

向期交所申請/放棄莊家執照之解釋說明
**Explanatory Notes for Application for /
Surrender of Market Maker Permit(s) at HKFE**

一般資料

General Information

1. 申請人須注意，若所呈交之申請未有附上解釋說明內所列明的所須表格及文件，香港期貨交易所（「期交所」）將不作處理，有關的申請將退回申請人。
Applicants should note that Hong Kong Futures Exchange Limited ("HKFE") will not process any application that is not accompanied by all the required forms and documents stated in these notes and will return the application to the applicant.
2. 若申請人欲安裝 OMnet Application Programming Interface 以進行莊家活動，請聯絡衍生產品交易，電話：2211-6360。
Applicants that wish to install OMnet Application Programming Interface for conducting market making activities shall contact the Derivatives Trading at 2211-6360.
3. 申請人請提交附上的表格 MA，向衍生產品交易申請公司及/或與申請人建立莊家活動安排之法人團體所須的系統操作密碼，其地址為香港中環康樂廣場八號交易廣場二期六樓。
Applicants should lodge the attached Form MA to request for User IDs required for the Applicants and/or the corporate entities under market making arrangements with the Applicants. The Form should be sent to Derivatives Trading at 6/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong.
4. 申請表格可於香港交易及結算所有限公司網址 www.hkex.com.hk 下載。
Application forms are available on the web-site of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk.

申請莊家執照及莊家活動安排之所須文件

Documents Required for Application for Market Maker Permit(s) and Market Making Arrangements

1. 表格 19 (向期交所申請/放棄莊家執照) ;
Form 19 (Application for / Surrender of Market Maker Permit(s) at HKFE);
2. Internal Report (請參閱附上之 Internal Report 指引) ; 及
Internal Report (Please read the attached Guidelines for Internal Report); and

3. 證明每個與申請人建立莊家活動安排之法人團體符合至少下列其中一項之條件 (只適用於與法人團體建立莊家活動安排的申請人) :-

Documentary evidence showing that the corporate entity under each market making arrangement meets at least one of the following requirements (only applicable to applicants who have entered into market making arrangements with corporate entities):-

- 獲證監會或與證監會有諒解備忘錄之海外機構 發牌以進行證券或期貨合約交易或類同之活動(除介紹代理人外)的機構
an entity licensed by the Securities and Futures Commission to deal in securities or futures contracts, except as an introducing agent, or licensed for similar activity by an overseas authority having a Memorandum of Understanding with the Securities and Futures Commission
- 受期交所認可的獨立監管機構所監管的持牌銀行
an entity which is a licensed bank regulated by an authority acceptable to HKFE
- 維持信貸評級為 A-或以上 (Standard & Poor' s)或 A3 或以上 (Moody's) 的機構
an entity which has maintained a current credit rating of A- or above (Standard & Poor's) or A3 or above (Moody's)
- 持有已繳足股本不少於港幣 50,000,000 及股東權益不少於港幣 100,000,000 的機構
an entity which has maintained a paid-up capital of at least HK\$50,000,000 and shareholders' funds of at least HK\$100,000,000 .

放棄莊家執照之所須文件

Documents Required for Surrender of Market Maker Permit(s)

1. 表格 19 (向期交所申請獲取/放棄莊家執照及莊家活動安排)
Form 19 (Application for / Surrender of Market Maker Permit(s) at HKFE)

HONG KONG FUTURES EXCHANGE LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

6/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Hotline : 2211 6360
Fax : 2877 0017 / 2509 0724

HKATS USERNAMES FOR MARKET MAKING ACTIVITIES

Particulars of Exchange Participant

Mnemonic	Participant Name
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Contact Person

Name	Tel	Fax
Position	E-mail	

Part I – Responsible Officers in charge of market making activities / request for additional HKATS usernames

We hereby notify the Exchange that the Responsible Officer(s) listed in the table below has/have been duly authorized by us to be in charge of our market making activities. We hereby request the Exchange to issue _____ (*please specify number*) additional HKATS usernames to any of these Responsible Officers, who shall be responsible for allocating such usernames to those persons who will be performing market making activities under Market Making permits granted by the Exchange to us. We acknowledge that such HKATS usernames are issued by the Exchange at its absolute discretion and may be revoked by the Exchange at any time. This notification supersedes all previous notifications given by us to the Exchange relating to this subject matter, if any.

Name of Responsible Officer	Office tel no.	Mobile phone no.	E-mail Address

Part II – Details of contact persons

We hereby further notify the Exchange that in addition to the Responsible Officers specified in Part I, the Exchange may contact the persons listed in the tables below in relation to market making activities performed either by ourselves or under any market making arrangement.

