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Hong Kong Exchanges and Clearing Limited is a recognized exchange controller under the Securities and Futures Ordinance which is the controller of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited, The SEHK Options Clearing House Limited, HKFE Clearing Corporation Limited and OTC Clearing Hong Kong Limited.

## 通告 CIRCULAR

**Subject: Compliance Bulletin (Issue No. 14) – (1) Large Open Position (“LOP”) Reporting Requirements and Procedures, (2) Clients Protection Measures, (3) Updated Guidelines on Client Margin Requirements, and (4) Annual Attestation and Inspection Programme.**

Enquiry: LOP reporting procedures: [lophkfe@hkex.com.hk](mailto:lophkfe@hkex.com.hk)

HKATS Hotline<sup>1</sup> (Tel: 2211 6360 E-mail: [HKATSSupport@hkex.com.hk](mailto:HKATSSupport@hkex.com.hk))

Others: [surveillance@hkex.com.hk](mailto:surveillance@hkex.com.hk)

As part of our continuous efforts to promote transparency and a compliance culture in our marketplace, Hong Kong Exchanges and Clearing Limited (“**HKEX**”) has prepared this Compliance Bulletin to offer the industry a better understanding of our enforcement work and regulatory expectations. It serves as a reminder to all relevant Exchange Participants (“**EPs**” or “**Participants**”) on some salient points in relation to (1) LOP Reporting Requirements and Procedures; (2) Clients Protection Measures; (3) Updated Guidelines on Client Margin Requirements under Rule 617 of the Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited (“**HKFE Rules**”); and (4) Annual Attestation and Inspection Programme.

<sup>1</sup> All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: [https://www.hkex.com.hk/Global/Exchange/Privacy-Notice?sc\\_lang=en](https://www.hkex.com.hk/Global/Exchange/Privacy-Notice?sc_lang=en)

(1) **LOP Reporting Requirements and Procedures**

(i) **Reporting Requirements for Hang Seng TECH Index Futures and Options**

Reference is made to the circular published on 26 May 2025 (Ref. No.: [MKS/EQD/05/25](#)) regarding the reporting requirement for EPs with open positions held for their own account or any client exceeding 60% of the position limit of the stock index futures and stock index options contracts with the same underlying index.

EPs are reminded that this requirement will apply to futures and options contracts based on Hang Seng TECH Index, **effective from 2 July 2025**.

EPs shall ensure their system and operational readiness in handling the reporting requirements, and all relevant staff are made aware of the reporting requirements.

(ii) **Reporting Procedures for Severe Weather Trading (“SWT”)**

Reference is made to the circular published on 16 September 2024 (Ref. No.: [MSM/008/2024](#)). To ensure readiness for SWT, the Exchange would like to remind all relevant EPs of the following LOP reporting obligations:

- **EPs** holding positions in any Exchange Contract in excess of the LOP for their own account or for any of their clients shall file a report with the Exchange no later than **12:00 noon of the next Trading Day** for the relevant Exchange Contract, and shall continue to file the report on each succeeding day for as long as the positions remain in excess of the LOP.
- **Other persons (e.g. a client of an EP)** who hold positions in an Exchange Contract in excess of the LOP and choose to report directly to the Exchange (instead of via its EP) are subject to **the same reporting procedures and deadlines**.

EPs are required to remind their clients of the above reporting requirements and their reporting responsibilities during the SWT.

## (2) Reminder on Clients Protection Measures

Reference is made to the [news](#) and [circular](#) issued by the Securities and Futures Commission (“SFC”) on 6 June 2025 which urges brokers to enhance protection for their clients and to address the prevention and handling of unauthorized trading incidents<sup>2</sup>.

EPs are reminded to follow the SFC guidance and implement appropriate measures to prevent unauthorized trading in their clients’ accounts. Failure to adopt the necessary protocols not only jeopardizes operational resilience but may also invalidate error trade claims arising from those unauthorized trading incidents.

EPs are also reminded to observe the relevant eligibility requirements and procedures when submitting requests for trade cancellation / amendment in cash market, or error trade claim in derivatives market. Key requirements are highlighted as follows:

### (i) **Trade Cancellation / Amendment in Cash Market<sup>3</sup>**

- All trades concluded shall not be amended or cancelled unless otherwise determined by the Board of the SEHK.
- Under the current procedures for approving trade cancellation / amendment, the cancellation and/or amendment **must be agreed by both the selling and buying parties**.
- Trade cancellation / amendment requests will only be considered if they are submitted **within the prescribed time limit** under Rule 528 of the Rules of the Exchange.

