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香港交易及結算所有限公司  
HONG KONG EXCHANGES AND CLEARING LIMITED

(Incorporated in Hong Kong with limited liability)  
Stock Codes: 388 (HKD counter) and 80388 (RMB counter)

(Financial figures in this announcement are expressed in Hong Kong dollar (HKD) unless otherwise stated)

## **QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024**

## HIGHLIGHTS

### **Bonnie Y Chan, Chief Executive Officer said:**

“HKEX had a strong third quarter, achieving its second-best ever nine-month revenue and profit. The vibrancy and diversity of Hong Kong’s markets were on full display in late September, as investor sentiment turned more favourable following the announcement of economic stimulus measures in Mainland China, as well as the monetary easing policies adopted by major central banks. This drove strong volumes in all our markets, with multiple daily records achieved across the Cash, Derivatives, ETP and Northbound and Southbound Stock Connect markets. Furthermore, the Commodities market extended its robust performance in the third quarter, reporting a 25 per cent year-on-year gain in LME chargeable average daily volumes during the nine-month period, contributing to the strength in the Group’s results during this period.

The recent listing on the Exchange of Asia’s largest and the world’s second-biggest IPO this year, along with the strength of follow-on offering volumes, underscore the depth and attractiveness of our markets, whilst a healthy listing pipeline reinforces our position as the region’s IPO fundraising centre of choice. Moreover, Alibaba’s conversion to a dual primary listing, and its subsequent inclusion in Stock Connect, highlights how such a structure can help companies effectively tap into Mainland China’s capital pool and enhance liquidity.

As part of our strategic efforts, HKEX successfully implemented Severe Weather Trading arrangements in the Securities and Derivatives Markets. This reinforces Hong Kong’s status as the best-in-class international trading and risk management hub, aligning us with global standards. Additionally, we enhanced the Self-Match Prevention service in the Derivatives Market, and introduced Weekly Hang Seng TECH Index Options.

Looking ahead, we remain steadfast in our commitment to further enhancing the vibrancy, resilience, and competitiveness of our markets. By continuously expanding our product offerings, forging international partnerships, and investing in our infrastructure, we are well positioned to navigate the evolving macro-environment and propel sustained growth. We look forward to working closely in partnership with our stakeholders in Hong Kong, and around the world, to ensure that our markets remain fit for purpose for the next generation of investors.”

### **Strategic Highlights**

- Record nine-month high for ADT of Northbound Trading of Stock Connect
- Record nine-month high for ADV of derivatives contracts traded
- Record nine-month high for ADT of Northbound Bond Connect
- Record nine-month high for ADT of ETPs
- Record nine-month high for OTC Clear’s clearing volume
- Turnover of Cash Market, Stock Connect and Derivatives Market volumes achieved multiple daily record highs in September 2024
- Implementation of Severe Weather Trading arrangements in the Securities and Derivatives Markets effective 23 September 2024
- Weekly Hang Seng TECH Index Options launched
- OTC Clear started accepting new trades for clearing under Swap Connect on Special Working Days
- Midea Group Co., Ltd. listed on the Stock Exchange, becoming the largest IPO in Asia and the second largest IPO globally in YTD Q3 2024
- Alibaba Group Holding Limited converted to Dual Primary Listing, and was subsequently included in Stock Connect
- IPO pipeline remained healthy with 96 active applications as at 30 September 2024
- Introduction of enhanced Self-Match Prevention service in Derivatives Market
- The LME published its White Paper on Enhancing Liquidity, which outlined a package of measures designed to boost transparency and increase price competition
- The LME announced its proposal to mandate emissions reporting for LME-listed aluminium brands, in line with the European Union (EU) Carbon Border Adjustment Mechanism (CBAM) methodology
- In October 2024, the UK Court of Appeal dismissed the appeal by the claimant against the LME and LME Clear, in relation to the nickel events in March 2022

## Comparison of Q3 2024 with Q3 2023

### Financial Highlights

- Q3 2024 revenue and other income reached a record third quarter high.
- Q3 2024 revenue and other income of \$5,372 million was 6 per cent higher than Q3 2023:
  - Core business revenue was up 3 per cent against Q3 2023, attributable to increases in trading and clearing fees from higher volumes across the Cash, Derivatives and Commodities Markets, partly offset by lower net investment income from Margin Funds.
  - Net investment income from Corporate Funds was \$507 million (Q3 2023: \$360 million), driven by the higher net fair value gains of the externally-managed investment funds (External Portfolio) (Q3 2024: gains of \$156 million; Q3 2023: losses of \$5 million).
- Operating expenses were up 5 per cent, attributable to higher staff and IT costs.
- EBITDA margin<sup>1</sup> was 74 per cent in both periods.
- Profit attributable to shareholders was \$3,145 million, 7 per cent higher than Q3 2023.

