34. MSCI Taiwan (USD) Index Futures</p> <p>35. MSCI Taiwan (USD) Index Options</p> <p>36. MSCI Taiwan 25/50 (USD) Index Futures</p> <p>37. MSCI Taiwan 25/50 Net Total Return (USD) Index Futures</p> <p>38. MSCI Taiwan Net Total Return (USD) Index Futures</p> <p>39. MSCI Thailand (USD) Index Futures</p> <p>40. MSCI Thailand Net Total Return (USD) Index Futures</p> <p>41. MSCI Vietnam (USD) Index Futures</p> <p>42. MSCI Vietnam Net Total Return (USD) Index Futures</p>
<p><u>B) Single Stock</u></p> <p>27. Stock Futures</p> <p>28. Stock Options</p>	<p><u>B) Single Stock</u></p> <p>nil</p>
<p><u>C) Interest Rate</u></p> <p>29. 1-Month HIBOR Futures</p> <p>30. 3-Month HIBOR Futures</p>	<p><u>C) Interest Rate</u></p> <p>nil</p>
<p><u>D) Foreign Exchange</u></p> <p>nil</p>	<p><u>D) Foreign Exchange</u></p> <p>43. INR Currency Futures - INR/CNH Futures</p> <p>44. INR Currency Futures - INR/USD Futures</p> <p>45. RMB Currency Futures - AUD/CNH Futures</p> <p>46. RMB Currency Futures - CNH/USD Futures</p> <p>47. RMB Currency Futures - EUR/CNH Futures</p> <p>48. RMB Currency Futures - JPY/CNH Futures</p> <p>49. RMB Currency Futures - Mini USD/CNH Futures</p> <p>50. RMB Currency Futures - USD/CNH Futures</p> <p>51. RMB Currency Options - USD/CNH Options</p>
<p><u>E) Commodity</u></p> <p>nil</p>	<p><u>E) Commodity</u></p> <p>52. CNH Gold Futures</p> <p>53. CNH London Aluminium Mini Futures</p> <p>54. CNH London Copper Mini Futures</p> <p>55. CNH London Lead Mini Futures</p> <p>56. CNH London Nickel Mini Futures</p> <p>57. CNH London Tin Mini Futures</p> <p>58. CNH London Zinc Mini Futures</p> <p>59. CNH Silver Futures</p> <p>60. Iron Ore Futures¹³</p> <p>61. USD Gold Futures</p> <p>62. USD London Aluminium Mini Futures</p> <p>63. USD London Copper Mini Futures</p> <p>64. USD London Lead Mini Futures</p> <p>65. USD London Nickel Mini Futures</p> <p>66. USD London Tin Mini Futures</p> <p>67. USD London Zinc Mini Futures</p> <p>68. USD Silver Futures</p>

