

Exchange Traded Products¹ (ETPs) Market Maker² Obligations

- ETP market makers are required to enter two-sided quotes within the applicable market maker obligations based on an ETP's grouping, as set out below:

		Grouping		
		A	B	C
1. The maximum spread of two-sided market making orders entered by a Market Maker into the System (in percentage)		0.40%	1.00%	2.00%
2. The minimum quote size of market making orders that are within the maximum spread (per side)	HKD	\$200,000	\$200,000	\$100,000
	RMB	\$170,000	\$170,000	\$85,000
	USD	\$25,000	\$25,000	\$12,500
3. The minimum period of time for which a Market Maker shall maintain a market making order after initially entering it into the system (in seconds)		1 second		
4. The minimum participation rate of a Market Maker per trading day (in percentage)		80%		

- The list of ETP grouping can be found on HKEX's ETP market maker webpage under section "[Market making obligations and spread table](#)".
- For technical specifications of ETP market making obligations, please contact the ETFs@hkex.com.hk.

Market Maker Performance

- A market maker is considered in breach of the obligations if one fails to meet the minimum participation rate for five or more days in a calendar month. A breach of the obligations is reported to SFC.
- Market makers found to be in breach of the obligations for two consecutive months could have their SMM permit revoked on the respective ETP.

Market Maker Entitlements

- Market Makers enjoy the following benefits:
 - Market making trades are exempted from trading fee (0.005%) and transaction levy (0.0027%);
 - Market Makers can apply for Market Making Orion Central Gateway (MMOCG) Session and securities market data feeds (OMD) – End user Licence at a discounted rate for market making of ETPs;
 - One-day buy-in exemption on market making trades;
 - Short-selling and tick rule exemption on market making trades; and
 - Stamp duty (0.1%) is waived in the course of creating and redeeming ETP units listed in Hong Kong.

Spread Table for Exchange Traded Products

- All ETPs, unless otherwise specified, adopt Spread Table (Part D) as below:

Currency Unit				Tick Interval
From	0.01	to	1.00	0.001
Over	1.00	to	5.00	0.002
Over	5.00	to	10.00	0.005
Over	10.00	to	20.00	0.010
Over	20.00	to	100.00	0.020
Over	100.00	to	200.00	0.050
Over	200.00	to	500.00	0.100
Over	500.00	to	1,000.00	0.200
Over	1,000.00	to	2,000.00	0.500
Over	2,000.00	to	9,999.00	1.000

- At the preference of the ETF managers, some fixed income and money market ETFs may adopt Spread Table (Part B) as below:

Currency Unit				Tick Interval
From	0.50	to	9,999.95	0.05

- The list of ETF spread tables can be found on HKEX's ETP market maker webpage under section "[Market making obligations and spread table](#)"

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