

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: **MARKET MAKING-RELATED ARRANGEMENTS OF DUAL COUNTER SECURITIES AROUND THE PARALLEL TRADING PERIOD UNDER THE HKD-RMB DUAL COUNTER MODEL**

Enquiry: **Participant General Enquiry Hotline¹ (Tel : 2840 3626 E-mail : trd@hkex.com.hk)**

Parallel trading arrangements usually take place with regard to securities which undergo certain corporate actions with a change of board lot value to facilitate trading and settlement. Exchange Participants are requested to note the market making-related arrangements of Dual Counter Securities around the parallel trading period.

During the parallel trading period, a Dual Counter Security will be traded under both a temporary trading counter and an original trading counter for each of its HKD counter and RMB counter respectively. During this period, the market making obligations of Dual Counter Market Makers (“DCMMs”) will be applicable to the original RMB counter only². The order input by DCMMs at the temporary HKD counter and temporary RMB counter will not be recognized as valid DCMM orders by the Exchange during the parallel trading period. As such, no DCMM Short Selling³ will be allowed at the temporary HKD and temporary RMB counters and any transaction concluded at such temporary counters shall not be qualified as Eligible DCMM Transactions (in accordance with the [Explanatory Notes for Application for Acquisition / Surrender of Dual Counter Market Maker Permit\(s\)](#) (“EN22”) and the [Operation Procedures for Stamp Duty Collection](#)).

Before the commencement and after the end of the parallel trading period, a Dual Counter Security will have only one RMB counter opened for trading, either the temporary counter (during pre-commencement) or the original counter (after the end of parallel trading period). The market making obligations are hence applicable to that one RMB counter.

The relevant market making-related arrangements for DCMMs before, during, and after the parallel

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

² On the basis that the RMB counter has been designated as the secondary counter and the HKD counter is designated as the primary counter respectively.

³ As defined under the Rules of the Exchange.

trading period are summarised as follows:

	Counter	DCMM market making obligations applicable? (Y = Yes/ No = N)	Input of DCMM order (market making order, hedging order or arbitrage order) allowed? (Y = Yes/ N = No)	DCMM Short Selling allowed? (Y = Yes/ N=No)	Types of Eligible DCMM Transactions under 3.2.1 of EN22
Stage 1 – pre-commencement of parallel trading period (not applicable to cases of change in board lot size) Original counters closed and temporary counters opened	Temporary HKD	N	Y except market making order	Y	Hedging Transaction and Arbitrage Transaction
	Temporary RMB	Y	Y ⁴	Y	Market Making Transaction and Arbitrage Transaction
Stage 2 – parallel trading period Original counters reopened, temporary counters opened	Temporary HKD	N	N	N	Nil
	Temporary RMB	N	N	N	Nil
	Original HKD	N	Y except market making order	Y	Hedging Transaction and Arbitrage Transaction
	Original RMB	Y	Y ⁵	Y	Market Making Transaction and Arbitrage Transaction
Stage 3 – after the end of parallel trading period Temporary counters closed, original counters opened	Original HKD	N	Y except market making order	Y	Hedging Transaction and Arbitrage Transaction
	Original RMB	Y	Y ⁶	Y	Market Making Transaction and Arbitrage Transaction

The [Frequently Asked Questions](#) (“FAQ”) is now updated with the abovementioned market making-related arrangements. Please refer to the [web corner](#) of the Dual Counter Model and it will be further updated from time to time as required.

Jack Ko
Senior Vice President
Trading Department
Operations Division

⁴ Please refer to Note 2

⁵ Please refer to Note 2

⁶ Please refer to Note 2