¹³ including monthly & quarterly contracts

Note: Sort in alphabetical order for each product group

APPENDIX 2: OPERATIONAL ARRANGEMENTS FOR HOLIDAY TRADING PARTICIPANTS

Services	H-1 Day	H Day	H+1 Day
Post trade	<p>1. H Products & NH Products: post trade services provided from 7:30am to 3am on the next day (T session cut-off time: 6:45pm; T+1 session cut-off time 3am)</p>	<p>1. H Products & NH Products: post trade services provided from 7:30am to 3am on the next day (T session cut-off time : 6:45pm; T+1 session cut-off time 3am on the next day)</p> <p>2. Transaction record of H-1 day T+1 session of H and NH products will be shown on H day Derivatives Clearing and Settlement System (“DCASS”) report.</p>	<p>1. H & NH Products: post trade services provided from 7:30am to 3am on the next day (T session cut-off time : 6:45pm T+1 session cut-off time 3am on the next day)</p>
Money settlement	<p><u>H-1 Day’s end of day (“EOD”) settlement process</u></p> <p>2. H Products & NH Products: Fees, VA and margin will be settled on <u>H day by 9:15am</u></p> <p>(i) Non-HKD settlement: The above mentioned payment obligations will be settled in contract currencies accordingly on <u>H Day by 9:15am</u></p> <p>(ii) HKD settlement: the above payment obligations will be collected in USD on H Day, FX rate and haircut rate with reference to the latest information provided to CPs via Common Collateral Management System (“CCMS”) H-1 Day report will be used.</p> <p>3. The CP’s standing instruction to settle margin shortfall in selected currency (e.g. USD margin shortfall settled in HKD) will be suppressed from H-1 Day’s day-end to H Day’s day-end settlement process; such services will be resumed on H+1 Day.</p>	<p>H CPs are required to fulfill payment obligations (including initial margin, VA and additional margins) on H day.</p> <p>3. <u>Settlement of H-1 Days’ day-end margin and other obligations by 9:15am</u></p> <p>i) H CPs are required to settle the <u>H-1 T session</u> payment obligations of H and NH Products by 9:15am, any HKD payment obligations will be collected in USD.</p> <p>ii) Any HKD VA outstanding debit will be settled in USD (with threshold HKD1 million per CP collateral account) by ~1:00pm</p> <p>4. <u>Settlement of Concentration Margin by 11:00am</u></p> <p>H CPs are required to settle the concentration margin of H and NH Products based on previous EOD position by 11:00am</p> <p>5. <u>Mandatory VA and margin call (“MMC”) by 12:00pm</u></p> <p>i) H CPs are required to settle VA and margin obligations of H and NH products, including those trades and positions created on H-1 T session, and any HKD margin obligation will be collected in USD (with threshold of HKD2 million per CP collateral account) by 12:00pm in the same way as on normal business day</p> <p>ii) Any HKD VA outstanding debit will be settled in USD (with threshold of HKD1 million per CP collateral account) by ~1:00pm</p>	<p>2. <u>Settlement of H Day’s day-end margin and other obligations by 9:15am</u></p> <p>H CPs are required to settle the H Day’s T session payment obligations</p> <p>3. <u>Settlement of Concentration Margin by 11:00am</u></p> <p>H CPs are required to settle the concentration margin based on the previous day position</p> <p>4. <u>MMC by 12:00pm</u></p> <p>H CPs to settle VA and margin obligations for those trades and position created on H Day’s T+1 session; (with threshold of HKD2 million per CP collateral account)</p> <p>5. <u>Ad-hoc intra-day VA call and H+1 Day’s EOD settlement process</u></p> <p>As usual as on business day</p>

		<p>6. <u>Ad-hoc intra-day VA call</u> i) H CPs are required to settle intra-day VA of H products (with threshold HKD1 million per CP collateral account) within 1 hour.</p> <p>ii) Any HKD VA outstanding debit will be settled in USD (with threshold of HKD1 million per CP collateral account) by ~1:00pm</p> <p>7. <u>H Day's EOD settlement process</u> i) If next day is an H Day: H Products & NH Products : Follow the arrangement of H-1 Day's EOD settlement process</p> <p>ii) If next day is H+1 Day: H Products & non-H Products: Fees, VA , margin obligation of all products will be settled on H+1 day by 9:15am</p> <p>8. HKD settlement: Fee, VA, margin obligation will be settled in HKD on H+1 day by 9:15am. For those USD collateral that covered the HKD settlement obligations during HK holidays will be released and available to withdraw on H+1 day</p> <p>9. As the collection of HKD outstanding debit in USD will be performed manually, such payment process in relation to H-1 Day's end payment obligation and H-1 Day's T+1 session will be completed by 1:00pm in one go to mitigate operational risks.</p>	
Collateral	4. Collateral deposit and withdrawal services as usual (cut-off time 11am)	10. Collateral deposit services as usual (cut-off time 11 am) Collateral withdrawal services are not provided , such function will be blocked in CCMS system and all the CP's standing withdrawal instructions in CCMS will be suppressed.	6. i) Collateral deposit and withdrawal services as usual (cut-off time 11am) ii) CP's standing withdrawal instruction will be resumed iii) If CPs wish to withdrawal the USD collateral that covered HKD margin obligations on H day, CPs may input the withdrawal instruction after MMC run around 10am on H+1 day
Other operational arrangements	5. HKCC will issue the circular around 1-2 weeks before upcoming H Day to remind CPs the clearing arrangements on H	11. H CPs need to arrange with appointed settlement bank for the following services: i) intra-bank transfer from H CP's bank account to HKCC bank account	7. As normal Hong Kong business day

