



Media Workshop

RMB Equity Trading Support Facility (TSF)

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Agenda



- 1 Overview
- 2 Operation Flow
- 3 How to Participate
- 4 Implementation
- 5 Q&A

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Overview

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Implementation

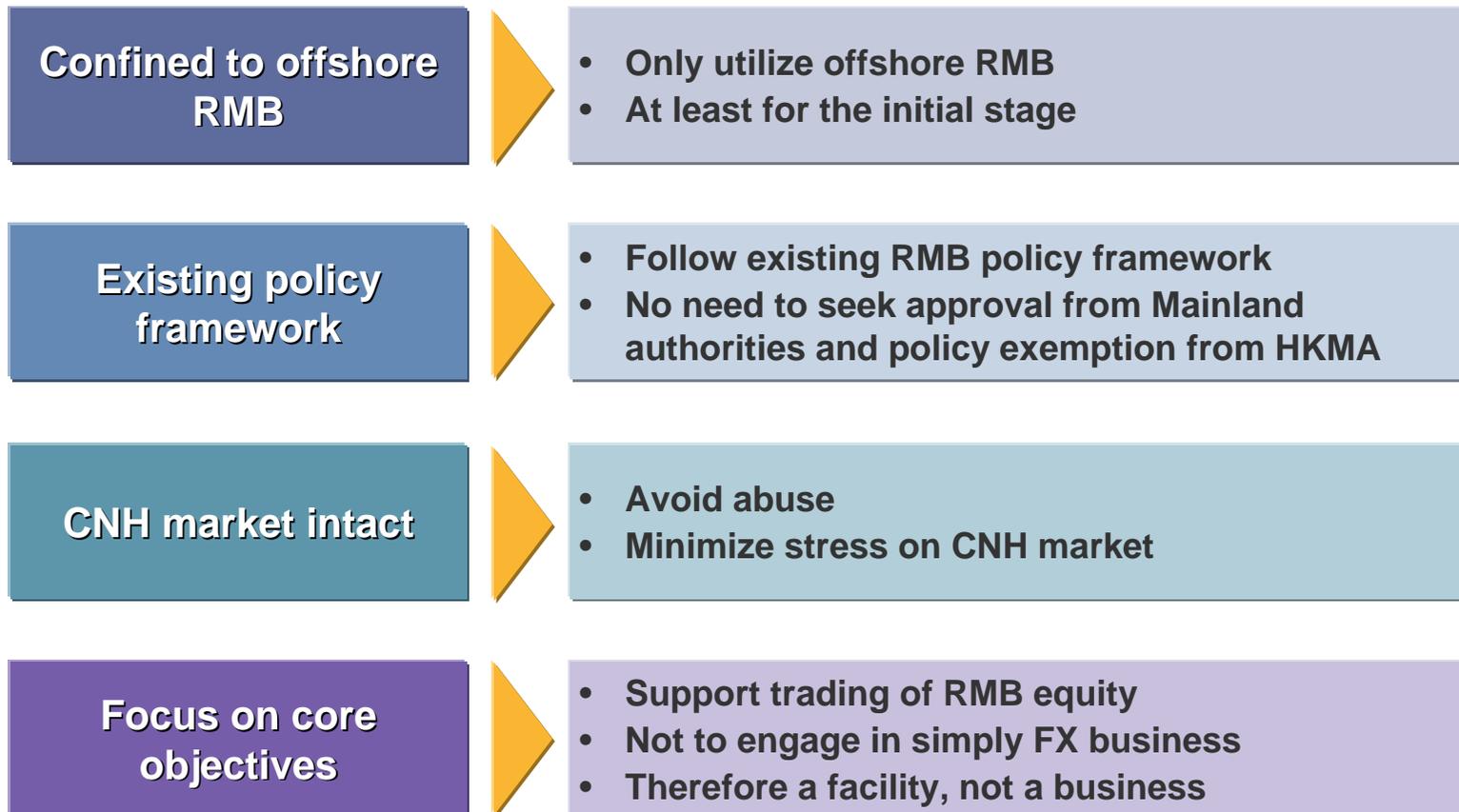
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Q & A

