

香港交易及結算有限公司是《證券及期貨條例》所述的認可控制人，亦為香港聯合交易所有限公司、香港期貨交易所有限公司、香港中央結算有限公司、香港聯合交易所期權結算有限公司、香港期貨結算有限公司及香港場外結算有限公司的控制人。

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: Closing of 2018 Annual Attestation and Inspection Programme**

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With reference to the circular (Ref. No.: MSM/003/2018) dated 28 February 2018, the Hong Kong Exchanges and Clearing Limited (“HKEX”) is pleased to announce that it has successfully completed the Annual Attestation and Inspection Programme 2018 (the “2018 Programme”).

Under the 2018 Programme, HKEX inspected 22 Exchange Participants<sup>1</sup> and Clearing Participants<sup>2</sup> (collectively, the “Participants”) and received self-attestation questionnaires from 744 Participants on compliance with the relevant rules and requirements on client margin, risk management and China Connect trading activities (collectively, the “Priority Areas”).

HKEX noted that in general, most Participants had put in place systems and controls for compliance with the relevant rules and requirements in the Priority Areas. However, we have identified certain deficiencies and shortcomings which are common across the Participants. Compliance advice letters have been issued to 81 Participants with recommendations for improvement in the following areas, including:

- Insufficient controls to ensure compliance with client margin requirements under HKFE Rule 617, including the assessment of established Client and Exclusive Day Trader;
- Lack of stress testing on proprietary / client exposures;
- Inadequate controls for fulfilling the settlement obligations of clearing houses;
- Inadequate or lack of controls in trade monitoring and foreign investor shareholding monitoring in China Connect trading activities

With a view to raising the awareness of Participants’ compliance in the Priority Areas, we set out our key findings and elaborate our compliance reminders in the Appendices (“Compliance Reminders”). The provisions highlighted in the Compliance Reminders are not exhaustive and may be subject to change from time to time. Participants are expected to keep abreast of all the relevant rules and regulations applicable to them.

<sup>1</sup> Exchange Participants of The Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited

<sup>2</sup> (i) Clearing Participants and General Clearing Participants of HKFE Clearing Corporation Limited, and (ii) Direct Clearing Participants and General Clearing Participants of Hong Kong Securities Clearing Company Limited and The SEHK Options Clearing House Limited

Participants should review their practices and procedures against our Compliance Reminders, adopt appropriate measures to strengthen their controls, and where necessary, take immediate actions to rectify any similar breaches or deficiencies. Any breaches or deficiencies will be taken seriously and may result in disciplinary actions against the Participants, including but not limited to summary fines and the issuance of warning letter. HKEX will issue a separate circular to provide further details in this regard.

HKEX will continue its efforts in enhancing the industry's understanding and compliance with the relevant rules and requirements through compliance reminders, guidance notes and frequently asked questions.

Participants are encouraged to contact the Market Surveillance and Monitoring Department (email: [surveillance@hkex.com.hk](mailto:surveillance@hkex.com.hk)), should they have any feedback or questions regarding this circular.

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