

# Market infrastructure and trading

## Shenzhen-Hong Kong Stock Connect

Shenzhen-Hong Kong Stock Connect successfully launched on 5 December and has been running smoothly. We continuously monitor the operations of both Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect, and during the quarter we enhanced our monitoring systems to cover trading activities under the new Shenzhen link.

## Position limit regime

In September, we launched a public consultation on proposed enhancements to the position limit regime for futures and options contracts which aim to expand the scope of the existing regime and make it more responsive to financial market developments. The majority of respondents indicated their support for the proposals. The consultation ended in November and we plan to publish the consultation conclusions in the first quarter of 2017.

## ATS

	As at 31.12.2016	As at 31.3.2016	Change (%)	As at 31.12.2015	YoY change (%)
ATS authorizations under Part III	49	38	28.9	38	28.9
Corporations provide ATS under Part V	24	24	0	27	-11.1

## Real-time trading monitoring

Jointly with Hong Kong Exchanges and Clearing Limited, we upgraded our real-time market surveillance system to cover the Closing Auction Session and to generate alerts if the Volatility Control Mechanism is triggered.

## Automated trading services

As of 31 December 2016, the number of automated trading services<sup>1</sup> (ATS) authorizations under Part III of the Securities and Futures Ordinance (SFO) was 49, while 24 corporations, including 16 dark pool operators, were licensed under Part V of the SFO to provide ATS.

<sup>1</sup> As a general principle under the SFC's Guidelines for the Regulation of Automated Trading Services, ATS providers which also perform traditional dealer functions (eg, agency broking, holding of clients' securities or funds) are expected to be licensed under Part V of the SFO, while those solely providing ATS are expected to be authorized under Part III of the SFO.