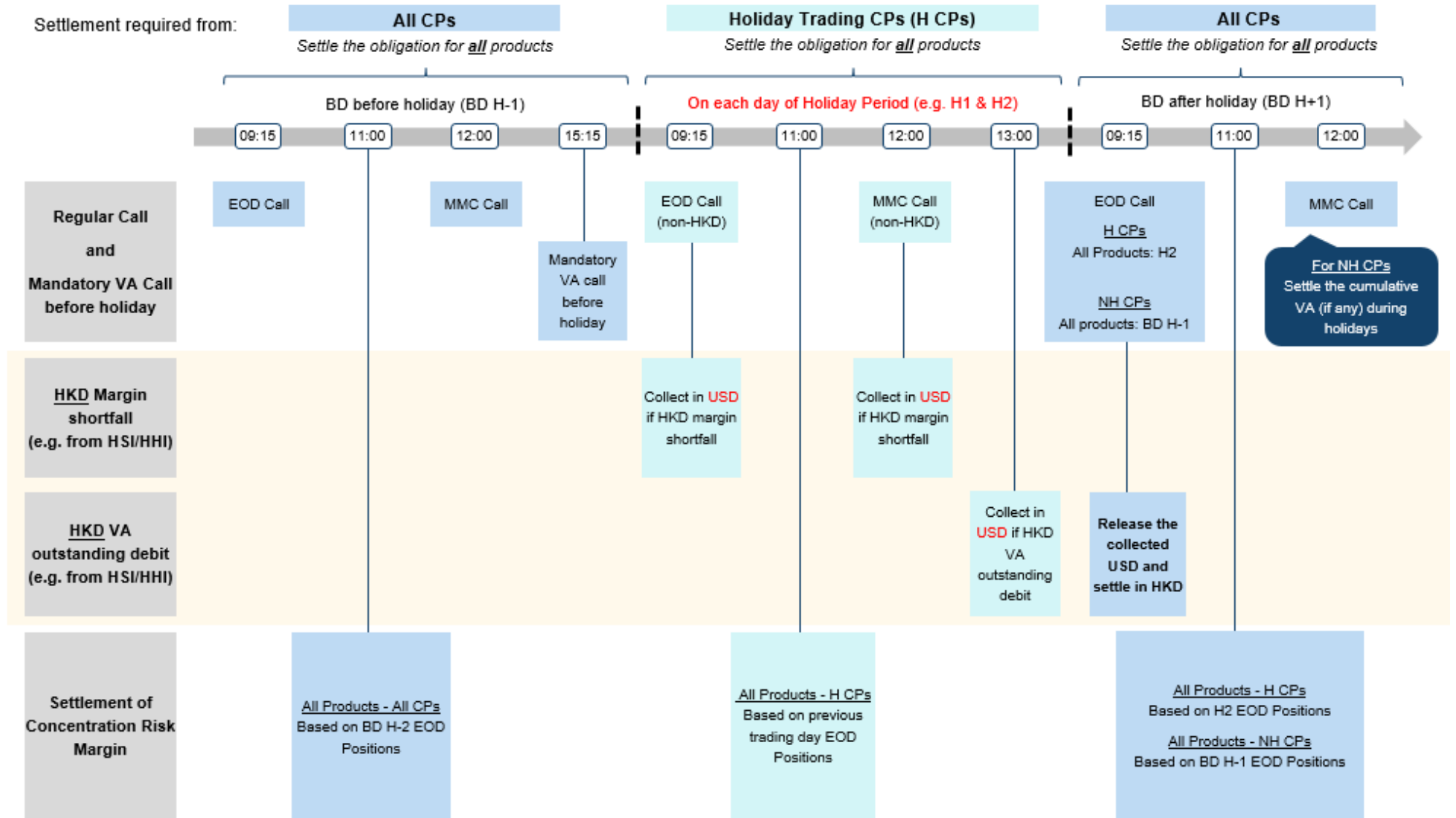
	<p>Day.</p> <p>6. H CPs need to arrange sufficient resources to operate the day-to-day activities on H days</p> <p>7. H CPs need to arrange pre-funding or credit facilities with appointed settlement bank in advance, for H Day's settlement. Such arrangement should also take into account the scenario in which both Hong Kong and the country of settlement currency are on holiday (e.g. Christmas day and Good Friday are also US holidays, and CPs thus may not have access to on-shore funding)</p> <p>8. Settlement Banks to ensure sufficient resources in terms of operations, client services support, credit team etc. to provide support on H Days</p> <p>9. New CCMS report layout -- new section will be introduced in CCMS reports CCMPY02 to record all the outstanding margin payment obligation of NH Products that will be settled on H+1 Day</p>	<p>ii) inter-bank transfer via RTGS if CP's sources of funding from other banks in Hong Kong (USD/EUR/RMB RTGS open in all Hong Kong public holidays except 1 January)</p> <p>iii) operational support and other related services (e.g. credit facilities on Hong Kong holidays)</p> <p>iv) For other non-RTGS currencies such as SGD, JPY, assume CPs have arranged sufficient funding in advance and/or have arranged credit facilities with appointed settlement banks.</p>	
--	--	--	--

