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香港中央結算有限公司
(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: **FURTHER INFORMATION ON THE DUAL COUNTER MODEL ELIGIBLE FOR MARKET MAKING IN HONG KONG SECURITIES MARKET**

Enquiry: **CCASS Hotline¹ (Tel : 2979 7111 E-mail : clearingqps@hkex.com.hk)**

Reference is made to the HKSCC circular (Ref: [CD/OES/CCASS/045/2022](#)) regarding the introduction of the HKD-RMB Dual Counter Model (“Dual Counter Model”) eligible for market making in Hong Kong securities market. To facilitate the implementation of the Dual Counter Model and, to provide greater operational efficiencies and flexibility to Clearing Participants (“CPs”), the following enhancements will be introduced to enable more efficient cross counter transfers of multi-counter securities. The enhancements will come into effect upon the launch of Dual Counter Model which will be in the first half of 2023 tentatively, subject to regulatory approval.

Multi-counter Transfer Instruction (“MCTI”)

1) Inter-counter Transfer/Conversion Instruction Maintenance

Function time for Input and Cancel Inter-counter Transfer/Conversion Instruction functions will be extended from 3:45 pm. to 5:15 p.m. The new function time for MCTI will be between 8:00 a.m. and 5:15 p.m. Monday to Friday (except holidays). Enquire Inter-counter Transfer/Conversion Instruction function will remain the same, i.e. 8:00 a.m. to 7:00 p.m. Monday to Friday (except holidays). All outstanding pending MCTI instructions will be cancelled after batch transfer run at 5:20 p.m.

Besides, existing instruction input deadline of 2:00 p.m. on the Business Day² immediately preceding the book closure date for a Multi-counter Eligible Security with book closure date announced will not be applicable to a Dual Counter Security. As such, CPs could input MCTI from 8:00 a.m. to 5:15 p.m. on each Business Day for a Dual Counter Security.

¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

² “Business Day” as defined in General Rules of CCASS.

For more details, please refer to the revised Section 8.2.13 of “CCASS Terminal User Guide – For Participants” which will be posted on the [Client Connect](#) under “CCASS Enhancements” under “What’s on”.

2) Multi-counter Transfer Instruction File Transfer

MCTI batch file upload function time will be extended from 2:30 p.m. to 4:30 p.m. The new function time for MCTI batch file upload will be 8:00 a.m. to 4:30 p.m. Monday to Friday (except holidays). The file layout and the validation report arrangement will remain unchanged.

For more details on the file layout, please refer to section 5.18 of “CCASS Terminal User Guide – For Participants”. CPs are required to log on to [Client Connect](#) to access the CCASS Terminal User Guide.

3) Multi-counter eligible securities transfer fee

Multi-counter eligible securities transfer fee of HK\$5 per instruction will be abolished upon the launch of Dual Counter Model, subject to regulatory approval.

Application for Buy-in Exemption Procedures

Where a CP has an unsettled short position in one counter and has sufficient securities and/or long position in the other counter following the transfer of which is sufficient to settle the relevant short position on T+2, the CP can submit an application for exemption of buy-in under the ground stipulated in section 10.8.3 (xi) of CCASS Operational Procedures via [Client Connect](#) to HKSCC no later than 8:00 p.m. on T+2.

In order to streamline the application for buy-in exemption procedures for Dual Counter Model, a CP is only required to provide HKSCC with the overdue short positions in the Dual Counter Securities and not required to provide any supporting documents when they submit the application for buy-in exemption. The revised arrangement will be set out in “[Client Connect User Manual for Application to HKSCC for Exemption of Buy-in](#)” in due course.

Intra-day Counter Interchange for Settlement (“ICI”)

ICI is a new type of instruction in CCASS to facilitate cross transfers between HKD counter and RMB counter of the same stocks within A/C 01 for settlement purpose. This type of instruction is free of charge and is applicable for Dual Counter Securities and all other Multi-counter Eligible Securities of the same issuer that have HKD counter and RMB counter (collectively “designated Multi-counter Eligible Securities”). The list of designated Multi-counter Eligible Securities will be available under Client Connect.

CPs may submit one-off or standing ICI to HKSCC. Pursuant to an ICI provided by a CP, HKSCC will compare the availability of the Multi-counter Eligible Securities under the different stock codes in its Stock Clearing Account and will, to the extent there is a shortfall in one stock code to meet its delivering obligations for settlement and a surplus in another stock code, effect an automatic transfer of surplus Multi-counter Eligible Securities from the other stock code to such stock code up to the amount of the shortfall provided that the Multi-counter Eligible Securities concerned are of the same class.

Further details of ICI function will be set out in “CCASS Terminal User Guide – For Participants” in due course.

Risk Management Arrangement

The same risk management arrangements for existing HKD counter stocks will be applied to the respective RMB counter stocks. Please also note that the two counters of the same stock will be margined in the same tier (Tier P or N) for the Initial Margin calculation.

For details, please refer to [Initial Margin Calculation Guide](#).

Important Note to CPs

CPs are reminded again to review their internal controls for compliance with applicable client assets rules. In order to avoid misappropriation of client assets, CPs shall ensure that a client’s holdings in one counter will not be used to settle transactions conducted by another client as a result of the abovementioned enhancement service.

Inter-counter transactions of the same securities involve two independent transactions with different stock codes and stock short names, **CPs are advised to review their systems and operations to ensure smooth trading in facilitating inter-counter transactions and prevent failed settlement.**

Should you have any questions regarding the above information, please contact the CCASS Hotline at 2979-7111 or email to clearingps@hkex.com.hk.

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