### Key Financials

	Q3 2024 \$m	Q3 2023 \$m	Change
Revenue and other income			
Core business revenue	<b>4,852</b>	4,696	3%
Donation income of HKEX Foundation	<b>13</b>	28	(54%)
Net investment income of Corporate Funds	<b>507</b>	360	41%
	<b>5,372</b>	5,084	6%
Operating expenses	<b>1,365</b>	1,304	5%
EBITDA (non-HKFRS measure) <sup>1</sup>	<b>3,926</b>	3,706	6%
Profit attributable to shareholders	<b>3,145</b>	2,953	7%
Capital expenditure	<b>415</b>	329	26%
Basic earnings per share	<b>\$2.49</b>	\$2.33	7%

### Key Market Statistics

	Q3 2024	Q3 2023	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	<b>107.2</b>	87.0	23%
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	<b>11.6</b>	11.4	2%
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	<b>118.8</b>	98.4	21%
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	<b>110.3</b>	106.1	4%
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	<b>39.6</b>	29.0	37%
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	<b>778</b>	745	4%
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	<b>705</b>	591	19%
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	<b>642</b>	548	17%
ADT of Northbound Bond Connect (RMBbn)	<b>43.4</b>	43.6	0%

1 Includes buy and sell trades under Stock Connect

2 ADT of Southbound Trading is included within Headline ADT.

3 Chargeable ADV excludes administrative trades (Admin Trades).

1 For the purposes of this announcement, EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation and amortisation. It excludes the Group's share of results of the joint ventures. EBITDA margin is calculated based on EBITDA divided by revenue and other income less transaction-related expenses. EBITDA and EBITDA margin are non-HKFRS measures used by management for monitoring business performance and may not be comparable to similar measures presented by other companies.

## Comparison of Q3 2024 with Q2 2024

### Financial Highlights

- Q3 2024 revenue and other income was 1 per cent lower than Q2 2024 (when revenue and other income reached a record second-quarter high):
  - Core business revenue was down 4 per cent against Q2 2024, reflecting lower net investment income from Margin Funds, and modest decrease in trading and clearing fees from lower volumes across the Cash, Derivatives and Commodities Markets.
  - Net investment income from Corporate Funds was \$507 million (Q2 2024: \$366 million), attributable to higher net fair value gains of the External Portfolio (Q3 2024: \$156 million; Q2 2024: \$64 million).
- Operating expenses were down 1 per cent, as lower HKEX Foundation charitable donation expenses were mostly offset by higher professional fees due to the partial recovery of legal fees relating to the LME nickel market incident recognised in Q2 2024.
- EBITDA margin was 74 per cent in both periods.
- Profit attributable to shareholders of \$3,145 million was in line with Q2 2024.

### Key Financials

	Q3 2024 \$m	Q2 2024 \$m	Change
Revenue and other income			
Core business revenue	4,852	5,033	(4%)
Donation income of HKEX Foundation	13	21	(38%)
Net investment income of Corporate Funds	507	366	39%
	5,372	5,420	(1%)
Operating expenses	1,365	1,383	(1%)
EBITDA (non-HKFRS measure)	3,926	3,956	(1%)
Profit attributable to shareholders	3,145	3,155	0%
Capital expenditure	415	334	24%
Basic earnings per share	\$2.49	\$2.49	0%

### Key Market Statistics

	Q3 2024	Q2 2024	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	107.2	111.8	(4%)
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	11.6	9.8	18%
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	118.8	121.6	(2%)
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	110.3	127.3	(13%)
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	39.6	44.1	(10%)
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	778	818	(5%)
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	705	747	(6%)
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	642	730	(12%)
ADT of Northbound Bond Connect (RMBbn)	43.4	43.7	(1%)

<sup>1</sup> Includes buy and sell trades under Stock Connect

<sup>2</sup> ADT of Southbound Trading is included within Headline ADT.

<sup>3</sup> Chargeable ADV excludes administrative trades (Admin Trades).

## Comparison of YTD Q3 2024 with YTD Q3 2023

### Financial Highlights

- HKEX reported the Group's second best ever nine-month revenue and other income and profit in YTD Q3 2024, after the exceptional results of 2021.
- YTD Q3 2024 revenue and other income was \$15,993 million, 2 per cent higher than YTD Q3 2023:
  - Core business revenue was up 1 per cent, attributable to increases in trading and clearing fees from higher volumes across the Cash, Derivatives and Commodities Markets, as well as the LME fee increases. This was partly offset by lower net investment income from Margin Funds.
  - Net investment income from Corporate Funds was \$1,408 million (YTD Q3 2023: \$1,177 million), driven by higher net fair value gains of the External Portfolio of \$389 million (YTD Q3 2023: \$210 million) and higher investment income from internally-managed Corporate Funds, benefitting from the high interest rate environment.
- Operating expenses were up 6 per cent against YTD Q3 2023, attributable to higher staff and IT costs, partly offset by the lower professional fees incurred for, and the partial recovery of legal fees relating to, the events in the nickel market in March 2022.
- EBITDA margin was 74 per cent, 1 percentage point lower than YTD Q3 2023.
- Profit attributable to shareholders of \$9,270 million was \$5 million higher than YTD Q3 2023.

