

**Submitted via Qualtrics**

**Company / Entity View**

**Market Represent(s): Securities & Derivatives Markets**

**Question 1**

**Do you have any comments or concerns on the proposed arrangements for the Hong Kong securities market?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

Firstly we would like to take the opportunity to express our support for this initiative overall. We believe the introduction of SWT will further improve the HK market by allowing seamless functioning and thus help to continue to position HK as a leading international financial center.

While majority of processes move to BAU and are significant improvement on the status quo - we do highlight a handful of operational and clearing processes need to be also functioning as BAU to ensure the smooth, efficient and orderly operation of the cash market. These include:

- ETF creation and redemption (CRRD) - In our view it is imperative that ETF Asset Managers and their relevant stakeholders ensure the functioning of CRRD continues as normal. From a market maker (MM) and liquidity provider (LP) perspective, CRRD ensures MM/LP are able to keep the price of the ETF inline with its NAV and provide liquidity for all types of participants - including ones who require large size. The absence of the CRRD function in the market will likely result in divergence of the price away from its NAV, reduced liquidity and reduced size.
- In the event ETF CRRD does not continue as normal on SWT, stamp duty exemption eligibility on underlying stock basket transaction should be extended for one more day as its eligibility depends on when ETF CRRD request is submitted.

- o When a basket of stocks is purchased for the purpose of ETF creation, currently MM/LP can claim for stamp duty exemption on the stock basket if an ETF creation request is submitted between T and T+2.
- o However, if T+2 is SWT day and while MM/LP intended to request for ETF creation but ETF CRRD does not operate as BAU, unless the eligibility is extended by one more day, MM/LP would then lose its eligibility to claim for stamp duty exemption.
- Normal functioning of the borrow market - from an MM/LP perspective, the ability to secure borrow is imperative to covering short positions and ensuring two-way liquidity can be provided in products like ETFs, single stock options and single stock futures.
- Corporate action arrangements - we are supportive of the proposed arrangements
- Finally, we would like to highlight for the Exchange's consideration the point regarding access to the Co-Lo. In the event of severe weather, we would like to ensure there is still possible for participants to access of the co-lo and in the event our personnel are unable to physically reach the data center, would the Exchange consider continue to offer or potentially increase the number of remote hands.

## **Question 2**

**Do you have any comments or concerns on the proposed arrangements for Northbound Trading under Stock Connect?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

## **Question 3**

**Do you have any comments or concerns on the proposed arrangements for Hong**

**Kong derivatives market?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

**Question 4**

**Do you have any comments or concerns on the proposed arrangements for new listings and new products?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

**Question 5a**

**Do you have any comments or concerns on the proposed money transfer arrangements in relation to Cheque Clearing?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

**Question 5b**

**Do you have any comments or concerns on the proposed money transfer arrangements in relation to Banking Services?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

**Question 6**

**Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 90 – 91?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 7**

**Do you agree with the proposed arrangements for listing applicants and listed issuers as set out in paragraphs 92 – 94?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 8**

**Do you envisage there being any material practical difficulty in complying with any particular Listing Rule requirements?**

No

**If the answer is "Yes", please specify your comments or concern:**

N/A

**Question 9**

**Do you agree that consequential amendments to the Listing Rules should be made?**

Yes

**If the answer is "No", please specify your comments or concern:**

N/A

**Question 10**

**Under the proposed model, do you foresee any insurmountable difficulties for implementing SWT?**

Yes

**If the answer is "Yes", please specify your comments or concern:**

If the above concerns are addressed which we have outlined in Q1, we do not see any additional difficulties. Overall we believe this proposal will help to further improve the HK market and continue to position HK as a leading international financial center.

**Question 11**

**Would there be adequate time to prepare for SWT to come effective in July 2024 under the proposed model?**

Yes

**If the answer is "No", please specify the reasonable length and reason(s):**

N/A