

FAQ on HKEX's structured products market and the delisting

1. How big is Hong Kong's structured products market?

Hong Kong's structured products market is the world's largest, with over 12,000 listed products, and includes derivative warrants, callable bull/bear contracts, and inline warrants. In December, the total structured products market had an average daily turnover of HK\$13.8 billion. As of 2019, Hong Kong has held the title of the world's biggest structured products market by turnover for the 13th consecutive year.

2. Do you expect these delistings to impact market liquidity?

We do not believe the delistings will have a material adverse impact on Hong Kong's structured products market. The Hong Kong market is well established, competitive, and dynamic, with 15 issuers across the structured product ecosystem, and we are confident that there will be sufficient investment choices to meet market demand.

To provide some context: in 2020, the Hong Kong market saw a record 518 structured product issuances in one single day. Also in 2020, the market in one single day saw mandatory callable events resulting in the delisting of 656 CBBCs.

3. Why are the structured product issuers taking different approaches in handling the delistings, and why is HKEX allowing that?

Listing termination of these structured products is the issuers' decision and they are doing so legally, pursuant to the terms of the products. The issuers have volunteered to conduct a buyback arrangement in order to reduce the impact of termination to investors and the market. HKEX is facilitating the buyback arrangement, by providing a waiver from compliance with certain listing rules to support this process.

4. Will these products be replaced by other issuers?

In the Hong Kong market, there are 15 issuers across the structured product ecosystem. We are confident that there will be sufficient investment choices to meet market demand.

5. Do you expect further structured products to be delisted? Are any other products impacted?

We continue to monitor and assess market developments. We will provide further updates to the market as appropriate.

6. What is the impact on HKEX's business?

We continue to monitor and assess developments. HKEX's markets remain robust, resilient and competitive, evidenced by consistently strong market trading volumes and the IPO pipeline. We are fully committed to further enhancing our role as the Global Markets Leader in the Asian timezone.

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