### Key Financials

	YTD Q3 2024 \$m	YTD Q3 2023 \$m	Change
Revenue and other income			
Core business revenue	14,542	14,425	1%
Donation income of HKEX Foundation	43	57	(25%)
Net investment income of Corporate Funds	1,408	1,177	20%
	15,993	15,659	2%
Operating expenses	4,159	3,926	6%
EBITDA (non-HKFRS measure)	11,587	11,565	0%
Profit attributable to shareholders	9,270	9,265	0%
Capital expenditure	1,027	830	24%
Basic earnings per share	\$7.33	\$7.32	0%

### Key Market Statistics

	YTD Q3 2024	YTD Q3 2023	Change
ADT of equity products traded on the Stock Exchange <sup>1</sup> (\$bn)	102.7	97.5	5%
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	10.6	12.2	(13%)
ADT traded on the Stock Exchange <sup>1,2</sup> (Headline ADT) (\$bn)	113.3	109.7	3%
ADT of Northbound Trading of Stock Connect <sup>1</sup> (RMBbn)	123.3 <sup>4</sup>	108.2	14%
ADT of Southbound Trading of Stock Connect <sup>1</sup> (\$bn)	38.3	32.1	19%
ADV of derivatives contracts traded on the Futures Exchange ('000 contracts)	817 <sup>4</sup>	739	11%
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	699 <sup>4</sup>	618	13%
Chargeable ADV <sup>3</sup> of metals contracts traded on the LME ('000 lots)	676	541	25%
ADT of Northbound Bond Connect (RMBbn)	44.1 <sup>4</sup>	40.5	9%

1 Includes buy and sell trades under Stock Connect

2 ADT of Southbound Trading is included within Headline ADT.

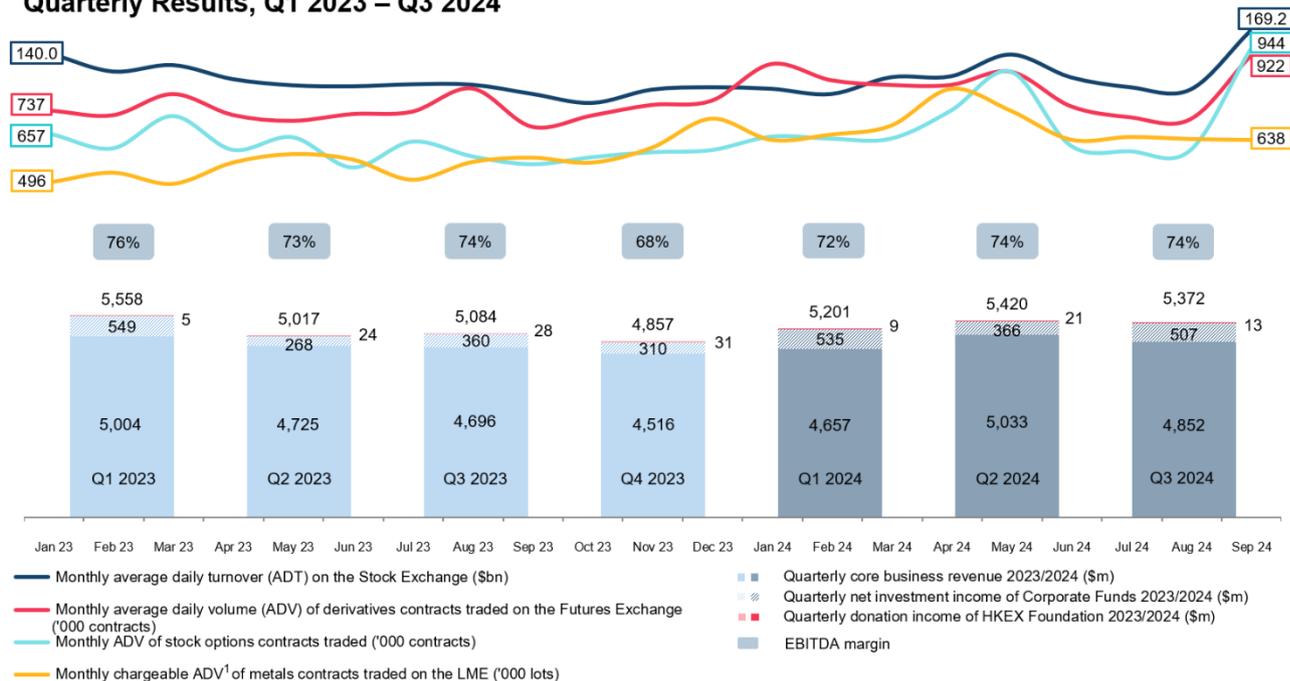
3 Chargeable ADV excludes administrative trades (Admin Trades).

4 New record high for YTD Q3

# BUSINESS REVIEW

## Overview

### Quarterly Results, Q1 2023 – Q3 2024



1 Chargeable ADV excludes administrative trades (Admin Trades).

Fig. 1 – Market activity and Group's<sup>2</sup> revenue and other income

The Hong Kong Cash and Derivatives Markets turned vibrant in September, supported by the announcement of economic stimulus measures in Mainland China, and the monetary easing policies adopted by major central banks. Several new daily records were set in the Cash and Derivatives Markets in September, including the Cash Market trading turnover, Northbound and Southbound Stock Connect trading turnover, and the Derivatives Market trading volume. The IPO market also recorded considerable growth, with the listing of Midea Group Co., Ltd. in Q3, being the largest IPO in Asia and the second largest IPO globally in YTD Q3 2024.

