

Obligations of Dual Counter Market Makers

Dual Counter Market Makers (DCMMs) are required to enter two-sided quotes within the applicable market maker obligations¹ at the secondary counter of the Dual Counter Security (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 DCMM into the System during the Continuous Trading Session (CTS) (in percentage, rounded down in tick size)	0.25%	0.50%	1.50%	3.00%
2. The minimum quote size of market making orders that a DCMM 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 DCMM 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 "[Dual Counter market making obligations and spread table](#)". For technical specifications of dual counter market making obligations, please contact OTPC@hkex.com.hk

Market maker entitlements

- Stamp duty is waived for Eligible DCMM Transactions as defined in Section 3.2 of the DCMM Stamp Duty Exemption Programme of the [Explanatory Notes for Application for Acquisition / Surrender of Dual-Counter Market Maker \("DCMM"\) Permit\(s\)](#);
- Market makers can apply for Market Making Orion Central Gateway – Securities Market (MMOCG-C) Session and securities market data feeds (OMD) – End user Licence at a discounted rate for market making of DCS; and
- Short-selling and tick rule exemption on eligible DCMM transactions pursuant to the Rules of the Exchange.

1. 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.

2. 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.

Spread table for DCSs

All Dual Counter Securities adopt Spread Table (Part A) under HKEX's trading rules as below:

	Currency Unit		Tick Interval	
From	0.01	to	0.25	0.001
Over	0.25	to	0.50	0.005
Over	0.50	to	10.00	0.010
Over	10.00	to	20.00	0.020
Over	20.00	to	100.00	0.050
Over	100.00	to	200.00	0.100
Over	200.00	to	500.00	0.200
Over	500.00	to	1,000.00	0.500
Over	1,000.00	to	2,000.00	1.000
Over	2,000.00	to	5,000.00	2.000
Over	5,000.00	to	9,995.00	5.000

Market maker performance

- A market maker is considered in breach of the obligations if one fails to meet the minimum participation rate for five or more days in a month. A breach of the obligations is reported to SFC.
- Market makers found to be in breach of the obligations for two consecutive months could have their DCMM permit suspended or revoked on the respective dual counter security.

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