

Investment Management Alert

10 March 2017

Key Points

- The scope of Hong Kong short position reporting will be expanded from 138 SEHK-listed securities to over 900 SEHK-listed securities
- Reporting will apply to Exchange Traded Funds (ETFs)
- Threshold trigger for reporting in relation to ETFs is set at HK\$30 million



Reminder that the List of Securities Subject to Hong Kong Short Position Reporting will be Expanded with Effect from 15 March 2017

Introduction

Market participants are currently only required to report short positions in 138 SEHK-listed securities (in accordance with the list of specified shares published by the Securities and Futures Commission (SFC) on 10 February 2017). With effect from 15 March 2017, the reporting requirement will apply to over 900 SEHK-listed securities (i.e. the list of Designated Securities, being automatch stocks which are from time to time designated by The Stock Exchange of Hong Kong Limited (SEHK) as being eligible for short selling).

The SFC will no longer publish a list of specified shares on its website and will stop sending email alerts regarding changes to the list of specified shares. Market participants are reminded to monitor any changes to the list of Designated Securities published on the Hong Kong Exchanges and Clearing Limited (HKEx)'s website.

Under the new regime, the existing reporting threshold (i.e. 0.02% of the market capitalisation of the listed issuer concerned or HK\$30 million, whichever is lower) will apply to all Designated Securities except collective investment schemes (CISs). The reporting threshold for CISs, which include ETFs and Real Estate Investment Trusts, will be set at HK\$30 million.

The list of Designated Securities eligible for short selling is published on the HKEx's website (http://www.hkex.com.hk/eng/market/sec_tradinfo/dslist.htm).

The full text of the new user guide can be accessed via the link below:

http://www.sfc.hk/web/EN/files/SOM/SPR/User%20Guide/User%20Guide_on_SPR_EN_10%20Jan%202017.pdf.

Contact Information

If you have any questions regarding this alert, please contact:

Anne-Marie Godfrey

anne-marie.godfrey@akingump.com

+852 3694.3040

Hong Kong