



Client Notice

Position Limits and Large Open Position Reporting (HKEX)

Sunrise Brokers (Hong Kong) Limited (“Sunrise HK”), as an Exchange Participant of the Stock exchange of Hong Kong (“SEHK”) and Hong Kong Futures Exchange (“HKFE”) (collectively “Hong Kong Exchanges”), has an obligation to inform our clients of the requirements and the responsibilities of reporting Large Open Position (“LOP”) and position limits as prescribed by (i) the Rules 628, 629, 630, 632 and 633 of the HKFE; (ii) the Securities and Futures (Contracts Limits and Reportable Position) Rules (Cap.571Y) (the “Rules”); and (iii) the Guidance Note on Position Limits and Large Open Position Reporting Requirements issued by the Securities and Futures Commission (“SFC”).

Prescribed Position Limits

According to the Rules, no person may hold or control futures contracts or stock options contracts in excess of the prescribed limits, unless prior authorization is obtained from the Hong Kong Exchanges or SFC.

The prescribed limit for each contract traded on the Hong Kong Exchanges is set out in the Rules and published on the website of the SEHK (Please refer to the links below). In addition to the prescribed limits the Hong Kong Exchanges may impose other position limits on a particular contract where situations warrant such action. The Hong Kong Exchanges and SFC may also require the relevant Exchange Participant to close out the positions in excess of the prescribed limits to close out or transfer the relevant position to another Exchange Participant in order to comply with the Rules.

Reportable Positions

If you hold or control an open position in futures contracts or stock options contracts in excess of the specified level, the Rules require you to report that position in writing to the relevant Hong Kong Exchange no later than 12:00 noon of the next business day after the positions are opened or accumulated.

For reportable positions arising from trading in the after-hour trading session, you should combine the positions with trades transacted in the regular trading session on the following business day and report your LOP accordingly.

If you are holding or controlling positions directly or indirectly at any Exchange Participants, you should have the obligation to aggregate positions for purposes of applying the prescribed limits and reportable position requirements.

The notice of a reportable position shall be accompanied by the following information:

- (1) the number of futures contracts or stock options contracts held or controlled by the person in respect of the reportable position in each relevant contract month; and
- (2) where the reportable position is held or controlled for another person (e.g. a client), the identity of that person and the number of futures contracts or stock options contracts held or controlled for such person in respect of the reportable position in each relevant contract month. In respect of the information about the identity of a client, the requirements are set out in the Code of Conduct for Persons Licensed by or Registered with the SFC and the Client Identity Rule Policy.



Responsibilities of Reporting

The duty to report lies with the persons in control of the reportable positions, which means the transaction originators and the beneficial owners of the positions. You can choose to submit the LOP report to the exchange or through one of your broker.

In case, you choose to submit the notice of reportable positions to the Exchange through one of the Exchange Participants and where that Exchange Participant agrees to submit the notice on your behalf, you should provide to them your total positions held or controlled (including those at other Exchange Participants).

Please note that the trading service provided by Sunrise HK to you in relation to futures contracts and stock options listed in the Hong Kong Exchanges is on give-up basis, where the positions derived from the trades executed by us will be immediately given up to your designated clearing brokers or custodians. Therefore, Sunrise HK does not hold any positions on behalf of our clients under normal circumstances. In the event of any position held by Sunrise HK on behalf of you due to certain reasons including but not limited to failure of picking up the relevant position by your clearing brokers or custodians, and such position exceeds the prescribed position limits or triggers the requirement of LOP reporting, Sunrise HK is required to report or delegate the reporting responsibilities to our clearing agent to report such position to the SEHK or HKFE in accordance with the Rules.

Delegation of our LOP Reporting Responsibilities

Sunrise HK has delegated the LOP reporting duties to the General Clearing Participant, ABN AMRO Clearing Hong Kong Limited (“ABN AMRO”). ABN AMRO is responsible to report any LOP and prescribed position on behalf of Sunrise HK to the Hong Kong Exchange. In this circumstance, our client’s LOP will be under the name of Sunrise HK and will be reported by ABN AMRO.

For further guidance, please refer to:

- SEHK and HKFE Rules for the prescribed limit, reporting level on the number of contracts for both futures contracts and stock options contracts respectively and the reporting requirement:
https://www.hkex.com.hk/services/trading/derivatives/overview/trading-mechanism/large-open-positions-and-position-limits?sc_lang=en
- Securities and Futures (Contracts Limits and Reportable Positions) Rules
<https://www.elegislation.gov.hk/hk/cap571Y>
- SFC 's Guidance Note on Position Limits and Large Open Position Reporting Requirements
<https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidance-note-on-position-limits-and-large-open/guidance-note-on-position-limits-and-large-open-position-reporting-requirements.pdf>

Please note that you should review the Rules and Guidance note in their entirety and consult with your legal counsel in order to ensure that your firm has a full understanding of your obligations when trading on HK exchange.

If you have any query, please contact your broker or Compliance at compliancehk@sunrisebrokers.com