### (ii) **Error Trade Claim in Derivatives Market<sup>4</sup>**

- EPs that are original parties to a transaction on HKATS can file error trade claims to the Exchange if the trades are **deviated from the established Error Trade Price Parameters<sup>5</sup>**.
- The claim must be made **within the prescribed time limit** under Rule 819B of the HKFE Rules for Futures and Index Options, and Rule 540 under the Options Trading Rules of the Stock Exchange for Stock Options.
- Claim details must be included as specified in the relevant HKEX circulars<sup>6</sup>.

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<sup>2</sup> Please refer to the HKEX circulars regarding the same matter on 9 June 2025 (Ref No.: [CT/083/25](#) and [MO/DT/128/25](#))

<sup>3</sup> For any enquiries, participants may reach out to Participant General Enquiry Hotline (Tel: 2840 3626 Email: [trd@hkex.com.hk](mailto:trd@hkex.com.hk))

<sup>4</sup> For any enquiries, participants may reach out to HKATS Hotline at Tel: 2211-6360

<sup>5</sup> For details on the Error Trade Price Parameters, please visit HKEX webpage at [Error Trade Handling Procedures](#)

<sup>6</sup> Please refer to circulars, Ref. No. [MO/DT/103/17](#) for futures and index options, and [MO/DT/104/17](#) for stock options

For the avoidance of doubt, it is the responsibility of the EPs, not its clients, to submit the request, with all necessary information and supporting documents for trade cancellation / amendment in cash market, or error trade claim in derivatives market to the relevant exchange on time.

**(3) Updated Guidelines on Client Margin Requirements under HKFE Rule 617**

Reference is made to the circular dated 18 June 2025 (Ref. No.: [MSM/005/2025](#)), which supersedes the previous version published in 2017 and provides updated guidelines on the relevant margin requirements under HKFE Rule 617. The updated guidelines specifically outline the criteria for assessing established Clients, as well as the circumstances under which an established Client should be considered as an Exclusive Day Trader.

Relevant EPs are reminded to note that they are expected to have implemented appropriate measures to fully comply with the relevant requirements as updated by this circular by **18 July 2025**.

**(4) Annual Attestation and Inspection Programme (“Programme”)**

**(i) Commencement of the 2025 Programme**

Information Sessions

Following the market announcement on the commencement of 2025 Programme on 1 April 2025 (Ref: [MSM/003/2025](#)), two information sessions were held in a live webinar format on 28 and 29 April 2025, respectively.

The webinar recordings and presentation materials are now available on the [HKEX Rule Enforcement webpage](#).

Self-attestation of Compliance Questionnaire (“Questionnaire”)

On 20 June 2025, HKEX has published the 2025 Questionnaire (Ref. No.: [MSM/006/2025](#)), which can be downloaded from the [HKEX Rule Enforcement webpage](#). EPs and Clearing Participants (“CPs”) are reminded of their obligations under the relevant rules to complete and return the Questionnaire to the Exchange via the Electronic Communication Platform (ECP) by **1 August 2025**.

Any late or incomplete submission will be taken seriously and may result in disciplinary actions in accordance with the relevant rules and regulations.

**(ii) Closing of the 2024 Programme**

Reference is made to the circular dated 31 March 2025 (Ref. No.: [MSM/002/2025](#)) regarding the closing of the 2024 Programme, in which we have set out our key findings along with elaboration in the corresponding compliance reminders. EPs and CPs are expected to keep abreast of all the relevant rules and regulations applicable to them. They should also review their current practices and procedures, adopt appropriate measures to strengthen their controls, and where necessary, take immediate actions to rectify any breaches or deficiencies.

HKEX would like to point out that the requirements and examples (if any) set out in this Compliance Bulletin are by no means exhaustive. They are intended for general reference only and should not be construed as legal advice. All liabilities with respect to actions taken or not taken based on the contents of this circular are hereby expressly disclaimed. All participants should always take into consideration their own circumstances to ensure full compliance with the relevant rules and requirements and seek their own professional advice on their specific situation where appropriate.

Participants are strongly advised to review their current set up and implement appropriate measures to strengthen their controls, and where necessary, take appropriate actions to address any potential rule breaches or deficiencies.

Participants are also encouraged to contact the Market Surveillance and Monitoring Department (email: [lophkfe@hkex.com.hk](mailto:lophkfe@hkex.com.hk) / [surveillance@hkex.com.hk](mailto:surveillance@hkex.com.hk)) should they have any questions on the above.

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*This circular has been issued in English together with Chinese translation of the same. If there is any discrepancy between the Chinese translation and the English version, the English version shall prevail.*