Driven by the positive market sentiment, Q3 2024 revenue and other income reached a record third-quarter high of \$5.4 billion, up 6 per cent compared with Q3 2023, reflecting higher trading and clearing fees from higher volumes across the Cash, Derivatives and Commodities Markets, and increased net fair value gains of the External Portfolio (Q3 2024: gains of \$156 million; Q3 2023: losses of \$5 million), partly offset by lower net investment income from Margin Funds. Operating expenses were up 5 per cent against Q3 2023, attributable to higher staff and IT costs. As a result, profit for Q3 2024 was 7 per cent higher than Q3 2023. Comparing Q3 results with the previous quarter (which reached record second-quarter highs for both revenue and profit), revenue and other income was down 1 per cent, and profit was down marginally by \$10 million, reflecting a modest decrease in trading volumes across all markets.

For YTD Q3 2024, Headline ADT was 3 per cent higher than YTD Q3 2023. The Group's Derivatives Market and Commodities Market continued their growth momentum of 1H 2024 and performed strongly, with ADV of derivatives contracts traded reaching a record nine-month high, up 12 per cent compared with YTD Q3 2023, and chargeable ADV of metals contracts traded on the LME up 25 per cent against YTD Q3 2023.

2 HKEX and its subsidiaries, which include The Stock Exchange of Hong Kong Limited (SEHK or the Stock Exchange), Hong Kong Futures Exchange Limited (HKFE or the Futures Exchange), Hong Kong Securities Clearing Company Limited (HKSCC), HKFE Clearing Corporation Limited (HKCC), The SEHK Options Clearing House Limited (SEOH), OTC Clearing Hong Kong Limited (OTC Clear), The London Metal Exchange (LME), LME Clear Limited (LME Clear), Qianhai Mercantile Exchange Co., Ltd. (QME), BayConnect Technology Company Limited (BayConnect) and other subsidiaries

Revenue and other income of \$16.0 billion was 2 per cent higher than YTD Q3 2023. The increase was attributable to higher trading and clearing fees from the higher trading volumes across all markets and the LME fee increment effective from 1 January 2024, and higher net fair value gains of the External Portfolio (YTD Q3 2024: \$389 million; YTD Q3 2023: \$210 million), but partly offset by lower net investment income of the Margin Funds. Operating expenses were \$4.2 billion, up 6 per cent against YTD Q3 2023, due to higher staff costs arising from increases in headcount and payroll adjustments, and an increase in IT costs due to new or upgraded systems and inflationary adjustments on contract renewals. The increase was partly offset by the lower professional fees incurred for, and the partial recovery of legal fees from claimants of, the events in the nickel market in 2022.

## Analysis of Results and Business Update by Operating Segment

	YTD Q3 2024				YTD Q3 2023			
	Revenue and other income \$m	Transaction-related expenses \$m	Revenue and other income less transaction-related expenses \$m	EBITDA \$m	Revenue and other income \$m	Transaction-related expenses \$m	Revenue and other income less transaction-related expenses \$m	EBITDA \$m
Results by segment:								
Cash	6,351	(7)	6,344	5,393	6,235	(8)	6,227	5,382
Equity and Financial								
Derivatives	4,517	(240)	4,277	3,611	5,035	(160)	4,875	4,240
Commodities	2,099	-	2,099	1,189	1,598	-	1,598	740
Data and Connectivity	1,560	-	1,560	1,242	1,545	-	1,545	1,224
Corporate Items	1,466	-	1,466	152	1,246	-	1,246	(21)
	15,993	(247)	15,746	11,587	15,659	(168)	15,491	11,565

## Cash Segment

### Analysis of Results

Revenue and other income, less transaction-related expenses, was up 2 per cent due to the increase in trading and clearing volumes. EBITDA was comparable with YTD Q3 2023 as the increase in revenue and other income was fully offset by the increase in operating expenses.

