

The Designated Specialist Programme for Dual Counter Securities (“DCS-DS Programme”) permits liquidity providers who are not Exchange Participants (EPs) to take part in the market making activities at the secondary counter of Dual Counter Security (DCS) in Hong Kong. The DCS-DS Programme opens opportunities for liquidity providers to tap the potential in the growing RMB ecosystem.

What is the DCS-DS Programme?

- The programme targets non-EPs who want to provide liquidity for the DCS in the secondary (RMB) counter.
- All securities with HKD and RMB counters designated by the Exchange as DCS are eligible.

What are the entitlements?

DCS-DSs are rewarded with compelling benefits for providing market liquidity, including:



Stamp duty waiver for eligible market making, hedging or arbitrage transactions

- Stamp Duty
0.10% ► **0%**



Short-selling and tick rule exemption



Discounted Market Making Orion Central Gateway – Securities Market (MMOCG-C) Session

- One-Off Fee (per throttle)
HK\$50,000 ► **FREE**
- Monthly Fee (per throttle)
HK\$960 ► **HK\$480**



Discounted securities market data feeds (OMD) – End User License

- Standard License (per quarter)
HK\$33,300 ► **HK\$15,000**
- Premium License (per quarter)
HK\$43,200 ► **HK\$19,500**
- Full Tick License (per quarter)
HK\$64,800 ► **HK\$29,100**

Who is eligible?

To qualify as a DCS-DS, an applicant must satisfy at least **one** of the following criteria:

- Be licensed by or registered with the Securities and Futures Commission (SFC) for Type 1 or Type 2 regulated activity under the Securities and Futures Ordinance, or be licensed or registered for similar activity by an overseas authority having a memorandum of understanding with the SFC for the sharing of market surveillance information
- Be a licensed bank regulated by an authority acceptable to The Stock Exchange of Hong Kong Limited (SEHK)
- Maintain a current long-term credit rating of A- or above (Standard & Poor's) or A3 or above (Moody's)
- Maintain a paid-up capital of at least HK\$50 million and shareholders' funds of at least HK\$100 million

What are the market making obligations?

DCS market makers¹ are required to enter two-sided quotes within the applicable market maker obligations² at the secondary counter of the DCS, based on its grouping as set out below:

	Grouping			
	1	2	3	4
1. The maximum spread of two-sided market making orders entered by a market maker into the System during the Continuous Trading Session (CTS) (if in percentage, rounded down in tick size)	0.25% or 3 ticks, whichever wider	0.50% or 3 ticks, whichever wider	1.50% or 3 ticks, whichever wider	3.00% or 3 ticks, whichever wider
2. The minimum quote size of market making orders that a market maker submits during the Pre-opening Session (POS), CTS or the Closing Auction Session (CAS) (in RMB, per side)	400,000	250,000	100,000	50,000
3. The minimum participation rate of a market maker during the POS, CTS and CAS per trading day (in percentage) ²	80%			

The list of DCS grouping can be found on HKEX's website under section "[List of Dual Counter Securities and Mapping File of Dual Counter Securities and Dual Counter Market Makers / Designated Specialists](#)". For technical specifications of dual counter market making obligations, please contact OTPC@hkex.com.hk.

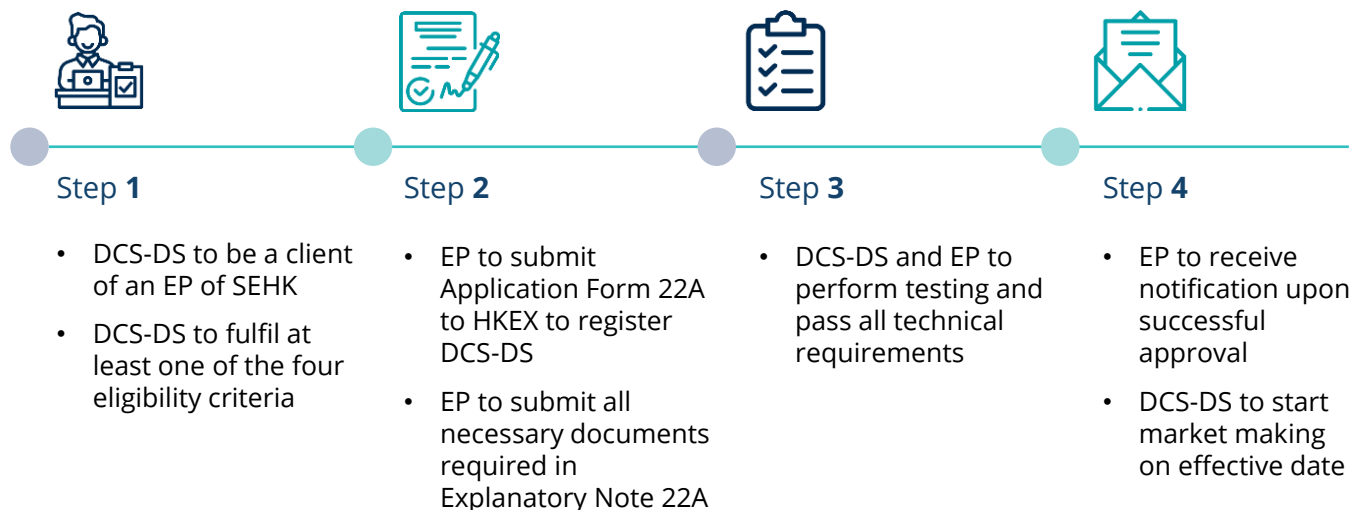
1. DCS market makers include Dual Counter Market Makers and Designated Specialists for DCS.

2. There is no minimum period of time for which a DCMM shall maintain a pair of market making orders after initially entering it into the System during CTS, POS until the end of the random matching period and CAS until the end of the random closing period.

3. The length of time for counting the minimum participation rate for two-sided market making orders that are in no less than the minimum quote size and are maintained in no less than the minimum period of time until the end of the random matching period for POS and until the end of the random closing period for CAS are 300 seconds and 120 seconds respectively.



How to become a DCS-DS?



Did you know?

- DCS-DSs are subject to the same entitlements and obligations as DCMMs on HKEX
- An EP can register one or more DCS-DS for a DCS
- A DCS-DS can be registered by more than one EP only for different DCS
- An EP may apply to make market on the same DCS as its registered DCS-DS

For further details of market making obligations, please refer to our [HKD-RMB Dual Counter Model webpage](#) or contact us at trd@hkex.com.hk.

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