

Glossary and abbreviations

Alternative liquidity pool (ALP)

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

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 (OTC) derivatives.

Autorité des Marchés Financiers (AMF)

The authority that regulates participants and products in France's financial markets.

Boiler rooms

Frauds which may claim to be licensed and operate in a particular jurisdiction, and offer potentially worthless or false investment opportunities.

Central counterparty

Facilitates trading in derivatives and equities markets by acting as the buyer to every seller and the seller to every buyer, thereby ensuring the performance of open contracts.

China Interbank Bond Market (CIBM)

A Mainland over-the-counter market for trading debt instruments.

China Securities Regulatory Commission (CSRC)

A ministry-level agency directly under the State Council which regulates the Mainland's securities and futures markets.

Cold shoulder order

A sanction that prevents a person from accessing, directly or indirectly, the Hong Kong securities market for a stated period.

Cryptocurrency

A virtual currency which uses cryptography for security.

European Securities and Markets Authority (ESMA)

An independent authority which safeguards the stability of the financial system in the European Union by assessing risks to investors and markets, providing supervisory convergence and directly supervising credit rating agencies and trade repositories.

Exchange participant (EP)

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

Exchange-traded fund (ETF)

A passively managed index-tracking investment fund traded on a stock exchange.

Financial Dispute Resolution Scheme

An independent and impartial process administered by the Financial Dispute Resolution Centre whereby financial institutions in Hong Kong are required to resolve monetary disputes with their customers through mediation and arbitration.

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.

Financial technology (Fintech)

The application of information and communications technology to financial services, including digital payments, peer-to-peer financing, cybersecurity and data security, big data and data analytics, and distributed ledger technology.

Group of Twenty

An international forum for the governments and central bank governors from 19 of the world's major economies plus the European Union.

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.

Initial coin offering (ICO)

A fundraising mechanism whereby digital tokens or coins are offered to investors to fund a blockchain-related project.

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.

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Investment-linked assurance scheme (ILAS)

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

Leveraged and inverse products

Products structured as ETFs 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.

Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

A free trade agreement concluded by the Mainland and Hong Kong covering trade in goods and services as well as investment facilitation. Provisions include tariff agreements, preferential treatment for service providers, mutual recognition of professional qualifications, and enhanced cooperation in trade and investment facilities.

Mandatory provident fund (MPF)

An employment-based retirement savings scheme that requires regular mandatory contributions by employees and employers in Hong Kong.

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.

Open-ended fund companies (OFC)

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

Over-the-counter derivatives (OTC derivatives)

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

Real estate investment trust (REIT)

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

Regulatory technology (Regtech)

Technologies that assist regulators and firms to enhance processes for the collection, management and reporting of regulatory data, risk identification, risk weighting, surveillance and data analytics.

Rights issue

An offer to existing holders of a listed company's securities which enables them to subscribe to an additional number of securities in proportion to their existing holdings.

Securities and Futures Appeals Tribunal (SFAT)

A body established under the SFO to review specified decisions made by the SFC, the 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 and the securities and futures market and industry, as well as to their regulation and to other matters including the protection of investors.

Swiss Financial Market Supervisory Authority (FINMA)

The independent financial markets regulator in Switzerland.

Taiwan Financial Supervisory Commission

The authority responsible for the development, supervision, examination and regulation of the financial sector in Taiwan.

UK Financial Conduct Authority (FCA)

The conduct and prudential regulator for financial markets and financial services firms in the UK.

Undertakings for collective investment in transferable securities (UCITS)

A harmonised regulatory regime for the operation and sale of investment funds within the European Union.

Unit trust

A collective investment scheme constituted in trust form.

US Commodity Futures Trading Commission (CFTC)

The independent agency that regulates futures and options markets in the US.

US Securities and Exchange Commission (SEC)

The primary regulator of the US securities markets.

Whitewash waiver

A waiver of a party's obligation to make a mandatory offer to other shareholders of a company arising from an issue of new securities of that company.