APPENDIX 3: OPERATIONAL ARRANGEMENTS FOR NON-HOLIDAY TRADING PARTICIPANTS

Services	H-1 Day	H Day	H+1 Day
Post trade	<ol style="list-style-type: none"> H Products: NH CPs are not allowed to trade H Products Non-Holiday Trading Products (“NH Products”): Post trade services provided from 7:30am to 3am (T session cut-off time: 6:45pm T+1 session cut-off time 3am) 	<ol style="list-style-type: none"> No post trade activities allowed for NH CPs Transaction record of H-1 Day’s T+1 session of NH Products will be shown on H Day’s EOD report HKCC will restrict NH CPs access to the DCASS (including OMnet Application Programme Interface (“OAPI”) users) NH CPs are not able to take up any position from other CPs. HKCC will not perform any on-behalf transaction initiated by NH CPs (e.g. External Position Transfer) 	<ol style="list-style-type: none"> NH Products : post trade services provided from 7:30am to 3am (T session cut-off time : 6:45pm T+1 session cut-off time 3am)
Money settlement	<ol style="list-style-type: none"> <u>H-1 Day’s EOD settlement process</u> NH Products: (T session trades): payment obligation will be settled on H+1 Day by 9:15am (T+1 session trades): payment obligation will be settled on H+1 Day by noon 	<ol style="list-style-type: none"> No payment obligations need to be settled on H day. 	<ol style="list-style-type: none"> <u>Settlement of H-1 Day’s day-end margin and other obligations</u> 9:15am : NH CPs to settle the payment obligation of H-1 Day’s T session of NH Products <u>Settlement of concentration margin by 11:00am</u> NH CPs are required to settle the concentration margin of NH Products based on H-1 Day’s position by 11:00am <u>MMC by 12:00pm</u> NH Products : NH CPs to settle VA and margin obligation of H-1 Day’s T+1 session <u>Ad-hoc Margin call and H+1Day’s EOD settlement process</u> As usual as HK Business day

Collateral	4. Deposit and withdrawal services as usual	6. No collateral deposit/withdrawal services will be provided	6. Deposit and withdrawal services as usual
------------	--	--	--

