

Markets

Supervision of HKEX

Following our approval, Hong Kong Exchanges and Clearing Limited (HKEX) rolled out enhancements to the Pre-Opening Session in its securities market which help improve price discovery and increase trading liquidity.

Stock Connect expansion

On 27 November, HKEX, Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange jointly announced that more stocks would be eligible under Stock Connect. Shares of biotech companies listed under Chapter 18A of the Listing Rules were included for southbound trading in December and eligible A-shares listed on the SSE's Sci-Tech Innovation Board were included in northbound trading in February 2021.

Investor identification

In December, we launched a consultation on proposals to introduce an investor identification regime at trading level for the securities market in Hong Kong. Under the regime, licensed corporations and registered institutions would submit to a data repository the names and identity document information of their clients who trade securities listed on the Stock Exchange of Hong Kong, allowing the SFC to identify investors who place securities orders.

A separate reporting regime, including clients' identity information, is proposed for over-the-counter securities

transactions. This will provide the SFC with a fuller picture of transactions involving Hong Kong securities.

RTGS account for cash market clearing house

In response to a recommendation of the International Monetary Fund's Financial Sector Assessment Program, we worked together with the Hong Kong Monetary Authority (HKMA), Hong Kong Interbank Clearing Limited and HKEX to open a Hong Kong dollar real time gross settlement (RTGS) account with the HKMA for the cash market clearing house.

Derivatives contracts

We approved the Hang Seng TECH Index futures and options contracts proposed by HKEX to meet the market's need for an exposure management tool covering the technology sector. The futures were launched in November, and the options in January 2021.

Separately, we also approved the launch of futures and options contracts for four stocks¹.

Automated trading services

As of 31 December, the number of automated trading services (ATS) providers² authorised under Part III of the Securities and Futures Ordinance (SFO) was 52, while 24 corporations, including 13 dark pool operators, were licensed under Part V of the SFO to provide ATS.

ATS providers

	As at 31.12.2020	As at 31.3.2020	Change (%)	As at 31.12.2019	YoY change (%)
Under Part III	52	54	-3.7	51	2
Under Part V	24	25	-4	25	-4

1 Semiconductor Manufacturing International Corporation, Alibaba Health Information Technology Limited, Kingdee International Software Group Company Limited and Ping An Healthcare and Technology Company Limited.
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.