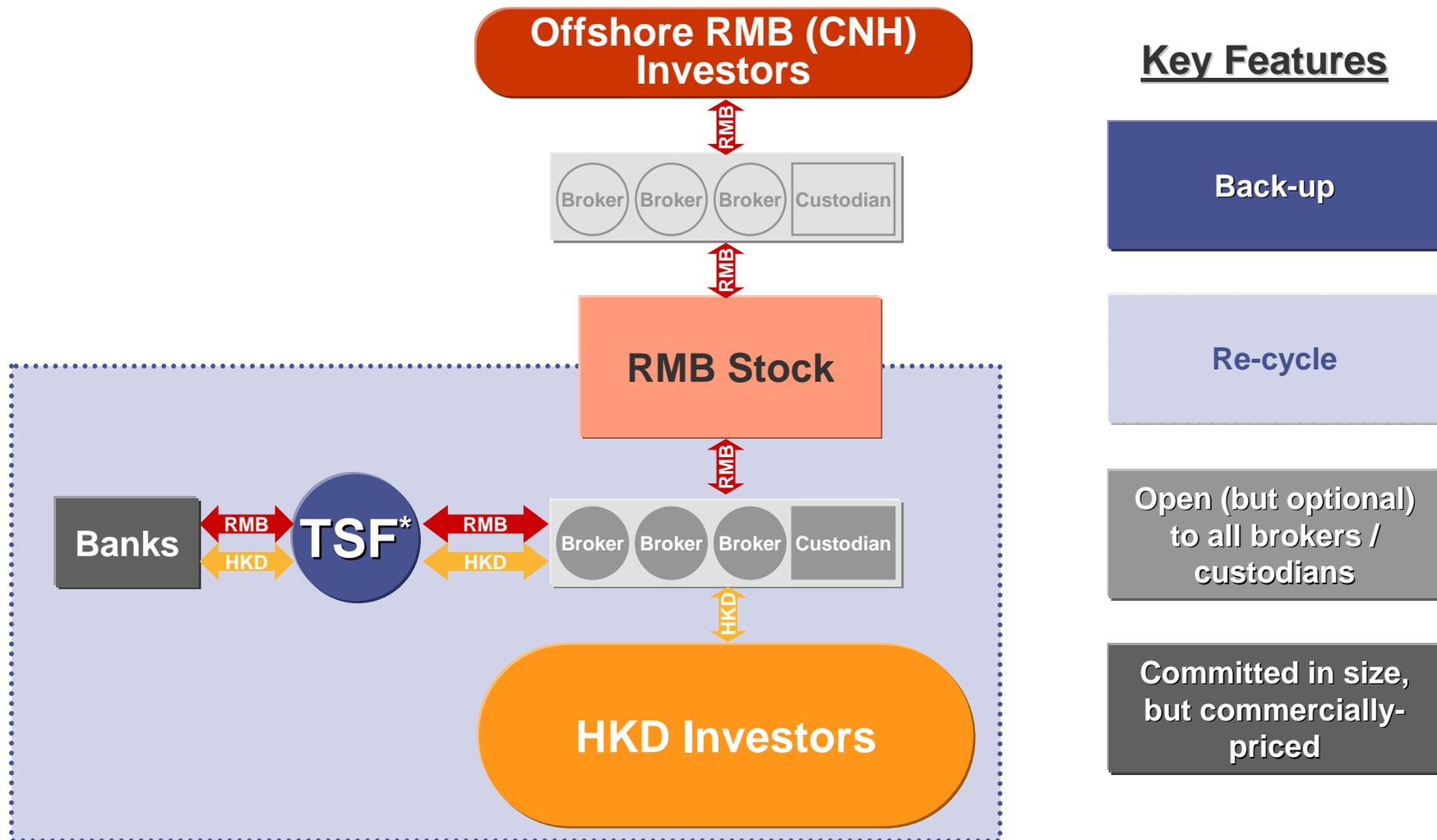
Why TSF?

