

Market infrastructure and trading

Investor identification

We worked with the China Securities Regulatory Commission (CSRC) and Hong Kong Exchanges and Clearing Limited (HKEX) on the implementation of investor identification for Northbound trading under Stock Connect to facilitate market surveillance. On 30 November, HKEX issued an information paper, *Investor ID Model for Northbound Trading Under Stock Connect*, which provided market participants with the operational details of the regime in preparation for its launch in the third quarter of 2018. A similar regime for Southbound trading will be introduced as soon as possible after the regime for Northbound trading is implemented.

Futures markets cooperation

On 29 December, the SFC and the CSRC jointly announced that they entered into a Memorandum of Understanding¹ which facilitates regulatory and enforcement cooperation in the Mainland and Hong Kong futures markets and enhances supervisory assistance and information exchange on cross-boundary derivatives, futures exchanges and brokers and other matters.

Automated trading services

	As at 31.12.2017	As at 31.03.2017	Change (%)	As at 31.12.2016	YoY change (%)
Under Part III	52	49	6.1	49	6.1
Under Part V	24	24	0	24	0

Extension of after-hours trading session

In September, the SFC approved HKEX's proposal to extend trading of the Hang Seng Index and Hang Seng China Enterprises Index futures contracts (including mini contracts) during the after-hours trading session from 11:45 pm to 1:00 am the next day. The extended trading hours became effective on 6 November.

Iron ore futures contract

In September, the SFC approved the launch of a cash-settled, index-linked iron ore futures contract proposed by HKEX. Trading commenced on 13 November.

Automated trading services

As of 31 December, the number of automated trading services (ATS)² authorisations under Part III of the Securities and Futures Ordinance (SFO) was 52, while 24 corporations, including 16 dark pool operators, were licensed under Part V of the SFO to provide ATS.

¹ Memorandum of Understanding on Supervisory and Enforcement Cooperation on Matters concerning Futures.

² Under the SFO, two regimes regulate ATS providers. Typically, those that offer facilities similar to those of a traditional exchange or a clearing house are authorised under Part III of the SFO. Intermediaries which provide dealing services with ATS as an added facility are licensed under Part V of the SFO.