

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

Subject: Enhancements of the Designated Specialist Programme and relaxation of the experience requirement for Securities Market Maker for Leveraged and Inverse Products

Enquiry: Angel Wong (Tel : 2840 3561 E-mail : ETFs@hkex.com.hk)

The Stock Exchange of Hong Kong Limited (the "Exchange") is pleased to announce the following enhancements of the Designated Specialist Programme ("DS Programme") with effect from today:

1. Eligibility Criteria

A Securities Market Maker ("SMM") may apply to and register with the Exchange one or more of its corporate clients as a Designated Specialist ("DS"). To register a corporate client as a DS, an SMM shall demonstrate to the satisfaction of the Exchange that the client has satisfied at least one of the following conditions:

- (i) it is an entity licensed by or registered with the Securities and Futures Commission ("SFC") for Type 1 or Type 2 regulated activities under the Securities and Futures Ordinance, or licensed or registered for similar activity by an overseas authority having a memorandum of understanding with the SFC for the sharing of market surveillance information;
- (ii) it is an entity which is a licensed bank regulated by an authority acceptable to the Exchange;
- (iii) it is an entity which has maintained a current long-term credit rating of A- or above (Standard & Poor's) or A3 or above (Moody's); or
- (iv) it has maintained a paid-up capital of at least HK\$50,000,000 and shareholders' funds of at least HK\$100,000,000,

and the DS shall also comply with any other conditions and/ or other requirements as may be prescribed by the Exchange from time to time.

2. Programme Structure

The structure of the DS Programme is enhanced that:

- (i) No SMM shall apply to register a corporate client to be its DS for a Market Making Security if such corporate client is already registered as a DS of another Securities Market Maker for the same Market Making Security;
- (ii) A SMM may apply to register one or more of its DS for any Market Making Security specified in its current SMM permit; and
- (iii) A SMM which intends to register any DS for a specified Market Making Security shall indicate to the Exchange in such manner as the Exchange may from time to time determine if it will also perform market making activities for that specified security by itself together with the Designated Specialist, in which case the SMM shall, notwithstanding the registration of any DS, be obliged to comply with the obligations set out in Regulations (9), (10) and (12) and the SMM Obligations in or prescribed under the Appendix as approved by the Exchange from time to time.

For the amendments to the Rules of the Exchange relating to the enhancements of the DS Programme, please refer to Exchange Circular (Ref: [LSD/132/2018](#)). The relevant application documents¹ are available on the [HKEX website](#).

In addition to the enhancements of the DS Programme, with reference to the [SFC's circular](#) on Leveraged and Inverse Products dated 17 December 2018, the experience requirement as part of SMMs' eligibility for Leveraged and Inverse Products is removed with effect from today.

For enquiries, please email ETFs@hkex.com.hk.

Brian Roberts
Senior Vice President
Head of Exchange Traded Products Development
Market Development Division

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.

¹ Updated "Application for Acquisition / Surrender of Securities Market Maker Permit(s)" (Form 10); Updated "Explanatory Notes for Acquisition / Surrender of Securities Market Maker Permit(s)" (EN10); New "Application for Registration / Removal of Designated Specialist" (Form 10A); and New "Explanatory Notes for Application for Registration / Removal of Designated Specialist" (EN10A).