APPENDIX 4: OVERALL SETTLEMENT TIMELINE



APPENDIX 5: PROPOSED RISK MANAGEMENT ARRANGEMENTS

1. The risk management objective in supporting Holiday Trading is to ensure appropriate and adequate risk arrangements for HKCC on Hong Kong public holidays with trading and clearing activities are in place and to continue to comply with the relevant regulatory standards. The following two guiding principles are set out for our proposed risk management model:
 - a) **Appropriate Risk Management Coverage During H Days.** The existing risk management arrangements applicable on Hong Kong Business Days will be applied to H Days to the extent possible. This is to ensure the adequacy of the risk management arrangements on H Days whilst avoiding unnecessary deviation from that of a Hong Kong Business Day.
 - b) **Immaterial Impact on NH CPs.** As NH CPs will not be able to trade and clear Holiday Trading Products (“H Products”), it is considered that the changes in their operations after the implementation of Holiday Trading should be limited. Therefore, the risk management measures to be imposed on H Days by HKCC should have an immaterial impact on NH CPs.
2. The key proposed risk management arrangements in relation to the Holiday Trading are set out below.

A. Margining

Initial Margin and Daily Mark to Market

3. Currently, the market risk of the HKFE products are primarily mitigated via the IM and daily mark-to-market process (also known as VA). With the introduction of Holiday Trading, market risks exists on H Days in the same way as on Hong Kong Business Days. Therefore, we propose to follow the existing practice by enforcing the timely calculation and collection of IM and VA on a daily basis for all HKFE products from H CPs on H Days. For NH CPs, no change is required from the existing practice, i.e. collection of IM and VA on HK Business Days, given that they are not allowed to trade nor clear H Products.

Margin Offset Arrangement

4. Margin offsets are offered between a number of HKFE product pairs, including pairs of H Products and NH Product. Margin offsets will continue to be available on H Days.
5. The margin requirement of the NH Products may change on H Days for H CPs, albeit no trading of these contracts will take place throughout the H Days. For example, where a USD-denominated H Product has margin offset with HKD-denominated NH Product, the HKD margin requirement of the NH Product for H CPs may change on H Days as

the offsetting position may change as a result of trading activity of H Product on H Days.

Holiday Margin

6. To mitigate the potential market risk on the reopening of the Hong Kong markets after Hong Kong public holiday(s), HKCC currently has holiday margin arrangements in place. The existing arrangements increase the margin levels temporarily (i.e. holiday margin) for some major products when there is a holiday period of greater than 1 day in Hong Kong, excluding Saturday and Sunday.
7. It is proposed to continue imposing holiday margin on NH Products as today. Based on the key principle that the products which have margin offset with each other should be liquidated together in the case of CP default (to ensure sufficient margin cover throughout the H Days and up to the next Hong Kong Business Day), it is proposed that holiday margin will be applied to H Products which have margin offset with any NH Products on all Hong Kong public holiday periods.
8. For other H Products which do not have margin offset with any NH Trading Products, normal margin will be applied. Nevertheless, HKCC has the discretion to apply holiday margins or increase margins on products which may pose liquidity concerns at the time.
9. At present, the margin rate for HKFE products resumes back from the holiday margin rate to the normal margin rate through the end-of-day margin calculation on the Hong Kong Business Day before Hong Kong public holiday(s). Any margin calls from this process are due to the Clearing House by 9:15am in the morning after Hong Kong public holiday(s). No further margin calculations are performed through the holiday. This means that any excess collateral arising from the reversion back to the normal margin rate is available for withdrawal on Hong Kong Business Day after Hong Kong public holiday(s) from 9am.
10. Upon the launch of Holiday Trading, because margin calls for all HKFE products will continue to be made to H CPs on each day through the holiday period, the reversion to the normal margin rate for the products subject to holiday margin will not take place until the end-of-day margin calculation process on the last day of the Hong Kong public holiday period. This ensures the holiday margin rate can be used to cover the whole holiday period.
11. For NH CPs, no intra-day nor day-end margin call will be made during H Day(s). Their last margin calculation will be from the end of day process before H Day(s) has started, and will be due to the Clearing House by 9:15am on the Hong Kong Business Day after H Day(s). Such margin calculation is subject to the holiday margin rate. The reversion to the normal margin rate for NH CPs will be performed in the calculation of the MMC at around 10am in the morning after H Day(s). The request of excess collateral arising from the reversion of margin rate will be approximately 1 hour later on the Hong Kong Business Day after H Day(s) for the NH CPs.

