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香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

**THE STOCK EXCHANGE OF HONG KONG LIMITED**  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

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**Subject: Introduction of new spread table and continuous quoting market making obligations for Exchange Traded Funds and Leveraged and Inverse Products**

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The Stock Exchange of Hong Kong Limited (the “Exchange”) is planning to introduce a new spread table and continuous quoting market making obligations for Exchange Traded Funds (“ETFs”) and Leveraged and Inverse (“L&I”) Products tentatively scheduled for late-February 2020, subject to regulatory approval. The relevant rule amendments will be issued at a future date via a separate circular.

Exchange Participants are recommended to coordinate with their IT teams and vendors for system enhancements and calibration, if necessary. For details of the draft proposed new spread table and market making obligations, please refer to Attachment 1.

For enquiries, please email [ETFs@hkex.com.hk](mailto:ETFs@hkex.com.hk).

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*This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*

**Proposed New ETP Spread Table (subject to regulatory approval – further changes may be made)**

1. The proposed new spread table (Part D) for ETFs and L&I Products is as follows:

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

2. Existing spread table (Part B) remains to be an option at ETF manager's preference (applicable to Fixed Income ETFs only).

**Proposed Market Making Obligations (subject to regulatory approval – further changes may be made)**

3. Market making obligations<sup>1</sup> would change from the current Wide Spread regime to the proposed Continuous Quoting regime, as set out below:

3.1. All ETFs and L&I Products would be classified into 3 groups (A-C) based on their liquidity profile. The classification of each ETF and L&I Product will be announced later on HKEX website after consultation with both ETF managers and market makers.

3.2. Each group would have a corresponding set of market making obligations under Continuous Quoting regime. The same set of market making obligations should be abided by each and all market makers of the same ETF with details as follows:

		Group A	Group B	Group C
(i) Maximum spread width (%)		0.40%	1.00%	2.00%
(ii) Minimum notional value per side (currency)	<i>HKD Counters</i>	200,000	200,000	100,000
	<i>RMB Counters</i>	170,000	170,000	85,000
	<i>USD Counters</i>	25,000	25,000	12,500
(iii) Minimum participation rate (% of each trading day)		80%	80%	80%

<sup>1</sup> Applicable to Securities Market Makers and Designated Specialists