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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. 18) –**

- (1) Hong Kong Investor Identification Regime (“HKIDR”) – (i) Input Format for BCAN Tagging; and (ii) Client Type Classification in BCAN-CID Mapping File;**
- (2) Stock Connect Northbound BCAN (“NB BCAN”) Requirements;**
- (3) Guidance on Controls on Large or Highly Leveraged Orders and Trades; and**
- (4) Dealings with Suspended Exchange Participants**

Enquiry: [surveillance@hkex.com.hk](mailto:surveillance@hkex.com.hk)

As part of our continuous efforts to promote transparency and a compliance culture 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 to all relevant Exchange Participants (“**EPs**”) and Clearing Participants (“**CPs**”) on some salient points in relation to:

- (1) HKIDR – (i) Input Format for BCAN Tagging; and (ii) Client Type Classification in BCAN-CID Mapping File;
- (2) Stock Connect NB BCAN Requirements;
- (3) Guidance on Controls on Large or Highly Leveraged Orders / Trades; and
- (4) 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**”).

(1) **HKIDR – (i) Input Format for BCAN Tagging (ii) Client Type Classification in BCAN-CID Mapping File**

Reference is made to the circular issued by The Stock Exchange of Hong Kong Limited (“SEHK”) on 22 June 2026 (Ref. No.: [CT/089/26](#)), which reminds Relevant Regulated Intermediaries (“RRIs”) of their obligations to comply with all applicable requirements under the SFC’s Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission and the SEHK Rules, including:

- (i) **Input Format for BCAN Tagging** – the CE number in the BCAN field should be inputted in **BLOCK letters** for tagging of on-exchange orders and reporting of off-exchange trades; and
- (ii) **Client Type Classification in BCAN-CID Mapping File** – where an RRI uses its own accounts for error trade handling, client type “5 – Proprietary or Principal Trading” should be used in the input of client type in the BCAN-CID Mapping File.

The [FAQs](#) on BCAN Submission and Order Tagging related topics, as well as the [File Interface Specification](#) for HKIDR, have been updated accordingly. Both documents are available on the [HKIDR web corner](#) for reference.

(2) **Stock Connect NB BCAN Requirements**

Under the Northbound Investor ID Model, China Connect Exchange Participants (“CCEPs”) and Trade-through Exchange Participants (“TTEPs”) should observe and comply with the BCAN requirements as set out in SEHK Rule 1425A and all relevant guidance<sup>1</sup>.

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<sup>1</sup> Including but not limited to the [Northbound Investor ID Model Information Paper](#), [Northbound Investor ID Model FAQ](#), [Guidance Notes on BCAN-CID Mapping File](#), [BCAN-CID Mapping File Data Record Examples](#) and [China Stock Connect Northbound Trading Investor ID Model - System File Interface Specification](#) available on the [Northbound Investor ID Model web corner](#).

SEHK would like to reiterate, in particular, the relevant BCAN requirements relating to the accuracy of the BCAN-CID Mapping File, as set out below:

**Key Requirements**

BCAN-CID Mapping File should be **accurate** and **up to date**.

**Accurate**

- **Name of client:** use the **exact text** of the name as it appears on the official identity document; unnecessary spaces or symbols should not be added.
- **Identity document number (“ID Number”):** use the **exact text** of the ID Number that appears on the official identity document including any characters, numbers and symbols, such as brackets; unnecessary spaces or symbols should not be added.
- **Client Type Classification:**

- 1 = Individual
- 2 = Joint Account
- 3 = Legal Entity – Funds
- 4 = Legal Entity – Fund managers and others
- 5 = Proprietary or Principal Trading

***Note:** Client type “5” should be used to indicate proprietary or principal trading of the CCEP / TTEP and/or its affiliate(s).*

- **Country of Issuance:** it should match with the issuing country / jurisdiction of the individual’s official identity document or institution’s official incorporation document (as the case may be).

