

Markets

Supervision of HKEX

We closely monitor the operations and infrastructure-related initiatives of Hong Kong Exchanges and Clearing Limited (HKEX). During the quarter, HKEX revamped its securities market gateway, providing exchange participants with faster and more robust access to the trading system. In addition, HKEX improved the data centre infrastructure and facilities for the secondary system for cash market clearing.

Derivatives products

We approved three derivatives contracts proposed by HKEX to meet the trading and hedging needs of market participants. Hang Seng Index Futures Options and Hang Seng China Enterprises Index Futures Options commenced trading in August.

The MSCI China A50 Connect Index Futures contract, launched in October, provides an additional risk management tool for global investors to hedge exposures in China's A-share market. It also strengthens Hong Kong's

position as an internationally significant financial risk management centre and gateway to the Mainland market.

Investor identification

In August, we concluded a consultation on the Hong Kong investor identification regime and over-the-counter securities transactions reporting regime. We released implementation guidance in September and have been working with HKEX to prepare for the launch of the investor identification regime. We will also work with the Investor and Financial Education Council to promote investors' understanding of the regimes.

Automated trading services

As of 30 September, the number of automated trading services (ATS) providers¹ authorised under Part III of the Securities and Futures Ordinance (SFO) was 53, while 24 corporations, including 13 dark pool operators, were licensed under Part V of the SFO to provide ATS.

ATS providers

	As at 30.9.2021	As at 31.3.2021	Change (%)	As at 30.9.2020	YoY change (%)
Under Part III	53	51	3.9	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.