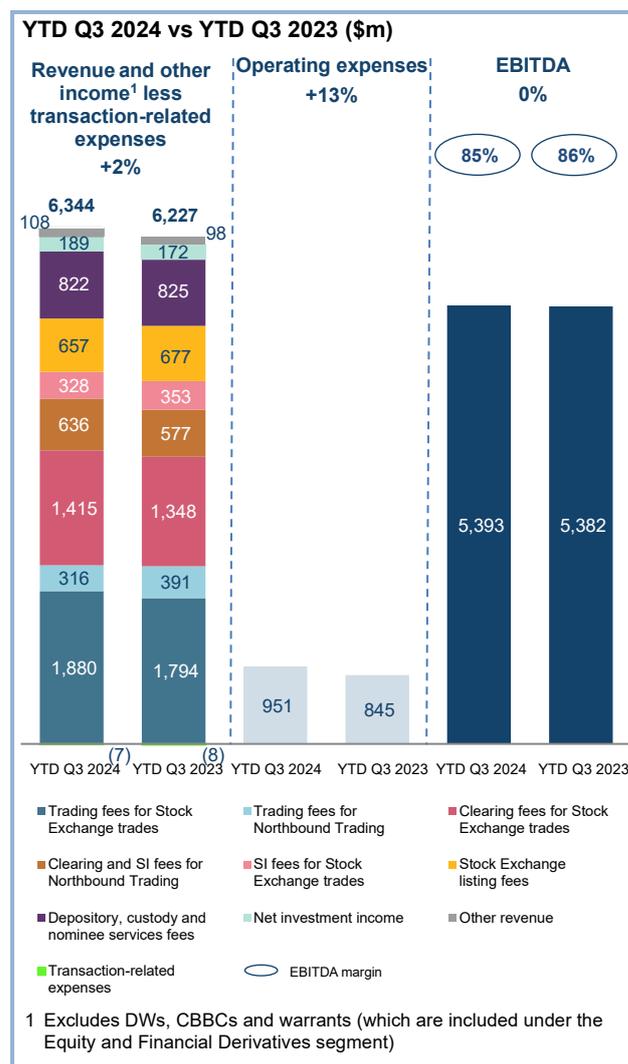
Trading fees of equity products for Stock Exchange trades for YTD Q3 2024 were \$1,880 million, an increase of 5 per cent compared with the same period last year, in line with the increase in ADT of equity products traded. Included in the trading fees were Southbound Stock Connect fees of \$178 million (YTD Q3 2023: \$149 million), which rose in line with the increase in trading volume.

Northbound Stock Connect trading fees decreased by 19 per cent to \$316 million (YTD Q3 2023: \$391 million), despite a 14 per cent increase in ADT, due to a 30 per cent reduction in A-share trading fees effective 28 August 2023, and the depreciation of the Renminbi (RMB).

Clearing fees for Stock Exchange trades increased by 5 per cent to \$1,415 million (YTD Q3 2023: \$1,348 million), primarily due to higher fees from the higher number of trades of equity products. Fees for Settlement Instructions (SIs) of equity products for Stock Exchange trades decreased by 7 per cent mainly due to a lower number of transactions.

Northbound Stock Connect clearing and SI fees increased by 10 per cent to \$636 million (YTD Q3 2023: \$577 million), attributable to a 14 per cent increase in ADT, partly offset by the depreciation of RMB.

Operating expenses increased by 13 per cent, mainly due to higher staff costs from increases in headcount and payroll adjustments, and higher allocated costs of the Listing Division: this reflected a lower percentage decrease in listing fees of the Cash segment (3 per cent) from fewer forfeitures of initial public offerings (IPOs), compared with the decrease in listing fees of the Equity and Financial Derivatives segment (11 per cent) resulting from a lower number of newly listed derivative warrants (DWs) and callable bull/bear contracts (CBBCs).



## Business Update

The Hong Kong Cash Market turned vibrant in late September 2024, following the announcement of economic stimulus measures in Mainland China. Cash Market turnover reached record daily highs for two consecutive trading days at \$445.8 billion and \$505.9 billion on 27 September and 30 September 2024 respectively. This took the YTD Q3 2024 Headline ADT to \$113.3 billion, up 3 per cent compared with YTD Q3 2023.

## Stock Connect

Trading volumes of Northbound and Southbound Trading of Stock Connect were also boosted by the measures announced in Mainland China, with Northbound and Southbound Trading reaching daily record highs on 30 September 2024 at RMB356.9 billion and \$208.7 billion respectively. Driven by the solid growth in Stock Connect trading during YTD Q3 2024 and the daily record highs in late September, Northbound ADT for YTD Q3 2024 reached record nine-month high of RMB123.3 billion, 14 per cent higher than YTD Q3 2023, while Southbound ADT for YTD Q3 2024 reached \$38.3 billion, 19 per cent higher than YTD Q3 2023. As a result, revenue and other income from Stock Connect increased to \$1,780 million (YTD Q3 2023: \$1,707 million), of which \$1,294 million (YTD Q3 2023: \$1,247 million) arose from trading and clearing activities.

On 16 September 2024, HKEX streamlined the settlement process for Northbound Trading by enhancing the HKEX Synapse platform for the buy-side settlement process. The enhancement streamlines the settlement process by strengthening the straight-through processing. HKEX will continue to work on further enhancements for the sell-side settlement process.