**Up to date**

- If there is any update (e.g. new client, change of investor information, deletion of account, etc.), a **full** BCAN-CID Mapping File of all the CCEP’s or TTEP’s Northbound trading clients shall be submitted to SEHK, including those clients whose BCAN-CID mapping data has not changed. **Do not submit files containing the changes only.**
- If a CCEP / TTEP ceases Northbound trading, or if a TTEP discontinues using an executing CCEP for submitting Northbound orders, it should remove the relevant BCAN-CID mapping data from its BCAN-CID Mapping File by submitting an **“empty”** mapping file with no BCAN and CID data (i.e. mapping file with header and control records only) the day before the effective date.

**Key Requirements (Continued)**

**Change of Client Type**

- Changes to client type of a registered Northbound BCAN is not allowed.
- In the event that a wrong client type is entered, the CCEP / TTEP should inform SEHK. The Northbound BCAN with the wrong client type should be deleted before registering a new Northbound BCAN with the correct client type.
- Northbound BCAN client type change request should be sent to [OTPC@hkex.com.hk](mailto:OTPC@hkex.com.hk), before deletion of any Northbound BCAN with a wrong client type, or making any client type change.

**Change of Northbound BCAN**

- Northbound BCAN assigned to a client should not be changed or re-used for another client. If CCEP / TTEP needs to change the Northbound BCAN in exceptional cases, prior approval from SEHK is required.

**Deficiencies and instances of non-compliance**

**Inaccurate CID**

- Incorrect / Incomplete input of client's name
  - Input of client's name in abbreviated form (e.g. ABCSL instead of ABC Securities Limited)
  - Omission of client names in languages other than English (including Chinese) that appears on the official identity document
  - Names not properly populated in the designated field (e.g. English names entered in both the English and Chinese fields, or English and Chinese names are entered in the same field)
  - Inclusion of an internal reference
- Incorrect / Inconsistent input of ID Number
  - ID Number does not match the official identity document (e.g. extra spacing, or omission of characters, numbers and symbols)
  - Incorrect input of Business Registration number instead of ID Number per "Certificate of Incorporation" or other official incorporation documents / legal entity identifier (LEI)
- Failure to remove test/obsolete data

**Deficiencies and instances of non-compliance (Continued)**

**Inaccurate CID (Continued)**

The root causes of the above inaccuracies include, but are not limited to, an insufficient understanding or misunderstanding of the Northbound BCAN requirements, clerical mistakes, staff oversight, absence of diligent review of BCAN-CID Mapping File by CCEPs' affiliate, system error and/or inadequate User Acceptance Test (UAT) performed during system upgrade.

**Incorrect client type classification**

Scenario	Wrong Client Type	Correct Client Type
House accounts of non-affiliated corporate clients	5	4
House accounts of <ul style="list-style-type: none"> <li>▪ CCEP</li> <li>▪ TTEP</li> <li>▪ CCEP's affiliates</li> <li>▪ TTEP's affiliates</li> </ul>	3 and 4	5 (Note 1)
Fund Manager <sup>(Note 2)</sup>	3	4
Fund <sup>(Note 2)</sup>	4	3
Joint account <sup>(Note 3)</sup>	1	2

*Note 1: BCAN for the house account should be within the BCAN range designated by its executing CCEP*

*Note 2: BCAN should be assigned to fund manager or individual funds in accordance with the account opening arrangement*

*Note 3: In addition to wrong client type assignment, the joint account was incorrectly submitted as one entry in the BCAN-CID mapping file*

The incorrect classification of client types include, but are not limited to, an insufficient understanding or misunderstanding of the relevant Northbound BCAN requirements, clerical mistakes and/or failing to duly consider relevant client information to correctly determine which client type should be assigned (e.g. assigned client type based on the beneficiary owner entity rather than in accordance with the account opening arrangement).