Mandatory Intra-Day Variation Adjustment and Margin Call

12. Under the current practice, MMC is performed for (1) products with a T+1 session from

trading on the previous trading day, and (2) any products whose underlying instrument is the same as or similar to the underlying instrument of (1). There is no MMC if the previous trading day is a Half Day Trading. HKEX proposes to extend the MMC arrangement to every trading day and make it applicable to all HKFE products. The change not only facilitates NH CPs to withdraw holiday margin for all HKFE products after a Hong Kong public holiday when HKCC restores the margin to the normal rate, but also further strengthens our risk management regime by broadening the product scope involved in such regular VA & margin calls.

Additional Margins

13. Follows the same principle as the settlement of IM and VA during H Day(s), it is proposed to extend the existing arrangement for the collection of additional margin, including Concentration Risk Margin, Capital-based Position Limit Margin and Reserve Fund Additional Margin to H Day(s) for H CPs. For the NH CPs, they are not required to settle any additional margins on H Day(s).

B. Collateral Management

14. Under the current collateral policy, there are different caps imposed on collateral to ensure HKCC has sufficient liquid resource to fulfill its payment obligations in the event of a CP default:
 - a) For HKD and USD denominated contracts, HKCC CPs are required to satisfy at least 50% of their margin requirements by settlement currency while the remaining portion could be met by any acceptable non-settlement currency cash and/or non-cash collateral (“50-50 collateral rule”).
 - b) For RMB, JPY and SGD denominated contracts, fixed limits (i.e. currently RMB 1 billion, JPY 750 million and SGD 25 million respectively) are applied to each CP. Where the CP’s margin requirement is on or below the limit, the CP is allowed to fulfill their margin requirement by any acceptable collateral where non-cash collateral could satisfy up to 50% of the margin requirement. Beyond limit, the CP’s margin requirement shall be satisfied by the contract denominated currency (e.g. cash in CNH for RMB denominated contract).
15. To allow all HKD margin obligations to be settled in USD and also alleviate the funding pressure on Hong Kong public holidays, HKEX proposes to revise the 50-50 collateral rule for HKD and USD denominated contracts on Hong Kong public holidays. Under these proposals, CPs are allowed to fulfill all their HKD and USD margin requirements by any acceptable collaterals (where non-cash collateral could satisfy up to 50% of the margin requirement) on Hong Kong public holidays for H CPs. The collateral policy will be resumed on the next Hong Kong Business Day.
16. The above proposed arrangement on the collateral policy would not impact NH CPs. The collateral policy for RMB, JPY and SGD denominated contracts are proposed to remain the same on H Day(s).

17. Under the current practice, CPs are required to fulfill their VA obligation by settlement currency. However, the absence of HKD RTGS on H Day(s) will limit HKD liquidity, resulting in funding pressure of CPs to pay HKD VA. Therefore, HKEX proposes to collect USD for HKD VA obligation during H Day(s). For the VA obligation of other settlement currencies, including USD, CNH, JPY and SGD, it is required to be fulfilled by the corresponding settlement currency on H Day(s), which follows the practice on Hong Kong Business Days.
18. In order to reduce CPs' operational impact, it is also proposed that H CPs are only liable to pay USD for HKD VA shortfall when the total HKD VA shortfall exceeds HKD 1 million. The threshold aligns with the tolerance limit of HKCC intraday call on HK Business Day.
19. Currently, haircuts are applied on the non-cash and cash collateral where the currency of the collateral is different from the settlement currency of the contracts. With the implementation of Holiday Trading, the haircuts rates will continue to be applied on H Day(s).