**Develop a sustainable trading model
for RMB Equity
not completely dependent upon
availability of RMB liquidity**

The major design principles of TSF



How does the TSF work?



Key Features

Back-up

Re-cycle

Open (but optional) to all brokers / custodians

Committed in size, but commercially-priced

* Subject to regulatory approval

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General Notes about the Operation Flow

Eligible Securities and Participants

- For TSF Eligible Securities only
- For TSF Eligible Participants only
- Lists of TSF Eligible Participants and TSF Eligible Securities will be published on the HKEx website

Indicate in trade order whether it should go through TSF

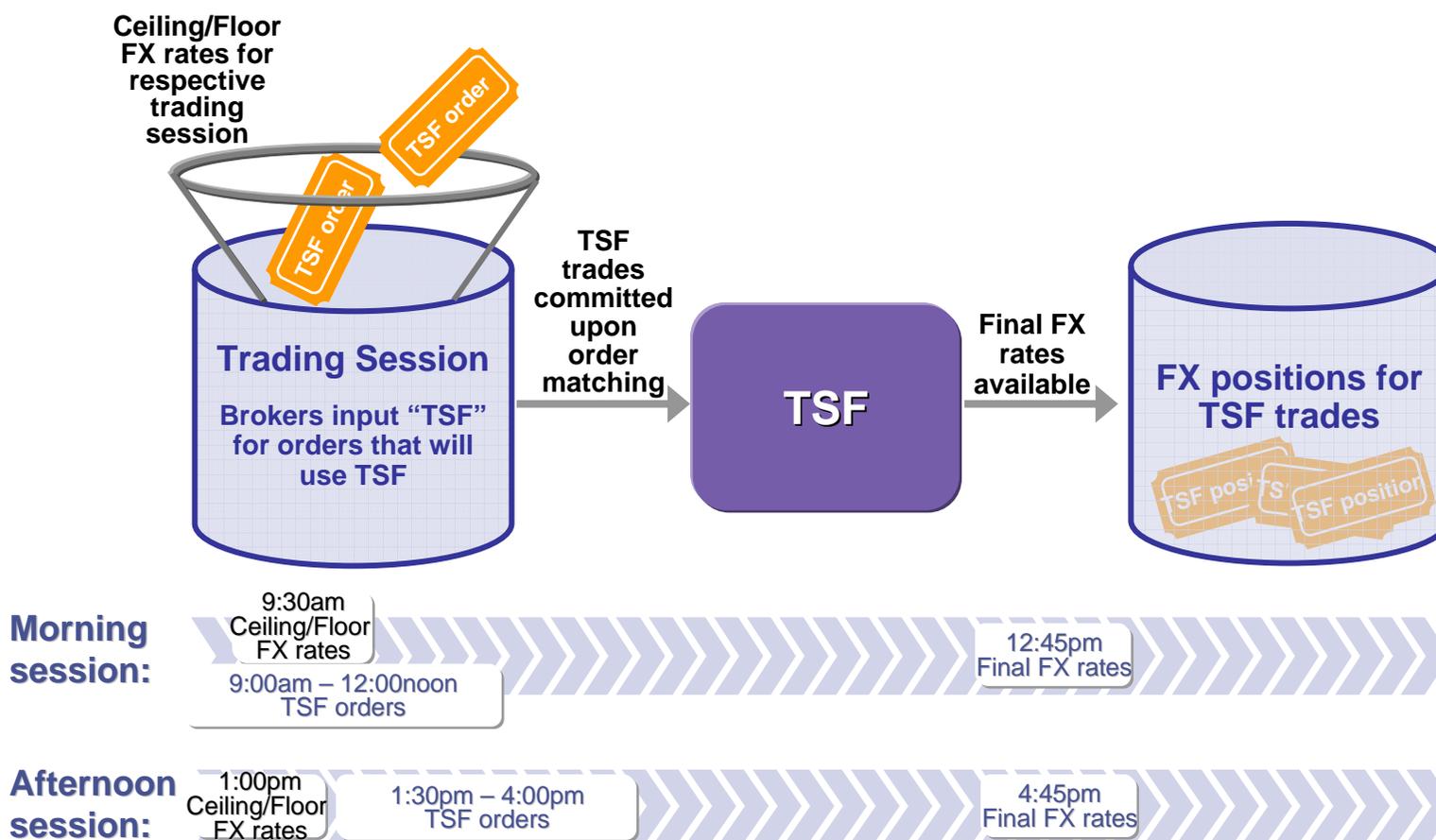
- Only for Trades automatically struck through the AMS/3 (i.e. auto-matched trades)
- TSF Eligible Participants who want to buy or sell through the TSF should input “TSF” in the existing Reference field of the respective trade orders
- Irrevocable once the TSF trades are matched in AMS/3