Key Market Indicators	YTD Q3	
	2024	2023
ADT of equity products traded on the Stock Exchange <sup>1,2</sup> (\$bn)	<b>102.7</b>	97.5
ADT of Northbound Trading – Shanghai-Hong Kong Stock Connect <sup>2</sup> (RMBbn)	<b>61.9<sup>4</sup></b>	50.7
ADT of Northbound Trading – Shenzhen-Hong Kong Stock Connect <sup>2</sup> (RMBbn)	<b>61.4</b>	57.5
ADT of Southbound Trading – Shanghai-Hong Kong Stock Connect <sup>2</sup> (\$bn)	<b>22.1</b>	16.4
ADT of Southbound Trading – Shenzhen-Hong Kong Stock Connect <sup>2</sup> (\$bn)	<b>16.2</b>	15.7
ADT of Northbound Bond Connect (RMBbn)	<b>44.1<sup>4</sup></b>	40.5
Average daily number of trades of equity products traded on the Stock Exchange <sup>1,2</sup> ('000)	<b>1,802</b>	1,652
Average value per trade of equity products traded on the Stock Exchange (\$'000)	<b>57.0</b>	59.0
Average daily value of SIs for Stock Exchange trades (\$bn)	<b>253.2</b>	252.0
Average daily number of SIs for Stock Exchange trades ('000)	<b>97</b>	101
Average value per SI for Stock Exchange trades (\$'000)	<b>2,622</b>	2,487
Average daily value of SIs for Northbound Trading of Stock Connect (RMBbn)	<b>24.0</b>	27.9
Number of newly listed companies on the Main Board <sup>3</sup>	<b>42</b>	47
Number of newly listed companies on GEM	<b>3</b>	-
Total equity funds raised		
- IPOs (\$bn)	<b>55.6</b>	24.6
- Post-IPO (\$bn)	<b>70.6</b>	75.0
Portfolio values of Northbound Trading of Stock Connect at 30 Sept (RMBbn)	<b>2,419</b>	2,192
Portfolio values of Southbound Trading of Stock Connect at 30 Sept (\$bn)	<b>3,359</b>	2,325
Number of companies listed on the Main Board at 30 Sept	<b>2,298</b>	2,274
Number of companies listed on GEM at 30 Sept	<b>323</b>	329
Number of trading days	<b>184</b>	182
1 Excludes DWs, CBBCs and warrants (which are included under the Equity and Financial Derivatives segment) and includes ADT of Southbound Trading under Stock Connect		
2 Includes buy and sell trades under Stock Connect		
3 No transfers from GEM during YTD Q3 2024 (YTD Q3 2023: 3)		
4 New record high for YTD Q3		

## Market Structure

The consultation on the Proposed Reduction of Minimum Spreads in the Hong Kong Securities Market ended on 20 September 2024. HKEX is evaluating the responses received from a wide variety of market participants and stakeholders, and will publish consultation conclusions around the end of 2024.

On 23 September 2024, HKEX implemented the Severe Weather Trading arrangements, which allow Hong Kong's Securities and Derivatives markets (Hong Kong market) to remain open during severe weather conditions. Under the new model, the Hong Kong market will no longer experience delays or suspensions due to typhoons or rainstorms, allowing investors to better manage their risks and respond to changing market conditions. The initiative aligns the Hong Kong market with global market practices and underscores HKEX's commitment to supporting the resilience and competitiveness of Hong Kong as a world-class international financial centre.

## Issuer Business

In Q3 2024, HKEX welcomed 15 new listings, raising \$42.2 billion, more than tripling the funds raised in 1H 2024. On 17 September 2024, HKEX welcomed the listing of Midea Group Co., Ltd., which raised \$35.7 billion, marking the largest IPO in Hong Kong since February 2021 and the second largest IPO globally in YTD Q3 2024. In addition, a second company was listed under Chapter 18C<sup>3</sup> in Q3 2024. The IPO pipeline remained healthy with 96 active applications as at 30 September 2024.

In August 2024, Alibaba Group Holding Limited converted to Dual Primary Listing, and was subsequently included in Stock Connect on 10 September 2024, allowing Mainland investors to invest in the stock via Southbound Stock Connect. The trading of the stock has been active since its inclusion in Stock Connect, and this has contributed to the robust flows of Southbound Stock Connect.

## ETP Market

ADT of Exchange Traded Products<sup>4</sup> (ETPs) reached a record nine-month high of \$15.4 billion in YTD Q3 2024, up 8 per cent from \$14.2 billion in YTD Q3 2023. In particular, the trading turnover of ETPs reached a daily record high of \$76.7 billion on 27 September 2024, more than double that of the previous record. Effective 22 July 2024, the eligibility criteria for ETFs under the Stock Connect was further relaxed, with the addition of six ETFs for Southbound Trading and 85 ETFs for Northbound Trading, taking the total number of ETFs on each channel to 16 and 225 respectively. This enhancement reflects HKEX's ongoing commitment to broadening the Connect product ecosystem for its global investors, further enhancing the competitiveness of Hong Kong as a leading global financial centre.

During Q3 2024, ten new ETPs, including four fixed income ETFs, one state-owned enterprises ETF and the first virtual asset L&I Product, were introduced to the market, providing investors with more diversified and innovative investment options. The ongoing ETF development further reinforces Hong Kong's position as the regional leading ETF marketplace.

## Bond Connect

Northbound Bond Connect trading activity continued its overall growth momentum in YTD Q3 2024, with ADT reaching a record nine-month high of RMB44.1 billion, up 9 per cent compared with YTD Q3 2023.

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<sup>3</sup> Listing Regime for Specialist Technology Companies

<sup>4</sup> Includes Exchange Traded Funds (ETFs) and Leveraged and Inverse Products (L&I Products)

## Listed Bond Market

In YTD Q3 2024, 264 bonds were listed on the Stock Exchange, raising more than \$616 billion. Among these were 50 new ESG-related bond listings, raising a total of \$114 billion. The total number of listed bonds reached 1,584 as at 30 September 2024, with their total amount outstanding exceeding \$5.0 trillion.