C. Reserve Fund (RF)

20. Based on existing practice, CPs are required to settle the HKCC Participant Additional Deposits ("HPAD") on the first Hong Kong Business Day after the recalculation of RF as a result of: (i) the regular monthly review; or (ii) the ad-hoc review triggered by the daily assessment of RF adequacy on a Hong Kong Business Day.
21. The daily assessment of RF adequacy on Hong Kong Business Day is proposed to be extended to H Day(s) to ensure the sufficiency of RF. Should the monthly review fall, or an ad-hoc review be triggered, on an H Day, HKCC will recalculate the RF based on the latest positions and informs all CPs of their recalculated HPAD on the first Hong Kong Business Day after H Day(s). The settlement lead time of HPAD is maintained at one Hong Kong Business Day after disseminating notification to all CPs.

APPENDIX 6: PRIVACY POLICY STATEMENT

Hong Kong Exchanges and Clearing Limited, and from time to time, its subsidiaries (together the "**Group**") (and each being "**HKEX**", "**we**", "**us**" or "**member of the Group**" for the purposes of this Privacy Policy Statement as appropriate) recognise their responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Personal Data (Privacy) Ordinance (Cap. 486) ("**PDPO**"). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by us is accurate. We will use your personal data which we may from time to time collect in accordance with this Privacy Policy Statement.

We regularly review this Privacy Policy Statement and may from time to time revise it or add specific instructions, policies and terms. Where any changes to this Privacy Policy Statement are material, we will notify you using the contact details you have provided us with and, where required by the PDPO, give you the opportunity to opt out of these changes by means notified to you at that time. Otherwise, in relation to personal data supplied to us through the HKEX website or otherwise, continued use by you of the HKEX website or your continued relationship with us shall be deemed to be your acceptance of and consent to this Privacy Policy Statement, as amended from time to time.

If you have any questions about this Privacy Policy Statement or how we use your personal data, please contact us through one of the communication channels set out in the "Contact Us" section below.

We will take all practicable steps to ensure the security of the personal data and to avoid unauthorised or accidental access, erasure or other use. This includes physical, technical and procedural security methods, where appropriate, to ensure that the personal data may only be accessed by authorised personnel.

Please note that if you do not provide us with your personal data (or relevant personal data relating to persons appointed by you to act on your behalf) we may not be able to provide the information, products or services you have asked for or process your requests, applications, subscriptions or registrations, and may not be able to perform or discharge the Regulatory Functions (defined below).

Purpose

From time to time we may collect your personal data including but not limited to your name, mailing address, telephone number, email address, date of birth and login name for the following purposes:

1. to process your applications, subscriptions and registration for our products and services;
2. to perform or discharge the functions of HKEX and any company of which HKEX is the recognised exchange controller (as defined in the Securities and Futures Ordinance (Cap. 571)) ("**Regulatory Functions**");
3. to provide you with our products and services and administer your account in relation to such products and services;
4. to conduct research and statistical analysis;
5. to process your application for employment or engagement within HKEX to assess your suitability as a candidate for such position and to conduct reference checks with your previous employers; and
6. other purposes directly relating to any of the above.

Direct marketing

Where you have given your consent and have not subsequently opted out, we may also use your name, mailing address, telephone number and email address to send promotional materials to you and conduct direct marketing activities in relation to HKEX financial services and information services, and financial services and information services offered by other members of the Group.

If you do not wish to receive any promotional and direct marketing materials from us or do not wish to receive particular types of promotional and direct marketing materials or do not wish to receive such materials through any particular means of communication, please contact us through one of the communication channels set out in the "Contact Us" section below. To ensure that your request can be processed quickly please provide your full name, email address, log in name and details of the product and/or service you have subscribed.

Identity Card Number

We may also collect your identity card number and process this as required under applicable law or regulation, as required by any regulator having authority over us and, subject to the PDPO, for the purpose of identifying you where it is reasonable for your identity card number to be used for this purpose.

Transfers of personal data for direct marketing purposes

Except to the extent you have already opted out we may transfer your name, mailing address, telephone number and email address to other members of the Group for the purpose of enabling those members of the Group to send promotional materials to you and conduct direct marketing activities in relation to their financial services and information services.