Different FX rates for morning and afternoon trading sessions

- TSF exchange rates will be published on the HKEx website
 - Indicative** For morning session: around 9:30 a.m.
For afternoon session: before 1:00 p.m.
 - Final** For TSF trades concluded in the morning session: around 12:45 p.m.
For TSF trades concluded in the afternoon session: around 4:45 p.m.
- HKD equivalent will be calculated based on the respective Final TSF exchange rates provided by the TSF partner bank(s)

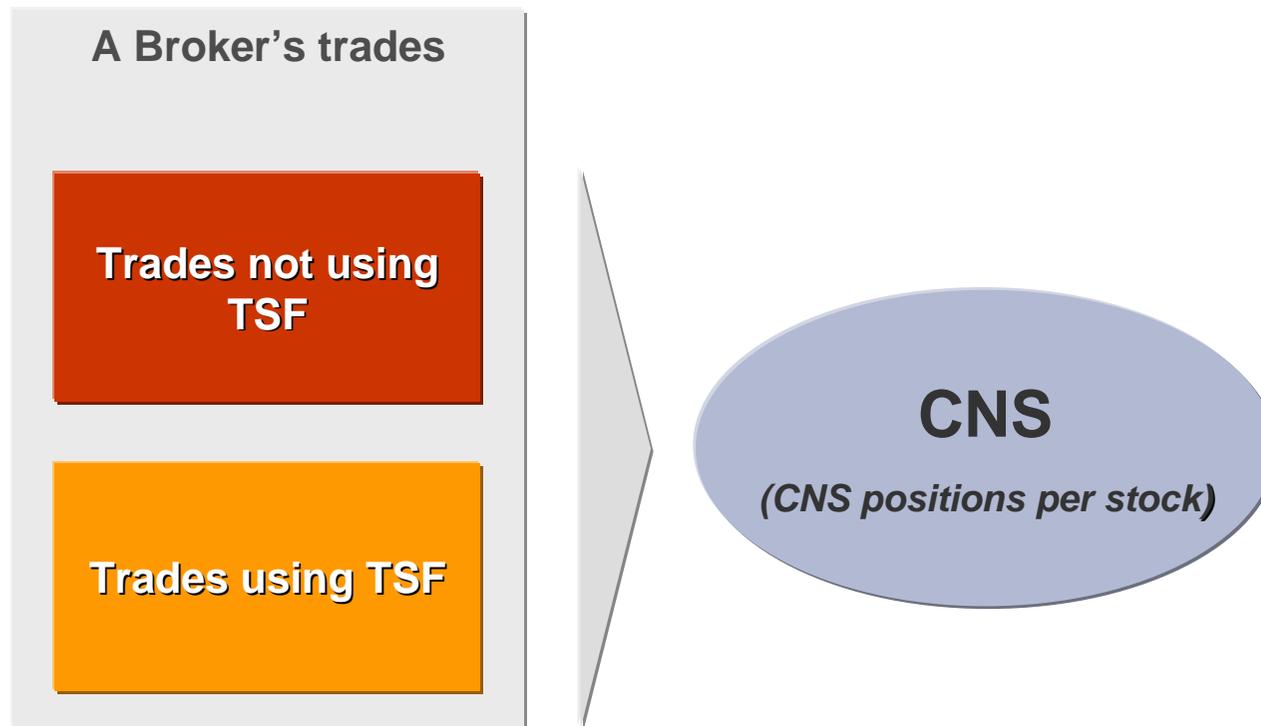
How to request for TSF

Indicate in AMS orders on T-day



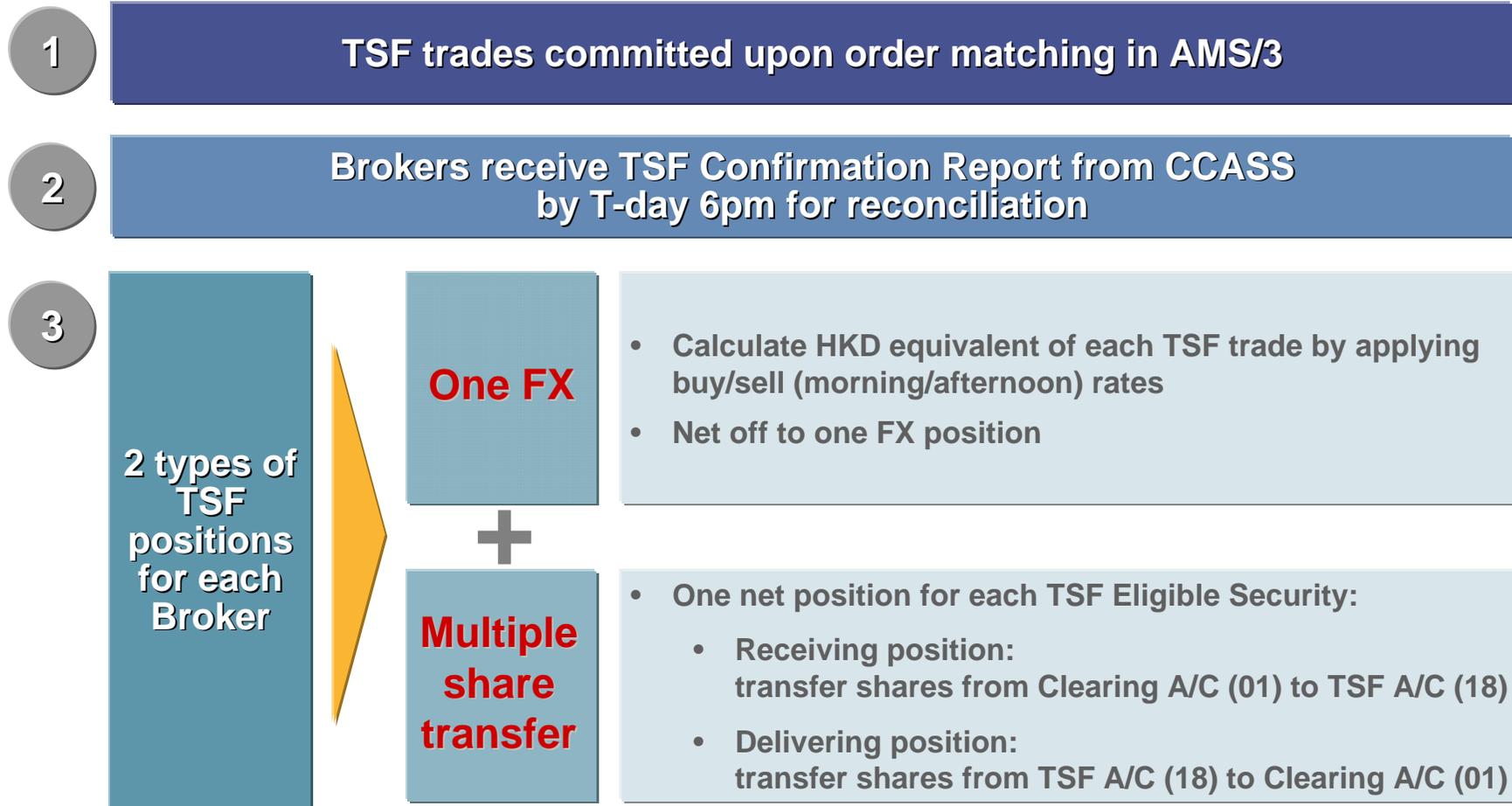
CNS process remains unchanged

– CNS positions include all trades



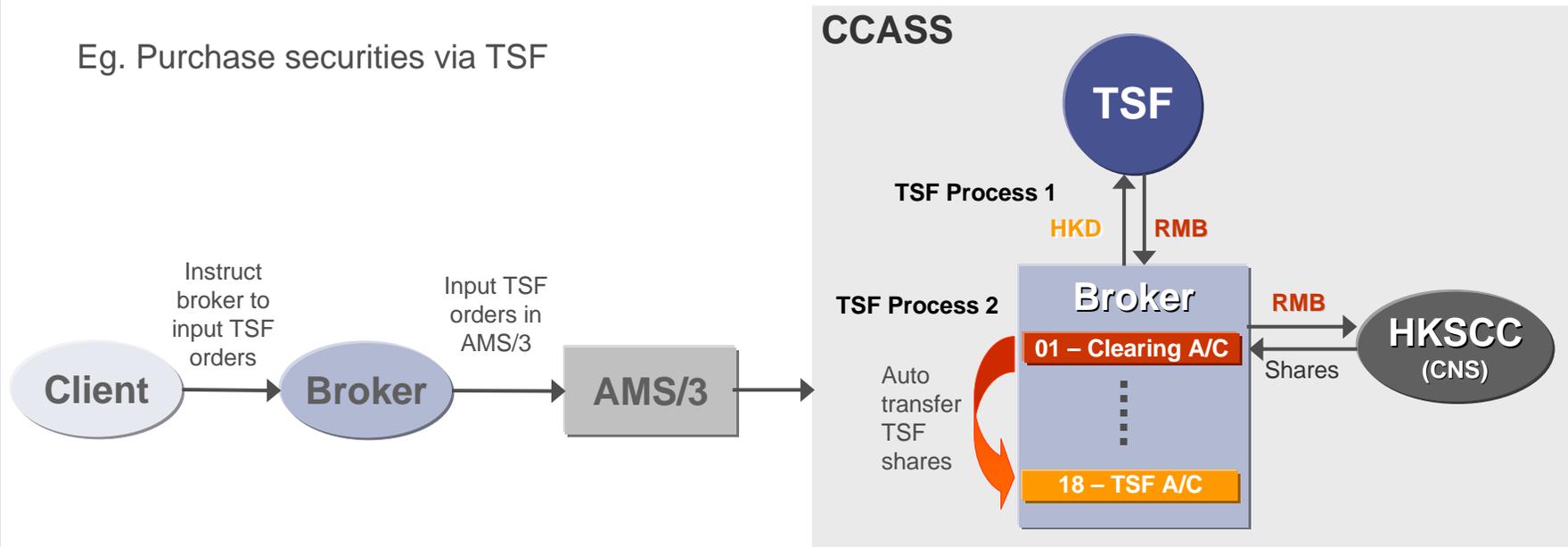
FX to settle on a net basis