**Deficiencies and instances of non-compliance (Continued)**

**Incomplete / Not up-to-date information**

- Failure to observe the BCAN-CID Mapping Files format<sup>2</sup> during compilation process, resulted in Northbound BCANs being unintentionally cancelled in some cases (e.g. submit BCAN-CID Mapping File containing only the changes instead of a full BCAN-CID Mapping File when there is any update)
- Include client BCANs in the BCAN-CID Mapping File where those client accounts are already closed prior to submission of that BCAN-CID Mapping File

**Good practices observed**

**Accuracy of the BCAN-CID Mapping File**

- Conduct independent review on all client information obtained during onboarding to ensure data accuracy
- Perform checks on BCAN-CID Response File, BCAN-CID Validation Result File, BCAN Full image File upon each submission
- Perform regular checks and reconciliation with the internal system to ensure the BCAN-CID Mapping File is up-to-date and accurate, including records of affiliates' clients
- Put in place necessary controls and arrangements, regularly assess their effectiveness to ensure the accuracy of BCAN-CID Mapping File and that the client type and CID submitted to SEHK is accurate and up-to-date.

Other than a maker-checker mechanism and thorough testing of automated processes, staff responsible for any manual procedures should carefully consider the following during client onboarding, BCAN preparation and BCAN-CID Mapping File compilation:

- who is the client onboarded as per the account opening arrangement
- which is the correct client type
- if the client is an affiliate or TTEP, what is the purpose of trading (i.e. proprietary or principal trading, or agency trading)
- if the client is an Exchange Participant conducting agency trading in Northbound, whether it is properly registered as a TTEP

<sup>2</sup> For details of the required format of BCAN-CID Mapping File, please refer to "[China Stock Connect Northbound Trading Investor ID Model - System File Interface Specification](#)"

**Good practices observed (Continued)**

- has BCAN range(s) been properly set aside for its affiliates or TTEP clients
- has client confirmed whether he / she has any other trading account opened with the firm
- has any independent verification been carried out on all client information obtained to ensure accuracy
- has any regular review and reconciliation been carried out on BCAN-CID Mapping File to ensure data is complete, accurate and up-to-date

CCEPs and TTEPs are strongly encouraged to make reference to the publications on the [HKEX Rule Enforcement webpage](#) and provide regular training to their staff members and, where necessary, the responsible staff of their affiliates involved in tasks pertaining to China Connect Rules to ensure they fully understand the applicable Northbound BCAN requirements. CCEPs and TTEPs are also expected to put in place appropriate workflow or arrangement with their affiliates to ensure that any data and information submitted by them for the compilation of the BCAN-CID Mapping Files subsequently submitted to SEHK are accurate. Failing to do so may render the CCEPs and TTEPs liable for consequences arising from any BCAN inaccuracies.

**(3) Guidance on Controls on Large or Highly Leveraged Orders and Trades**

During our ongoing monitoring of CPs' activities, the clearing houses have identified instances where CPs have not given sufficient attention to controls on large or highly leveraged orders and trades. The Appendix 1 attached to this Compliance Bulletin serves to remind CPs of relevant order and trade management requirements, highlight common deficiencies observed, and provide clarifications to frequently asked questions in this area.

#### (4) 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 System<sup>3</sup> 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 a SEHK or HKFE EP, as the case may be, who receives clients’ orders from the Suspended EP for execution.

Recent reviews have identified that certain SEHK EPs have dealt with Suspended Exchange Participants, in breach of SEHK Rule 541, which stipulates that an EP should not deal with a Suspended Exchange Participant without permission of the Board or the Chief Executive of the Exchange.

Following the reminder issued in Q1 2026 Compliance Bulletin (Issue No.17) (Ref. No. [MSM/003/2026](#)) and previous market education material, SEHK and HKFE have set out in Appendix 2 a summary of common deficiencies and good practices observed by the relevant Exchanges. The Appendix also provides practical guidance on navigating relevant resources on the HKEX website to support firms in strengthening their internal control framework / processes.

EPs are expected to review and ensure that adequate policies, procedures and internal control arrangements are in place to achieve ongoing compliance with the relevant rules and requirements.

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<sup>3</sup> “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.

HKEX would like to point out that the requirements and examples (if any) set out in this Compliance Bulletin 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.

