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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: **Compliance Bulletin (Issue No. 17) –**

- (1) Reminder on Large Open Position (“LOP”) Reporting Requirements for Positions Held or Controlled Through Multiple Brokers;**
- (2) Dealings with Suspended Exchange Participants; and**
- (3) Closing of the 2025 Annual Attestation and Inspection Programme**

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As part of our continuous efforts to promote transparency and a culture of compliance in our marketplace, Hong Kong Exchanges and Clearing Limited (“**HKEX**”) has prepared this Compliance Bulletin to offer the industry a better understanding of our enforcement work and regulatory expectations. It serves as a reminder on some salient points in relation to: (1) Reminder on LOP Reporting Requirements for Positions Held or Controlled Through Multiple Brokers; (2) Dealings with Suspended Exchange Participants under Rule 541 of the Rules of the Exchange (“**SEHK Rules**”) and Rule 522C of Rules, Regulations and Procedures of the Futures Exchange (“**HKFE Rules**”); and (3) Closing of the 2025 Annual Attestation and Inspection Programme.

(1) **LOP Reporting Requirements for Positions Held or Controlled Through Multiple Brokers**

Relevant Requirements

i. Rules, Regulations and Procedures of the Futures Exchange

Chapter VI - Exchange Participants and Their Clients

- 628 Monitoring Large Open Positions
- 633(c) Responsibility of Informing Clients of the LOP reporting requirements

ii. Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange (“OTP”)

Chapter 5: Client Services Support

- 5.10 Responsibility of Reporting Excess in Reporting Level

iii. Circular

Large Open Position Reporting Procedures attached to the Circular to Exchange Participants (“EP”) of 16 September 2024 (Ref. No.: [MSM/008/2024](#))

iv. Securities and Futures (Contracts Limits and Reportable Positions) Rules (Cap. 571Y) (the “SF Rules”)

v. Securities and Futures (Contracts Limits and Reportable Positions) Rules and Guidance Notes issued by the Securities and Futures Commission (“SFC Guidance Note”)

Key points to note

i. Responsibility of reporting

In the event that a person (e.g., a client) holds or controls a reportable position in accounts at more than one EP or broker, that person has sole responsibility to notify the relevant Exchange(s), namely the Hong Kong Futures Exchange Limited (“**HKFE**”) and/or the Stock Exchange of Hong Kong Limited (“**SEHK**”), of the reportable position.

A person holding or controlling a reportable position can choose to submit the notice of the reportable position to the relevant Exchange(s), either directly **or** through its EP(s) or broker(s), whereby the latter agrees to make the report on the person’s behalf.

However, no matter which party is chosen by the person to submit the notice, it is the responsibility of each person holding or controlling the reportable position to fulfill LOP reporting obligations under the SF Rules.

ii. Reporting for positions held or controlled through multiple brokers

If the person decides to submit the notice of the reportable position to the Exchange through its EPs or brokers

Where a person holds or controls positions with more than one EP or broker, and notwithstanding that the positions separately held or controlled with each EP or broker may not individually exceed the LOP reporting level, the person may instruct all such EPs or brokers to report the positions which that person holds or controls in each of the EPs or brokers to the relevant Exchange(s), on its behalf. In this case, the total number of positions reported shall represent the aggregated positions held or controlled by the person across all EPs or brokers.

Alternatively, the person may provide details of its total positions held or controlled with other EPs or brokers to a single EP or broker, which may then submit the notice of the reportable position to the relevant Exchange(s) on its behalf.

iii. Responsibility of an EP to inform clients of LOP reporting requirements

Pursuant to HKFE Rules 633(c) and Section 5.10 of OTP, EPs shall inform their clients of the LOP reporting requirements and the responsibilities of reporting. EPs are reminded

to maintain adequate procedures and guidelines to ensure their clients are properly informed of the relevant rules and requirements.

(2) Dealings with Suspended Exchange Participants

For the purpose of this section:

- A “**Suspended Exchange Participant**” refers to: (i) a SEHK EP whose Exchange Participantship or right to access the System¹ has been suspended as referred to in SEHK Rule 541; or (ii) a HKFE EP whose Exchange Participantship or right to access HKATS has been suspended as referred to in HKFE Rule 522C.
- An “**Appointed Exchange Participant**” refers to: (i) a SEHK or HKFE EP, as the case may be, who receives clients’ orders from the Suspended EP for execution.

Based on a recent review, it was observed that certain SEHK EPs had dealt with Suspended Exchange Participants without an appropriate Exchange permission. This is in violation of SEHK Rule 541, which stipulates that an EP should not deal with a Suspended Exchange Participant without permission by the Board or the Chief Executive of the Exchange. An EP which fails to comply with this Rule shall be liable to disciplinary action by the Board.

The Stock Exchange of Hong Kong Limited (“**SEHK**”) and HKFE (collectively “**the Exchanges**”) have previously published various market education materials² in this regard to raise awareness of both Suspended Exchange Participants and Appointed Exchange Participants of the relevant requirements and provided clarity on the Exchanges’ expectations.

EPs are required to review these publications and take appropriate steps to ensure that effective policies, controls and oversight arrangements are in place to achieve ongoing compliance with the relevant rules and requirements.

¹ “System” means the Orion Trading Platform – Securities Market (the “**OTP-C**”), formerly the Automatic Order Matching and Execution System, as installed and operated by the Exchange for securities trading as defined in Chapter 1 of the SEHK Rules.

² For details, please refer to [MSM/005/2024](#), [MSM/014/2021](#), [MSM/013/2021](#), [MSM/012/2021](#).

(3) Closing of the 2025 Annual Attestation and Inspection Programme (“2025 Programme”)

Reference is made to the circular dated 31 March 2026 (Ref. No.: [MSM/002/2026](#)) regarding the closing of the 2025 Programme, in which we have set out our key findings along with further elaboration in the corresponding compliance reminders to EPs. EPs and Clearing Participants (“CP”s) are expected to keep abreast of all relevant rules and regulations applicable to them. They should also review their current practices and procedures, adopt appropriate measures to strengthen their controls, and where necessary, take immediate actions to rectify any breaches or deficiencies.

HKEX would like to point out that the requirements and examples set out in this circular are by no means exhaustive. They are intended for general reference only and should not be construed as legal advice. All liabilities with respect to actions taken or not taken based on the contents of this circular are hereby expressly disclaimed. EPs and CPs should always take into consideration their own circumstances to ensure full compliance with the relevant rules and requirements and seek their own professional advice on their specific situation where appropriate.

EPs and CPs are strongly advised to review their current set up and implement appropriate measures to strengthen their controls, and where necessary, take appropriate actions to address any potential rule breaches or deficiencies.

EPs and CPs are also encouraged to contact the Market Surveillance and Monitoring Department (email: surveillance@hkex.com.hk) should they have any questions on the above.

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