## Market Surveillance and Compliance

During Q3 2024, HKEX continued to promote transparency and a strong compliance culture across its business and markets, including the following key initiatives:

### **Key initiatives on promoting market surveillance and compliance in Q3 2024**

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- Key milestones of the 2024 Annual Attestation and Inspection Programme were achieved as planned, including the completion of all inspections of selected Exchange and Clearing Participants
  - Published market communication materials, including
    - (1) the quarterly compliance bulletin;
    - (2) a guidance note to SEHK and HKFE participants for their better understanding of the necessary internal set-ups to mitigate risks of inappropriate self-trades; and
    - (3) circulars with updated Large Open Position reporting procedures to ensure overall market readiness for the Severe Weather Trading arrangements effective from 23 September 2024 and Weekly Stock Options to be launched in November 2024
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## Listing Regulation

On 16 August 2024, the Stock Exchange published a consultation paper on *Proposals to Further Expand the Paperless Listing Regime and Other Rule Amendments*. The proposals aim to align our practices with global standards and provide greater convenience and enhanced efficiency for issuers, investors and other market participants. The consultation period ended on 18 October 2024.

On 23 August 2024, the Securities and Futures Commission (SFC) and the Stock Exchange published a joint announcement on temporary modifications to the Listing Rules and amendments to guidance materials with respect to certain listing requirements for Specialist Technology Companies and De-SPAC Transactions. These modifications provide greater flexibility and clarity for both issuers and investors, whilst upholding our robust regulatory standards.

On 20 September 2024, the Stock Exchange published amendments to the Listing Rules and guidance materials relating to Severe Weather Trading arrangements that took effect on 23 September 2024.

## Equity and Financial Derivatives Segment

### Analysis of Results

Revenue and other income, less transaction-related expenses, was down 12 per cent; and EBITDA was down 15 per cent compared with YTD Q3 2023, mainly attributable to the decrease in the net investment income of Margin Funds.

Trading fees of DWs, CBBCs and warrants were down 10 per cent compared with YTD Q3 2023. The decrease was lower than the 13 per cent drop in ADT, due to a smaller percentage decrease in notional values of newly listed DWs and CBBCs.

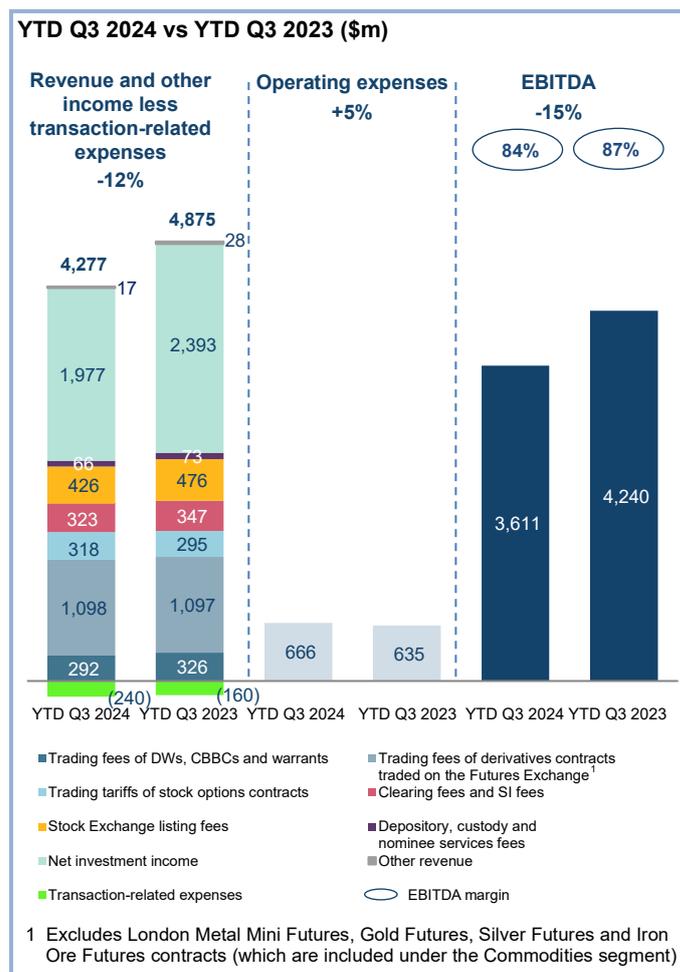
Futures Exchange derivatives trading fees<sup>5</sup> increased marginally by \$1 million, as higher fees generated from a higher number of derivatives contracts traded were offset by the impact of a lower average fee per contract in YTD Q3 2024, attributable to higher discounts and rebates offered for certain contracts to attract volumes.

Stock Exchange listing fees decreased by 11 per cent due to a decrease in the number of newly listed DWs and CBBCs compared with YTD Q3 2023.

Net investment income decreased by \$416 million compared with YTD Q3 2023, mainly attributable to a lower average Margin Fund size from lower margin requirements, an increase in interest rebates payable to Clearing Participants (CPs) for certain products as incentives to attract volumes, and an increase in the proportion of Japanese Yen (JPY) collateral posted by CPs in YTD Q3 2024, which generated lower returns.

Transaction-related expenses increased by \$80 million, or 50 per cent, as higher incentives were paid for certain contracts to attract volume.

