

Markets

OTC derivatives

In line with the G20's commitment to reform the over-the-counter (OTC) derivatives market, an OTC derivatives regime is being implemented in phases in Hong Kong. In a joint consultation with the Hong Kong Monetary Authority launched in April, we proposed to mandate the use of Unique Transaction Identifiers¹ for the reporting obligation to align with global standards, revise the list of designated jurisdictions for the "masking relief"² of the reporting obligation and update the list of Financial Services Providers (FSP List) under the clearing obligation as an annual exercise. Consultation conclusions related to the FSP List were published in June and conclusions on the other two proposals will follow later.

Extension of futures market After-Hours Trading Session

In April, we approved Hong Kong Exchanges and Clearing Limited's proposal to extend the closing hour of the After-Hours Trading Session for the futures market from 1:00am to 3:00am effective 17 June.

The extension provides greater flexibility to capture investment opportunities during US market hours and effect more timely risk management.

Automated trading services

As of 30 June, the number of automated trading services (ATS)³ providers authorised under Part III of the Securities and Futures Ordinance (SFO) was 49, while 24 corporations, including 15 dark pool operators, were licensed under Part V of the SFO to provide ATS.

Automated trading services providers

	As at 30.6.2019	As at 31.3.2019	Change (%)	As at 30.6.2018	YoY change (%)
Under Part III	49	50	-2	46 [#]	6.5
Under Part V	24	24	0	25	-4

[#] The number of ATS service providers, some of which have more than one authorisation. In previous reports, the number given indicated the number of authorisations.

¹ An international standard jointly developed by the Committee on Payments and Market Infrastructure and the International Organization of Securities Commissions to uniquely identify OTC derivatives transactions to be reported to trade repositories.

² "Masking relief" allows certain counterparty information to be redacted where there are legal or regulatory obstacles to reporting.

³ 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.