

Markets

Investor identification

As a further step in the enhancement of Mainland-Hong Kong Stock Connect, we worked with the China Securities Regulatory Commission to launch an investor identification regime for southbound trading on 13 January 2020. The regime will facilitate our regulation and the orderly operation of the Stock Connect programme.

Investor compensation

Following a consultation concluded in October, enhancements to the investor compensation regime to raise the compensation limit from \$150,000 to \$500,000 per investor per default and cover northbound trading under Mainland-Hong Kong Stock Connect came into effect on 1 January 2020.

ATS providers

	As at 31.12.2019	As at 31.3.2019	Change (%)	As at 31.12.2018	YoY change (%)
Under Part III	51	48 [#]	6.3	48 [#]	6.3
Under Part V	25	24	4.2	24	4.2

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

HKEX

In October, we approved Hong Kong Exchanges and Clearing Limited's (HKEX) proposal to allow banks to become general clearing participants in the derivatives markets. This is in line with the existing arrangement in the stock market.

We provided input to the review by the Financial Services Agency of Japan of OTC Clear's application for a licence to clear derivatives trades for Japanese institutions, which was approved in December.

Automated trading services

As of 31 December, the number of automated trading services (ATS)¹ providers authorised under Part III of the Securities and Futures Ordinance (SFO) was 51, while 25 corporations, including 15 dark pool operators, were licensed under Part V of the SFO to provide ATS.

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.