Other transfers of your personal data

For one or more of the purposes specified above, your personal data may be:

1. transferred to other members of the Group and made available to appropriate persons in the Group, in Hong Kong or elsewhere and in this regard you consent to the transfer of your data outside of Hong Kong;
2. supplied to any agent, contractor or third party who provides administrative, telecommunications, computer, payment, debt collection, data processing or other services to HKEX and/or any of other member of the Group in Hong Kong or elsewhere; and
3. other parties as notified to you at the time of collection.

How we use cookies

If you access our information or services through the HKEX website, you should be aware that cookies are used. Cookies are data files stored on your browser. The HKEX website automatically installs and uses cookies on your browser when you access it. Two kinds of cookies are used on the HKEX website:

Session Cookies: temporary cookies that only remain in your browser until the time you leave the HKEX website, which are used to obtain and store configuration information and administer the HKEX website, including carrying information from one page to another as you browse the site so as to, for example, avoid you having to re-enter information on each page that you visit. Session cookies are also used to compile anonymous statistics about the use of the HKEX website.

Persistent Cookies: cookies that remain in your browser for a longer period of time for the purpose of compiling anonymous statistics about the use of the HKEX website or to track and record user preferences.

The cookies used in connection with the HKEX website do not contain personal data. You may refuse to accept cookies on your browser by modifying the settings in your browser or internet security software. However, if you do so you may not be able to utilise or activate certain functions available on the HKEX website.

Compliance with laws and regulations

HKEX and other members of the Group may be required to retain, process and/or disclose your personal data in order to comply with applicable laws and regulations or in order to comply with a court order, subpoena or other legal process (whether in Hong Kong or elsewhere), or to comply with a request by a government authority, law enforcement agency or similar body (whether situated in Hong Kong or elsewhere) or to perform or discharge the Regulatory Functions. HKEX and other members of the Group may need to disclose your personal data in order to enforce any agreement with you, protect our rights, property or safety, or the rights, property or safety of our employees, or to perform or discharge the Regulatory Functions.

Corporate reorganisation

As we continue to develop our business, we may reorganise our group structure, undergo a change of control or business combination. In these circumstances it may be the case that your personal data is transferred to a third party who will continue to operate our business or a similar service under either this Privacy Policy Statement or a different privacy policy statement which will be notified to you. Such a third party may be located, and use of your personal data may be made, outside of Hong Kong in connection with such acquisition or reorganisation.

Access and correction of personal data

Under the PDPO, you have the right to ascertain whether we hold your personal data, to obtain a copy of the data, and to correct any data that is inaccurate. You may also request us to inform you of the type of personal data held by us. All data access requests shall be made using the form prescribed by the Privacy Commissioner for Personal Data ("**Privacy Commissioner**") which may be found on the official website of the Office of the Privacy Commissioner or via this link:

<https://www.pcpd.org.hk/english/publications/files/Dforme.pdf>

Requests for access and correction of personal data or for information regarding policies and practices and kinds of data held by us should be addressed in writing and sent by post to us (see the "Contact Us" section below).

A reasonable fee may be charged to offset our administrative and actual costs incurred in complying with your data access requests.

Termination or cancellation

Should your account or relationship with us be cancelled or terminated at any time, we shall cease processing your personal data as soon as reasonably practicable following such cancellation or termination, provided that we may keep copies of your data as is reasonably required for archival purposes, for use in relation to any actual or potential dispute, for the purpose of compliance with applicable laws and regulations and for the purpose of enforcing any agreement we have with you, for protecting our rights, property or safety, or the rights, property or safety of our employees, and for performing or discharging our functions, obligations and responsibilities.

General

If there is any inconsistency or conflict between the English and Chinese versions of this Privacy Policy Statement, the English version shall prevail.

Contact us

By Post:
Personal Data Privacy Officer
Hong Kong Exchanges and Clearing Limited
8/F., Two Exchange Square
8 Connaught Place
Central
Hong Kong

By Email:
DataPrivacy@HKEX.COM.HK

Hong Kong Exchanges and Clearing Limited

8/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

hkexgroup.com | hkex.com.hk

info@hkex.com.hk
T +852 2522 1122
F +852 2295 3106