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

**Felix Wang**  
**Head of Market Surveillance and Monitoring**  
**Operations Division**

*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.*



# Appendix 1 – Guidance on Control on Large or Highly Leveraged Orders and Trades

**Risk & Compliance Division**  
Financial Risk Management Department  
June 2026

**HKEX**  
香港交易所

# Overview of Order and Trade Management

- Clearing Participants (“CPs”) should establish and maintain robust funding estimation and position management procedures to meet collateral requirements (e.g. Marks and Margin for HKSCC) and settlement obligations.
- Order and trade management includes the process to reduce the positions through providing Specific Cash Collateral (“SCC”) / Specific Stock Collateral (“SSC”) to HKSCC for the purpose of lowering collateral requirements.
- CPs should have clear procedures to mitigate liquidity risk to house funding arising from large orders and/or trades, particularly in relation to (i) highly leveraged products and (ii) manual trades.



# Placing SCC / SSC to Manage Large Marks and Margin Obligations

## Key Information

In order to mitigate the liquidity risk to house funding arising from large stock positions under Continuous Net Settlement (CNS) System, CPs should have clear procedures on placing SCC / SSC to HKSCC for large buy / sell trades. The covered position will be waived from computation of Marks and Margin requirements.

### Key requirements

- ✓ CPs should set a threshold and procedure for placing SCC / SSC.
- ✓ CPs should be aware of the system cut-off time for placing SCC / SSC.
- ✓ CPs should maintain sufficient funding for placing SCC in their designated bank account.
- ✓ CPs should make use of the Margin Simulator in VaR Online to replicate and estimate the potential Margin requirements before placing large or risky orders.

## Reminder

Common Collateral Management System (CCMS) users can access pre-authorized CCMS functions only. CPs should check and ensure they have the correct user access level in order to submit SCC / SSC instructions (*Please refer to CCMS Terminal User Guide available on Client Connect – Section 3.1 for access level set-up, Sections 7.1.12 for placing SCC, Section 7.1.1 and 7.1.3 for placing SSC.*)

### Common deficiencies

- ✗ User access level for placing SCC / SSC has not been enabled, or CPs are not familiar with the procedures of placing SCC / SSC.
- ✗ CPs place SCC / SSC for large trades after the system cut-off time, resulting in large Marks and Margin requirements.
- ✗ In cases involving several large trades, CPs place collateral for only one side (buy or sell). This asymmetric treatment may not reduce the marginable position (which is on a net basis) effectively, and accordingly the Marks and Margin requirements.



# Order and Trade Control on Highly Leveraged Products

## Key Information

Since large Marks and Margin obligations can arise from highly leveraged products (namely CBBC / Warrants) under the VaR margin model, CPs should mitigate the liquidity risk to house funding arising from highly leveraged products.

### Key requirements

- ✓ Set conservative trading limits for CBBC/Warrants, with monitoring at both individual trade (of significant size) and cumulative levels, in addition to pre-trade controls.
- ✓ Set system alerts for aberrant trading behaviors.
- ✓ Avoid concentration risk and excessive exposure to single client or several top clients.
- ✓ Closely monitor overnight positions in CBBC / Warrants; set stricter overnight holding limits and/or require pre-approval for large positions.
- ✓ Conduct regular review on VaR, stress tests, and scenario analysis for CBBC/Warrant positions and volatile stocks.

## Reminder

CPs should understand the margin requirements of highly leveraged products (e.g. CBBC sell trades) can be up to 3 times of its notional value, or even higher under extreme scenarios. CPs should have proper procedures to mitigate excessive exposure to the highly leveraged products.

### Common deficiencies

- ✗ No specific restrictions imposed on CBBC / Warrants trading, or with limits set at same level as other non-highly leveraged products.
- ✗ Trading in CBBC / Warrants is concentrated among a few top clients, leading to high concentration risk and excessive exposure to the highly leveraged products.
- ✗ CPs do not require good fund (100% haircut) from clients trading CBBC / Warrants.
- ✗ Insufficient liquidity buffer to meet potential Marks and Margin obligations arising from intra-day and overnight positions of CBBC / Warrants.



# Large Order and Trade Control on Manual Trades

## Key Information

Large Marks and Margin obligations can often arise from manual trades due to (1) large trade size; (2) material gap between the manual trade price and the market price; and (3) stocks traded by way of manual trades are typically relatively illiquid and more volatile. As such, CPs should pay particular attention to the funding estimation and position management procedures for manual trades.

