

## FAQs relating to the stock markets and exchanges

### 1. Which companies are “recognised exchange companies” under the Securities and Futures Ordinance (SFO)?

Hong Kong has only two recognised exchange companies:

- (a) the Stock Exchange of Hong Kong Limited; and
- (b) Hong Kong Futures Exchange Limited.

Both are deemed to be “recognized exchange companies” by virtue of section 5(a) of Part 1 of Schedule 10 to the SFO.

Entities seeking to become recognised exchange companies should apply to the Securities and Futures Commission under section 19 of the SFO.

### 2. Which markets are “recognised stock markets” under the Securities and Futures Ordinance?

A recognised stock market is any stock market operated by a recognised exchange company. In Hong Kong, the only recognised stock market is the stock market operated by the Stock Exchange of Hong Kong Limited.

### 3. Which markets are “recognised futures markets” under the Securities and Futures Ordinance?

A recognised futures market is any futures market operated by a recognised exchange company. In Hong Kong, the only recognised futures market is the futures market operated by the Hong Kong Futures Exchange Limited.

### 4. What do the terms “specified futures exchanges”, “specified stock exchanges” and “specified exchanges” refer to?

- (a) The term “**specified futures exchanges**” refers to those futures exchanges specified in Part 2 of Schedule 1 to the Securities and Futures Ordinance (SFO). The term appears in the definition of “leveraged foreign exchange trading” – essentially, certain activities relating to contracts traded on a “specified futures exchange” are excluded from the definition of “leveraged foreign exchange trading”. The term “specified futures exchange” is also used in the Securities and Futures (Recognized Counterparty) Rules to define which institutions may be regarded as recognized counterparties.
- (b) The term “**specified stock exchanges**” refers to those stock exchanges specified in Part 3 of Schedule 1 to the SFO. It is used in connection with the definition of “leveraged foreign exchange trading” – again, certain activities relating to transactions executed on a “specified stock exchange” are excluded

from the definition of “Leveraged foreign exchange trading”. The term “specified stock exchange” is also used in connection with matters relating to disclosure of interests under Part XV of the SFO, and to price stabilizing under the Securities and Futures (Price Stabilizing) Rules.

- (c) The term “**specified exchanges**” refer to those exchanges specified in Schedule 3 of the Securities and Futures (Financial Resources) Rules (FRR). By reference to the “specified exchanges,” the FRR prescribes treatments of assets and liabilities arising from, or related to, dealings in products traded on those exchanges.

For details, please click this link:

<http://www.sfc.hk/sfc/html/EN/legislation/securities/securities/securities.html>

## 5. **Which are the recognised clearing houses under the Securities and Futures Ordinance (SFO)?**

Hong Kong has only three recognised clearing houses under the SFO. They are:

- (a) Hong Kong Securities Clearing Company Limited;
- (b) HKFE Clearing Corporation Limited; and
- (c) SEHK Options Clearing House Limited.

All three are deemed to be “recognised clearing houses” by virtue of section 6 of Part 1 of Schedule 10 to the SFO.

Companies seeking to become recognised clearing houses under the SFO should apply to the Securities and Futures Commission under section 37 of the SFO.