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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: Planned Hardware and Software Upgrade for HKATS in 2020  
Enquiry: HKATS Hotline<sup>1</sup> 2211-6360

Hong Kong Exchanges and Clearing Limited ("HKEX") plans to implement the following initiatives relating to HKATS and other Derivatives Market systems in 2020. To facilitate Exchange Participants ("EPs") planning and preparation, please find the tentative schedule below:

| Tentative Schedule | Planned Initiatives                                                                    | Description / Impact to EPs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|--------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Q1 & Q4 2020       | Update of Google Chrome browser version for HKATS Online and HKATS Risks Functions GUI | To align with the latest development of Google Chrome browser for HKATS Online workstations and HKATS Risks Functions GUI, HKEX plans to update the Google Chrome browser requirement twice every year.<br><br><b><u>Impact to EPs:</u></b><br>EPs are <b><u>required</u></b> to update the Google Chrome browser version for their HKATS Online workstations and HKATS Risks Functions GUI according to the requirement as prescribed by HKEX.<br><br>Detailed arrangement will be announced in <b>Q1 &amp; Q3 2020 respectively</b> . |
| Q1 2020            | Termination of HGC SDNet/2 circuits                                                    | Reference being made to circular <u>MO/DT/105/19</u> , Global Communications Limited (HGC) will cease to be SDNet/2 accredited vendor effective on 1 <sup>st</sup> May 2020.<br><br><b><u>Impact to EPs:</u></b><br>EPs who are currently using SDNet/2 service provided by HGC are recommended to plan ahead to change to                                                                                                                                                                                                              |

<sup>1</sup> All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: [http://www.hkex.com.hk/eng/global/privacy\\_policy.htm](http://www.hkex.com.hk/eng/global/privacy_policy.htm)

| Tentative Schedule | Planned Initiatives                               | Description / Impact to EPs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                    |                                                   | other SDNet/2 Accredited Vendors or HKEX Service Network (HSN), taking into account the service termination notice period and new SDNet/2 line or HSN installation lead-time.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Q2 2020            | Introduction of New Mass Quote Transaction Type   | <p>To facilitate EPs better managing their systems resources for market making, HKEX plans to introduce a new OAPI mass quote transaction type MO93 on outright contracts only where multiple quotes could be placed on the same contract.</p> <p><b><u>Impact to EPs:</u></b><br/>EPs who are interested in using this new transaction type for market making should make necessary internal assessments / modification and verifications with exchange on the OAPI program according to their business needs.</p> <p>Detailed technical specification will be provided by early <b>Q1 2020</b>.</p> |
| Q2 2020            | Market Rehearsal for Emergency Situation          | <p>To facilitate EPs in verifying their systems and operational capability under emergency situation, HKEX will arrange a mandatory Market Rehearsal in Q2 2020.</p> <p><b><u>Impact to EPs:</u></b><br/>EPs are <b><u>required</u></b> to participate the Market Rehearsal to ensure that their end to end systems and operational capability run as designed under the emergency situation.</p> <p>Detailed arrangement will be provided in the <b>Q1 2020</b>.</p>                                                                                                                                 |
| Q2 2020            | Mandatory use of Market Maker Protection Function | <p>To safeguard derivatives markets integrity, market makers and liquidity providers in the options markets are required to use the HKATS Market Maker Protection ("MMP") function.</p> <p><b><u>Impact to EPs:</u></b><br/>Market makers and liquidity providers are <b><u>required</u></b> to complete their system enhancements, if applicable and corresponding MMP parameters setting by <b>Q2 2020</b>.</p> <p>Detailed arrangement will be provided to respective market makers and liquidity providers by <b>Jan 2020</b>.</p>                                                                |

| Tentative Schedule | Planned Initiatives                                                                | Description / Impact to EPs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
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| Q3 2020            | Upgrade of OAPI library for RHEL v7                                                | <p>In response to the end of maintenance support of Red Hat Enterprise Linux (RHEL) version 6 (v6), OAPI programs currently using RHEL v6 are required to upgrade their OAPI library to RHEL v7.</p> <p><b>Impact to EPs:</b><br/>EPs are <b>required</b> to upgrade relative OAPI library version and complete the program certification by <b>30 Sep 2020</b>, if applicable.</p>                                                                                                                                   |
| Q4 2020            | Upgrade of Derivatives Trading Infrastructure and Relocation of Backup Data Centre | <p>To cope with the market needs and business plans, HKEX plans to upgrade HKATS infrastructure together with the relocation of backup data center in 2020.</p> <p><b>Impact to EPs:</b><br/>To ensure the business continuity after the upgrade, EPs are <b>required</b> to participate the mandatory rehearsals scheduled in Q4 2020.</p> <p>Detailed arrangement will be provided in <b>Q3 2020</b>.</p>                                                                                                           |
| Q4 2020            | Pre-Trade Management 2.0 Risk                                                      | <p>To safeguard derivatives market integrity, HKEX plans to enhance Pre-Trade Risk Management (PTRM) to provide EPs with an additional dimension of control by being able to calibrate exposure limits over a specified time frame.</p> <p><b>Impact to EPs:</b><br/>EPs are <b>required</b> to participate the Market Rehearsal and are required to work with HKEX on setting the new exposure limit.</p> <p>Details of the schedule and rundown of the Market Rehearsal will be provided in the <b>Q4 2020</b>.</p> |
| Q4 2020            | Self-Match Prevention 2.0                                                          | <p>To provide EPs an additional approach to safeguard against self-matching, as well as allow self-match prevention to be applied on a granular level across different account setups, HKEX plans to enhance the Self-Match Prevention function.</p> <p><b>Impact to EPs:</b><br/>EPs are <b>required</b> to participate the Market Rehearsal to ensure familiarization with the enhancement.</p> <p>Details of the schedule and rundown of the Market Rehearsal will be provided in <b>Q4 2020</b>.</p>              |

| Tentative Schedule | Planned Initiatives                              | Description / Impact to EPs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| 2H 2020            | OMD-D Technical Refresh                          | <p>In order to keep the IT infrastructure of Market Data Systems robust and stable, a Technical Refresh includes the Operating System (OS) upgrade and software architecture update will be conducted for OMD-D in <b>second half of 2020</b>.</p> <p><b><u>Impact to EPs:</u></b><br/>There will be a minor enhancement of existing functions. Market Rehearsals will be arranged to allow OMD-D clients to verify that their systems connecting to the respective market data system will run as normal.</p> <p>Details of the change and testing schedule will be provided in <b>Q1 2020</b>.</p> |
| On Going           | Mandatory Periodic OAPI Program Re-Certification | <p>To ensure EP's OAPI programs are compliant with the latest HKATS software version, a mandatory re-certification test is required to the OAPI programs that have not conduct re-certification test for a pro-longed period.</p> <p><b><u>Impact to EPs:</u></b><br/>EPs are <b><u>required</u></b> to re-certify their OAPI Programs <b>in every three years</b>.</p>                                                                                                                                                                                                                              |

Exchange Participants are highly recommended to coordinate with their IT teams and vendors for necessary planning and preparation.

For any enquiries, please contact the HKATS Hotline at 2211 6360.

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Markets Division

*This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*