CPs may elect to settle material manual trades under Isolated Trade System instead of CNS System, with such positions excluded from the computation of Marks and Margin requirements.

### Key requirements

- ✓ Require good fund from clients before engaging in manual trade.
- ✓ CPs should be aware of the system cut-off time for placing SCC / SSC in order to avoid large Marks and Margin requirements.



## Reminder

Participants should ensure, in consultation with their trading system vendors, that their systems are capable of submitting manual trades to Central Clearing and Settlement System (CCASS) under the Isolated Trade System, where required.

### Common deficiencies

- ✗ Failure to liaise with trading system vendors on how a manual trade could be placed as an isolated trade, or such functionality has not been enabled by the third-party system vendor.
- ✗ Lack of awareness of the 11:00am system cut-off time for SSC placement when conducting manual trades (sell trades) in the morning, resulting in large intra-day Marks payment obligations.

# Scenarios Requiring Further Controls

## Key Information

CPs may not be able to reduce the Marks and Margin requirements through providing specific collaterals under the certain scenarios, including:

- **DvP client:** where the relevant stock / funding for settlement are not available before T+2.
- **Frequently trading client:** where a client buys a stock on Day 1 and sells it on Day 2, the unsettled buy positions are not yet available for CPs to reduce the Marks and Margin requirement for the subsequent sell trade through SSC.

### Key requirements

- ✓ Monitor clients' trading patterns and tighten client limits where necessary.
- ✓ Communicate with clients and adjust the settlement arrangements with them for large trades (e.g. switch to non-DvP for large trades).

## Reminder

CPs should continuously monitor and review clients whose trading arrangements or patterns may give rise to additional liquidity stress on the CP.

### Common deficiencies

- ✗ Adopt the same trading limits for DvP clients or frequently trading clients as for other normal clients.
- ✗ Lack of strict enforcement or close monitoring on client trading activity.
- ✗ No adjustment of capital and liquidity buffers in response to increased client trading activity.



# FAQ

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## 1) How to enable CCASS operating functions for submitting SCC / SSC instructions in the CCASS Terminal?

- To submit **SCC** instructions, user access levels “**W**” and “**X**” must be enabled.
- To submit **SSC** instructions, user access levels “**P**”, “**Q**”, “**T**”, and “**U**” must be enabled.

## 2) What is the system cut-off time for placing SCC to reduce positions for Marks and Margin computation?

- To reduce or avoid large end-of-day Marks and Margin requirements, CPs should submit SCC instructions before 6:00pm.

## 3) What is the system cut-off time for placing SSC to reduce positions for Marks and Margin computation?

- To reduce or avoid large **intra-day** Marks requirements, CPs should submit SSC instructions **before 11:00am**.
- To reduce or avoid large **end-of-day** Marks and Margin requirements, CPs should submit SSC instructions **before 6:30pm**.

Please note that SSC instructions submitted between **6:30pm and 7:00pm** are **not guaranteed** to be placed on hold on the same day.

## 4) How to use the Margin Simulator in VaR Online to estimate potential margin requirements

Please refer to:

- [VaR Online User Guide](#)
- [VaR Online – Margin Simulator Demo](#)

## 5) What is the operational flow for placing SCC / SSC instructions in the CCASS Terminal?

Please refer to the CCMS Terminal User Guide:

- **SCC instructions:** Section 7.1.12 – *Specific Cash Collateral Maintenance*
- **SSC instructions:**
  - Section 7.1.1 – *CCASS-to-CCMS Stock Transfer Maintenance*
  - Section 7.1.3 – *General to Specific Stock Collateral Maintenance*



For operational enquiries (e.g. submission of SCC / SSC instructions), CPs may contact the CCASS Hotline at **2979-7111** during office hours.

