

Markets

Supervision of HKEX

We closely monitor the infrastructure-related initiatives and operations of Hong Kong Exchanges and Clearing Limited (HKEX). During the quarter, HKEX upgraded the market data platform for the cash market to enhance its resilience and safeguard market operations in the event of dual server failure. In addition, HKEX improved the data centre infrastructure and facilities for the secondary system for over-the-counter (OTC) clearing.

Uncertificated securities market

In June, the Legislative Council passed the Securities and Futures and Companies Legislation (Amendment) Bill, which provides for a legal framework to establish and implement an uncertificated securities market in Hong Kong. We are working on subsidiary legislation which will cover the technical and operational details of the new regime and the regulation of persons providing securities

registrar services. We aim to consult the public towards the end of the year. We are also working with HKEX and the Federation of Share Registrars Limited on operational issues and other implementation details.

OTC derivatives

Together with the Hong Kong Monetary Authority, we issued a joint consultation conclusions paper in June on the annual update to the list of financial services providers under the OTC derivatives clearing regime.

Automated trading services

As of 30 June, the number of automated trading services (ATS) providers¹ authorised under Part III of the Securities and Futures Ordinance (SFO) was 51, while 24 corporations, including 13 dark pool operators, were licensed under Part V of the SFO to provide ATS.

ATS providers

	As at 30.6.2021	As at 31.3.2021	Change (%)	As at 30.6.2020	YoY change (%)
Under Part III	51	51	0	52	-1.9
Under Part V	24	24	0	23	4.3

¹ 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.