Share earmarking on a per stock basis



FX settlement and share earmarking in CCASS

Eg. Purchase securities via TSF

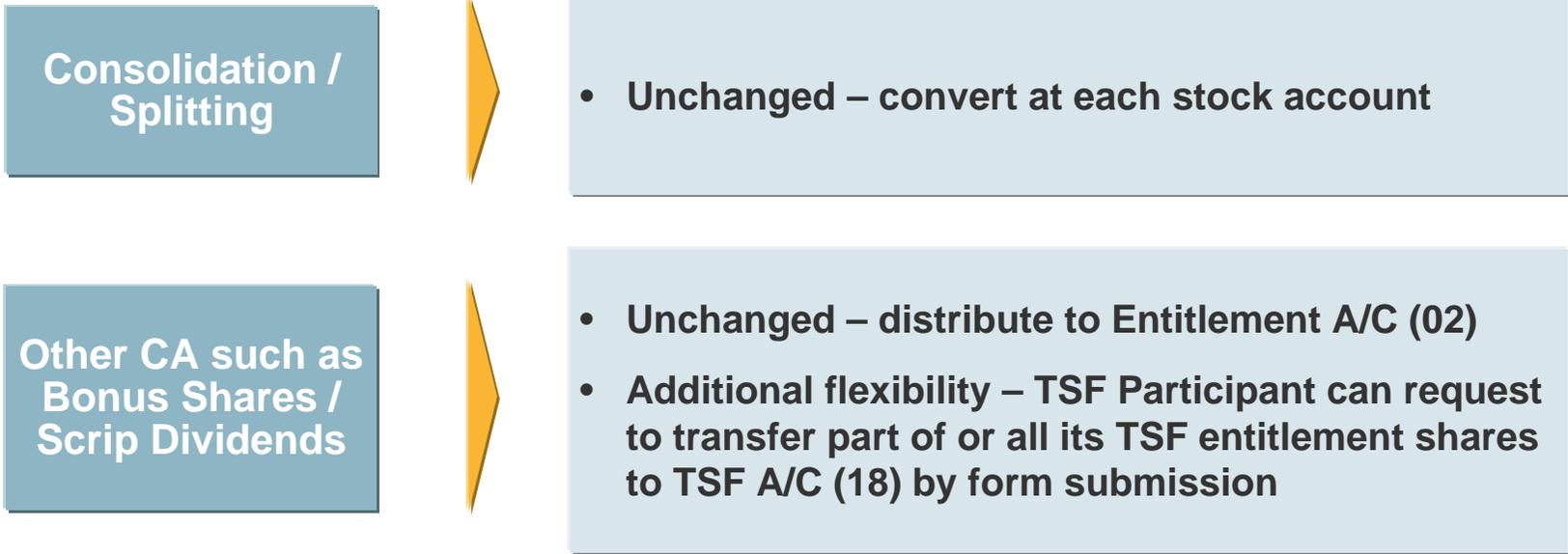


New TSF Processes :

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. FX settlement 2. Share earmarking / de-earmarking | <ul style="list-style-type: none"> • Via RTGS / bank transfer • Designate stock segregated account "TSF Account" (18) to hold earmarked shares • Automatically transferred between TSF Account (18) and Clearing Account (01) |
|---|--|

Handling of Corporate Actions (CA)

– Largely the same, with flexibility



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Participating in TSF requires back-office capabilities

Brokers should ensure their trading system and back office system are able to.....