# Appendix 2 – Dealings with Suspended Exchange Participants

**Operations Division**  
Market Surveillance and Monitoring Department  
June 2026

**HKEX**  
香港交易所

# Dealings with Suspended Exchange Participants (“EP”)

## Relevant Rules

### SEHK

#### Chapter 5 – Trading

- **Rule 541** – Except as may otherwise be permitted by the Board or the Chief Executive, under no circumstances shall an EP deal with **an EP whose Exchange Participantship or right to access the System has been suspended**. An EP which fails to comply with this Rule shall be liable to disciplinary action by the Board.

#### Chapter 6 – Professional Conduct

- **Rule 606** – A Participant shall **report in writing to the Exchange** any breach, infringement of or non-compliance with any of these Rules or the Regulations, or where it has reason to suspect any such breach, infringement or non-compliance whether by:
  - a) itself;
  - b) its Responsible Officers or nominated representatives (as the case may be), directors, partners, Authorized Persons, officers, employees, agents and representatives, or persons acting on its behalf, Market Makers, Securities Market Makers, Dual Counter Market Makers, Structured Product Hedging Participants, Structured Product Liquidity Providers or registered arbitrageurs (as defined in the Fifteenth Schedule) (as the case may be); or
  - c) any other Participant,giving particulars of and/or the reasons for suspecting such breach, infringement or non-compliance and all other relevant information and documents.

### HKFE

#### Chapter V – General Obligations of Exchange Participantship

- **Rule 522C**– Except as may otherwise be permitted by the Chief Executive, under no circumstances shall an EP deal with **an EP whose Exchange Participantship or right to access HKATS has been suspended**.
- **Rule 506**– An EP shall **notify the Exchange** in writing immediately upon the happening of any one or more of the following:
  - “(a) the discovery of a failure by it to comply with any of these Rules, the Regulations, the Procedures, the Ordinance or any of the conditions stipulated in the notice of approval of its Exchange Participantship given pursuant to Rule 305 or in any approval given by the Exchange”
  - ...
  - “(d) its becoming aware of any breach of these Rules, the Regulations, the Procedures or the Ordinance perpetrated by any other EP”



# Dealings with Suspended EPs

## Definitions and Instances of Non-compliance under SEHK

For instance, when a suspended EP places an order to trade through another EP:

### A “Suspended EP” refers to:

- An EP whose Exchange Participantship or right to access the System has been suspended as referred to in SEHK Rule 541.

Order  
Placing

### An “Appointed EP” refers to:

- An EP who receives order instruction from the Suspended EP for execution.

Order  
Placing

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### Instance of Non-compliance

- **The Suspended EPs failed to comply with SEHK Rule 606**, which stipulates that an EP should notify the Exchange of any breach, infringement of or non-compliance with any of the Rules or the Regulations, as defined in SEHK Rules, by itself or any other Participant.

### Instance of Non-compliance

- **The Appointed EPs** did not obtain the necessary permission from the Exchange prior to deal with the Suspended EPs, **leading to a breach of SEHK Rule 541.**



# Dealings with Suspended EPs

## Definitions and Instances of Non-compliance under HKFE

For instance, when a suspended EP places an order to trade through another EP:

### A “Suspended EP” refers to:

- An EP whose Exchange Participantship or right to access HKATS has been suspended as referred to in HKFE Rule 522C.

Order  
Placing

### An “Appointed EP” refers to:

- An EP who receives order instruction from the Suspended EP for execution.

Order  
Placing

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### Instance of Non-compliance

- **The Suspended EPs failed to comply with HKFE Rule 506**, which stipulates that an EP should notify the Exchange of any breach, infringement of or non-compliance with any of the Rules or the Regulations, as defined in HKFE Rules, by itself or any other Participant.

### Instance of Non-compliance

- The Appointed EPs did not obtain the necessary permission from the Exchange prior to deal with the Suspended EPs, **leading to a breach of HKFE Rule 522C**.



# Dealings with Suspended EPs

## Common Deficiencies Observed by SEHK

### Common Deficiencies

#### Suspended EPs

- × The Suspended EP was **unaware of its suspended status** in SEHK;
- × The Suspended EP did not notify the Appointed EP(s) of **its suspension status**; and
- × The Suspended EP has misunderstood that SEHK Rule 541 does not prohibit it from dealing if it was trading in **principal capacity and/or as a client** of the Appointed EPs.