A. market making activities performed by ourselves

Name of contact person	First 4 digits of HKID card / passport no.	Office tel no.	Mobile phone no.	No. of HKATS usernames assigned

B. market making activities performed under a market making arrangement with a corporate entity

Name of corporate entity	Name of contact person	First 4 digits of HKID card / passport no.	Office tel no.	Mobile phone no.	No. of HKATS usernames assigned

Part III – Deletion of HKATS usernames

We hereby request for the deletion of the HKATS usernames set forth in the table below with effect from the dates specified. The contact persons for market making activities currently performed under such HKATS usernames are also listed for the Exchange's information.

HKATS username	Effective date	Current contact person

We undertake to notify the Exchange immediately of any changes in the information provided above.

Signature of Exchange Participant
with company chop

Date

Name of Authorized Signatory

HONG KONG FUTURES EXCHANGE LIMITED (“HKFE”)

(A wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Guidelines for Internal Report

Market Making

Introduction

In applying for permission to make a market by itself or by way of a market making arrangement, an Exchange Participant (the applicant) is required to: -

- (i) submit an internal report (“Report”) giving information on the risk management policy of the company and describing the systems, controls and internal procedures that it intends to adopt or has adopted with regard to market making on HKFE; and
- (ii) include in the Report information on the risk management controls on the corporate entity under each of its market making arrangements, where applicable.

Areas to be covered in the Report

1. Overview of the market making business

Brief descriptions of the set up of the market making business of the applicant, its core operation systems and key personnel, including: -

- business structure and set up for the market making activities (providing details of the corporate entity under each of its market making arrangements, where applicable);
- core operations of front and back offices for the market making activities;
- a description of the background, experience, role and responsibility of each key personnel of the applicant and, where applicable, the name, contact telephone number and email address of each key personnel of the corporate entity under each of its market making arrangements who is responsible for overseeing market making activities; and
- trading strategies and policies.

2. Financial standing

The applicant should have and employ effectively the resources and procedures which are needed for the proper performance of its market making activities. The applicant should provide the following information: -

- financial information of the applicant;
- controls and procedures to ensure compliance with the financial requirements of HKFE; and
- controls and procedures to meet the settlement obligation towards HKFE Clearing Corporation Limited (the “Clearing House”).

3. Risk management

The framework of the risk management policy and procedures of the applicant on its market making activities, including specifically the following: -

- policies and procedures for setting trading strategies, trading and position limits, and risk parameters for pricing and risk monitoring;
- list of risk management reports reviewed by the management and risk management personnel and frequency of such review;
- risk management measures to quantify the exposure of the applicant (using an acceptable methodology to mark-to-market and to identify concentrations); and
- controls and procedures in ensuring the implementation of the risk management policies and procedures of the applicant.

In addition to the above, each applicant which has a market making arrangement with a corporate entity shall include the following in the Report: -

- policies and procedures for setting trading and position limits for the corporate entity;
- list of risk management reports reviewed by the management and risk management personnel and frequency of such review;
- settlement arrangement between the applicant and the corporate entity and the consequence of the corporate entity's failure to meet its settlement obligation due to the applicant, including the actions which the applicant may be entitled to take;
- controls and procedures in ensuring the implementation of its risk management policies and procedures to monitor the corporate entity; and
- controls and procedures ensuring that the corporate entity complies at all times with the requirements set out in Part A Section 2 item 1 of the Form "Application for / Surrender of Market Maker Permit(s) at HKFE", and that HKFE is properly informed if the corporate entity fails to comply with the requirements.

4. Records

The applicant shall keep and maintain sufficient trading records of the market making activities. The Report should include a description of the following: -

- list of accounts and reports to be kept and the frequency of the reports; and
- controls in place to reconcile the executed trades and outstanding positions in third party statements (such as reports from the Clearing House and HKFE) to the reports generated by the pricing, risk monitoring and back office systems.

5. Computer and security

A description of the computer system to be used and internal security procedures, including:-

- software to be used for the pricing, risk monitoring and back office processing;
- source of the software and applicant's experience in the software. If newly self-developed software is used, details of training provided to the staff and testing of the software;
- history of major failures of the system, if any; and
- the internal security procedures in place, including controls to restrict access to the computer system by password and User ID to prevent unauthorized tampering of the data and software.

The above areas are by no means exhaustive. The applicant should include any additional procedure, which it considers necessary to address the risks to which the assets of the applicant or the corporate entity under any of its market making arrangements may be exposed or to which major liabilities may be suffered by them.