Handle TSF orders / trades

Segregate TSF shares

Handle TSF Money Settlement

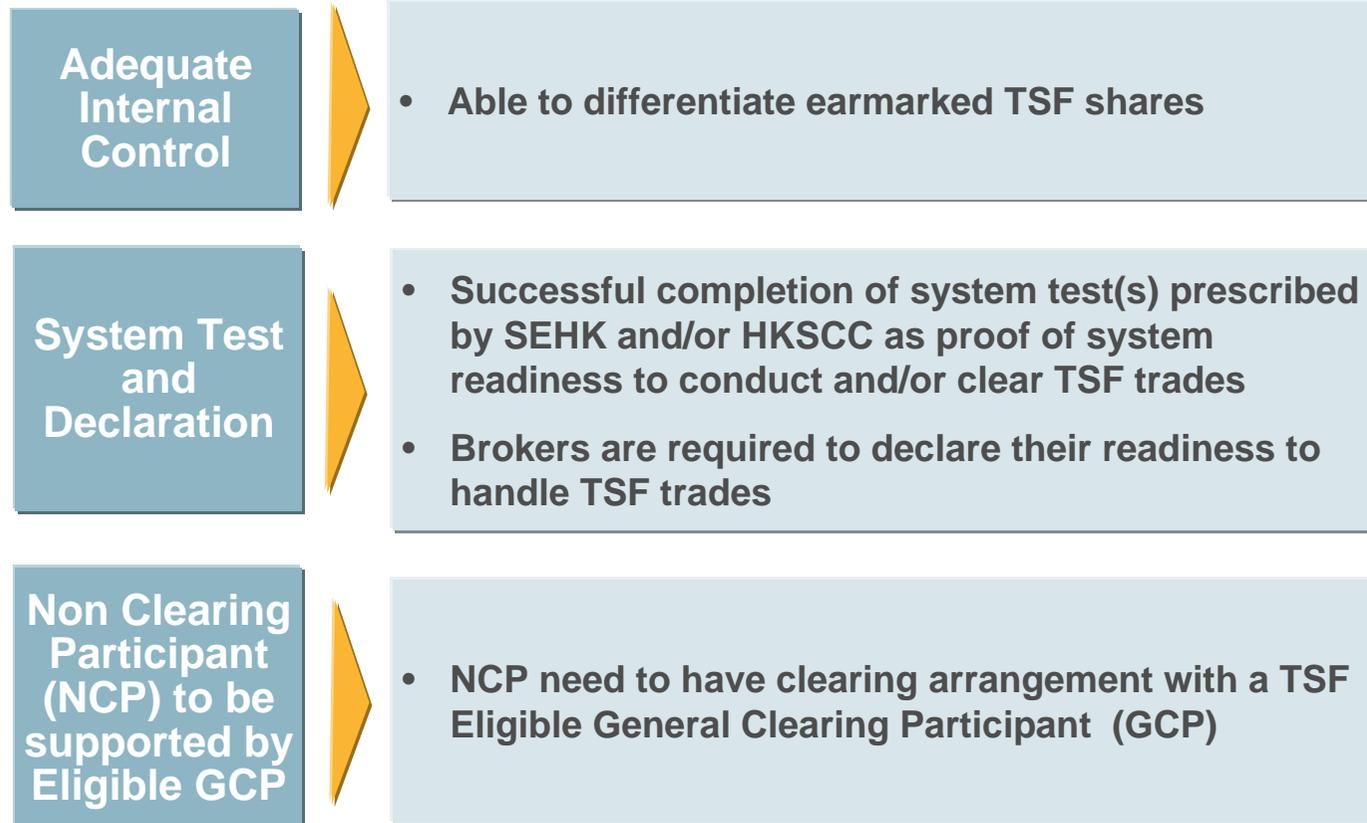
e.g. calculate TSF payment for each client

Reflect TSF information in client statements

e.g. TSF trades, including the respective exchange rates

* Subject to further SFC requirements

How to become TSF Eligible Participants



* Subject to approval & further requirements from SFC

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Implementation Schedule (High-level)

Time	Event
May 2011	2 nd round briefing
June 2011	Admission Start
3Q / 4Q 2011	System Test
3Q / 4Q 2011	Launch of TSF

* Subject to approval from SFC

More TSF information on the website



Visit TSF Web Corner (to be available in May 2011) at

www.hkex.com.hk

Home

- Market Operations
 - Securities Trading Infrastructure
 - Preparation for applying RMB Equity Trading Support Facility (TSF)

Content:

- Model and mechanism of TSF
- FAQ
- Checklist for SEHK & HKSCC participants
- Circulars (regarding admission, readiness, seminars, etc...)
- Other reference: e.g. briefing materials, sample reports
- *List of TSF Eligible Securities / Participants (later stage)*

Questions and Answers