#### Appointed EPs

- × **Unaware** of SEHK Rule 541;
- × Failure to put in **place adequate and effective controls to monitor** whether its EP client(s) were suspended EP(s);
- × Despite front-line staff having identified the suspended status of its EP client(s), **no internal escalation was made and no appropriate actions** were taken; and
- × Despite being aware that the client was a suspended EP, the Appointed EP(s) did not have appropriate procedures in place to ensure that the **required approval from SEHK** was obtained before dealing with such suspended EP; or, where dealing had already commenced, failed to cease the relevant activities **in a timely manner until the required approval had been obtained**.

#### All EPs should:

Notify the relevant Exchange(s) by email to [surveillance@hkex.com.hk](mailto:surveillance@hkex.com.hk) as soon as possible upon identification of any breaches of the SEHK Rules or HKFE Rules.



# Dealings with Suspended EPs

## Good Practices Observed by SEHK

### Good Practices Observed

#### Suspended EPs should:

- ✓ Inform its clients of **its suspension status** and the detailed arrangement on handling clients' orders in a timely and proper manner; and
- ✓ State its trading suspension status when it sent orders to Appointed EP(s) and ensure the Appointed EP(s) have obtained the **necessary prior approval** from SEHK.

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#### Appointed EPs should:

- ✓ Put in place **appropriate and effective internal controls** to ensure that they will not deal with any EPs in suspension status, unless prior approval has been obtained from SEHK.

#### Special note to “Necessary prior approval”:

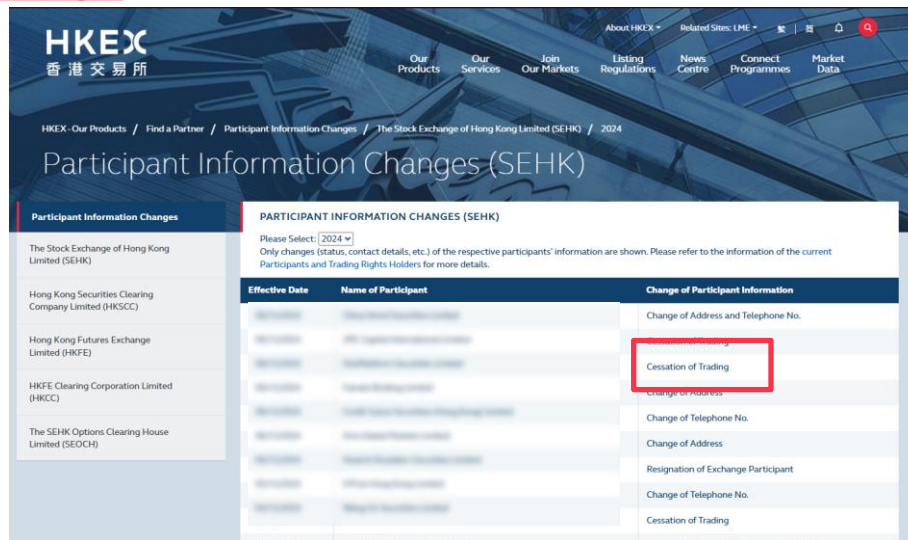
Approval will be granted only in exceptional circumstances. EPs should not treat such approval as a standard or routine measure for dealing with a suspended EP.



# Dealings with Suspended EPs

HKEX will **announce** EP's trading status through the "[Participant Information Changes](#)" and "[Participant and Members Circulars](#)" webpages on HKEX website.

## Participant Information Changes



The screenshot displays the HKEX website's 'Participant Information Changes (SEHK)' page. The page header includes the HKEX logo and navigation links. The main content area shows a table of participant information changes for 2024. The table has three columns: 'Effective Date', 'Name of Participant', and 'Change of Participant Information'. One entry is highlighted with a red box, showing 'Cessation of Trading' as the change of participant information.

