

Glossary and abbreviations

Automated trading services (ATS)

Electronic facilities, outside of those provided by a recognised exchange company or clearing house, through which participants may trade, clear and settle securities, futures contracts and over-the-counter derivatives.

Circuit breaker

A mechanism which halts trading when triggered by significant price movements. It may be imposed on individual stocks or the market as a whole.

Dark pool

An electronic system which allows crossing or matching of orders anonymously outside traditional exchanges without any pre-trade transparency. Also known as alternative liquidity pool or alternative trading system.

Exchange participant

A company with rights to trade on or through the Stock Exchange of Hong Kong Limited or Hong Kong Futures Exchange Limited.

Financial Action Task Force (FATF)

An inter-governmental body established to set standards and promote measures to combat money laundering, terrorist financing and related threats to the integrity of the international financial system.

Financial Stability Board (FSB)

An international body which promotes global financial stability through recommendations for, and the implementation and monitoring of, policy initiatives and international standards.

GEM

A stock market operated by Hong Kong Exchanges and Clearing Limited to provide fund-raising opportunities for small to mid-sized companies which may not meet the Main Board listing requirements. Formerly known as the Growth Enterprise Market.

International Organization of Securities Commissions (IOSCO)

A body of securities regulators worldwide which develops, implements and promotes adherence to internationally recognised standards for securities regulation.

Investment-linked assurance scheme (ILAS)

A life insurance policy with investment elements which provides both insurance protection and investment options, usually through funds.

Leveraged and inverse products

Products structured as exchange-traded funds for public offering in Hong Kong. Leveraged products aim to deliver a daily return equivalent to a multiple of the underlying index return while inverse products aim to deliver the opposite of the daily return of the underlying index.

Mandatory general offer

A general offer to buy the remaining shares in a company when a person or a group of persons acting together acquires 30% or more of the company's voting rights, or if the person or group already holds between 30% and 50% of the voting rights, when that holding increases by more than 2% in any 12-month period.

Market Misconduct Tribunal (MMT)

An independent full-time body established under the Securities and Futures Ordinance which imposes civil sanctions against those it determines to be guilty of market misconduct.

Occupational retirement scheme

A voluntary scheme set up by employers in Hong Kong to provide retirement benefits for their employees.

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Open-ended fund companies (OFC)

Collective investment schemes structured in corporate form with limited liability and variable share capital.

Over-the-counter (OTC) derivatives

Financial instruments which are usually traded directly between dealers and principals rather than via an exchange and whose values are derived from those of underlying assets.

Pooled retirement fund

A collective investment scheme which enables multiple occupational retirement schemes to gain exposure to underlying investment portfolios.

Ramp and dump scheme

A form of stock market manipulation. Fraudsters “ramp” up the price of a stock and use social media to lure unwary investors to buy at an artificially high price. The fraudsters then sell or “dump” the stock to take profits causing the price to collapse.

Real estate investment trust (REIT)

A collective investment scheme constituted as a trust which invests primarily in real estate with the aim to provide returns derived from rental income.

Securities and Exchange Commission of Thailand

The authority that regulates the securities market in Thailand.

Securities and Futures Appeals Tribunal (SFAT)

A body established under the Securities and Futures Ordinance to review specified decisions made by the SFC, the Hong Kong Monetary Authority or a recognised investor compensation company.

Securities and Futures Ordinance (SFO)

Together with subsidiary legislation, the law in Hong Kong relating to financial products, the securities and futures market and industry, as well as to their regulation and other matters including investor protection.

Undertakings for the Collective Investment in Transferable Securities (UCITS)

A single European regulatory framework which allows funds to be distributed publicly to investors across the European Union (EU). UCITS funds are also distributed outside the EU.

Unit trust

A collective investment scheme constituted in trust form.

Virtual assets

Digital representations of value, also known as cryptocurrencies, crypto-assets or digital tokens.

Whitewash waiver

A waiver of a party's obligation to make a mandatory offer to other shareholders under the Takeovers Code.