Effective Date	Name of Participant	Change of Participant Information
2024-01-01	ABC Securities Limited	Change of Address and Telephone No.
2024-01-01	DEF Securities Limited	Cessation of Trading
2024-01-01	GHI Securities Limited	Change of Status
2024-01-01	JKL Securities Limited	Change of Telephone No.
2024-01-01	MNO Securities Limited	Change of Address
2024-01-01	PQR Securities Limited	Resignation of Exchange Participant
2024-01-01	STU Securities Limited	Change of Telephone No.
2024-01-01	VWX Securities Limited	Cessation of Trading

Suspension status as shown on [Participant Information Changes](#) webpage may include, but is not limited to:

- For SEHK: “*Suspension of Trading*”, “*Cessation of Trading*” and “*Suspension of access to OTP-C*”;
- For HKFE: “*Suspension of access to HKATS*”.

The above list is non-exhaustive and may vary depending on the circumstances of individual cases. EPs are encouraged to contact the relevant Exchange(s) for further clarification where necessary.



# Dealings with Suspended EPs

HKEX will **announce** EP's trading status through the "**Participant Information Changes**" and "**Participant and Members Circulars**" webpages on HKEX website.

## Participant and Members Circulars

HKEX - Our Services / Circulars & Notices / Participant and Members Circulars

### Participant and Members Circulars

Corporate News Releases | **Market Communications** | Regulatory Announcements | **Participant and Members Circulars** | Notices

Market Consultations | Trading Information | IPO Express

From 2025-01-01 to 2025-12-22 All All Cessation of Trading

22 DEC 2025 **SEHK** Voluntary Cessation of Trading (PDF) Ref Number: PA/057/2025

10 DEC 2025 **SEHK** Voluntary Cessation of Trading (PDF) Ref Number: PA/055/2025

28 NOV 2025 **SEHK** Voluntary Cessation of Trading (PDF) Ref Number: PA/053/2025

## HKEX 香港交易所

香港聯合交易所有限公司  
(香港交易及結算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)

編號 Ref. No.:	PA/057/2025
日期 Date:	22/12/2025

### 通告 CIRCULAR

Subject: **VOLUNTARY CESSATION OF TRADING**  
事項: **自願停止營業**

Enquiry: **Participant General Enquiry Hotline (Tel: 2840 3626 E-mail: trd@hkex.com.hk)**  
查詢: **參與者一般查詢熱線<sup>1</sup> (電話: 2840 3626 電子郵箱: trd@hkex.com.hk)**

請各交易所參與者注意，交易所接獲下述交易所參與者在交易所停止營業的通知。

交易所參與者名稱	停止營業日期
香港證券交易所有限公司	2025年12月22日

如有任何交收程序之查詢，請致電中央結算系統熱線 2979-7111。

Exchange Participants are requested to note that the Exchange has been notified by the following Exchange Participant of its cessation of trading on the Exchange.

Exchange Participant Name	Date of Cessation of Trading
香港證券交易所有限公司	22 December 2025

Should you have any enquiries regarding settlement procedures, please contact the CCASS hotline at 2979-7111.



[Link: Participant and Members Circulars](#)



# Appendix – Previous Circulars

## Dealings with Suspended EPs

### 2026

- 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 (**Ref. No. MSM/003/2026**)

### 2024

- Compliance Bulletin (Issue No. 11) – (1) Usage of Trade Discrepancy Forms and BCAN Error Reports under Hong Kong Securities Market and Northbound Trading under Stock Connect, (2) Restricting Mainland Investors from Northbound Trading under Stock Connect, and (3) Dealings with Suspended Exchange Participants (“EPs”) (**Ref. No. MSM/005/2024**)

### 2021

- SEHK Rule 541 – Dealings with Suspended Exchange Participants (**Ref. No. MSM/012/2021**)
- HKFE Rule 522C – Dealings with Suspended Exchange Participants (**Ref. No. MSM/013/2021**)
- Compliance Bulletin (Issue No. 2) – (i) Investor Eligibility Requirement, (ii) Dealings with Suspended Exchange Participants and (iii) Stock Connect Northbound Trading (**Ref. No. MSM/014/2021**)