Operating expenses increased by 5 per cent due to higher staff costs from increases in headcount and payroll adjustments, but partly offset by the lower allocated costs of the Listing Division, arising from a higher percentage decrease in listing fees (11 per cent) compared with the Cash segment (3 per cent).



<sup>5</sup> Excludes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts (which are included under the Commodities segment)

## Business Update

In Q3 2024, the Derivatives Market continued to follow its growth trajectory of 1H 2024. Triggered by the stimulus measures announced in Mainland China, the number of derivatives contracts traded<sup>5</sup> (i.e., all futures and options contracts including stock options) reached daily record highs for two consecutive trading days at 3,798,049 contracts and 4,263,308 contracts on 26 September and 27 September 2024 respectively. Driven by the strong performance in 1H 2024 and the record daily volumes in late September, the number of derivatives contracts traded reached a record nine-month high of 1,515,613 contracts<sup>5</sup> in YTD Q3 2024, up 12 per cent compared to YTD Q3 2023.

A number of futures and options contracts reached single-day record highs in volume and open interest (OI) during Q3 2024:

	Single-day Trading Volume	
	Date (2024)	Number of contracts
Hang Seng China Enterprises Index (HSCEI) Futures Options	30 Sept	109,145
Mini Hang Seng Index (HSI) Options	27 Sept	41,879
MSCI India (USD) Index Futures	26 Aug	16,046
MSCI China Net Total Return (USD) Index Futures	13 Sept	41,606
Stock Futures	27 Sept	40,576
Stock Options	27 Sept	2,433,968

	Open Interest	
	Date (2024)	Number of contracts
MSCI Indonesia Net Total Return (USD) Index Futures	17 Sept	17,022
MSCI Malaysia Net Total Return (USD) Index Futures	20 Sept	3,248
MSCI Thailand Net Total Return (USD) Index Futures	20 Sept	37,145

Key Market Indicators	YTD Q3	
	2024	2023
ADT of DWs, CBBCs and warrants traded on the Stock Exchange (\$bn)	10.6	12.2
Average daily number of trades of DWs, CBBCs and warrants traded on the Stock Exchange ('000)	238	300
ADV of derivatives contracts traded on the Futures Exchange <sup>1</sup> ('000 contracts)	817 <sup>3</sup>	739
ADV of stock options contracts traded on the Stock Exchange ('000 contracts)	699 <sup>3</sup>	618
Number of newly listed DWs	5,015	6,216
Number of newly listed CBBCs	16,821	17,230
Total notional values of newly listed securities:		
- DWs (\$bn)	78.3	103.3
- CBBCs (\$bn)	649.1	658.3
ADV of contracts traded during After-Hours Trading (AHT) <sup>1</sup> ('000 contracts)	99	88
Number of trading days <sup>2</sup>	185	185
	At 30 Sept 2024	At 30 Sept 2023
Open interest of futures and options contracts <sup>1</sup> ('000 contracts)	14,952	12,934
1 Excludes London Metal Mini Futures, Gold Futures, Silver Futures and Iron Ore Futures contracts (which are included under the Commodities segment)		
2 Excludes 10 holiday trading days (YTD Q3 2023: 9)		
3 New record high for YTD Q3		

## Equity Futures and Options Market

The options on futures market continued its growth momentum in YTD Q3 2024. The aggregate ADV of the three products in the suite, namely HSI Futures Options, HSCEI Futures Options and Hang Seng TECH Index Futures Options, was 45,636 contracts during YTD Q3 2024, up 13 per cent compared with YTD Q3 2023. The aggregate OI of the three products was 927,177 contracts as at 30 September 2024, an increase of 16 per cent from 31 December 2023.

HKEX continued to expand its weekly index options offering and successfully launched the Weekly Hang Seng TECH Index Options on 2 September 2024. Together with the other weekly index options, namely the Weekly HSI Options and Weekly HSCEI Options, the aggregate ADV experienced strong growth to 19,845 contracts in YTD Q3 2024, up 28 per cent compared with YTD Q3 2023.

The stock options market experienced a notable growth in 2024. The aggregate ADV of single stock options reached a record nine-month high of 698,817 contracts in YTD Q3 2024, up 13 per cent compared with YTD Q3 2023, and the total number of single stock options traded reached a daily record high of 2,433,968 contracts on 27 September 2024. Aggregate OI for single stock options also showed considerable growth, with OI of 12,213,596 contracts as at 30 September 2024, an increase of 37 per cent from 31 December 2023. To broaden the stock options offering, HKEX has announced the introduction of the weekly stock options from 4 November 2024.

MSCI index derivatives continued their growth momentum in Q3 2024, with a number of record daily highs set during the period:

- the aggregate OI of MSCI Net Total Return (NTR) Suite reached a record high of 180,838 contracts on 19 September 2024;
- MSCI Indonesia NTR (USD) Index Futures, MSCI Malaysia NTR (USD) Index Futures and MSCI Thailand NTR (USD) Index Futures hit record high OIs of 17,022 contracts on 17 September 2024, 3,248 contracts on 20 September 2024 and 37,145 contracts on 20 September 2024 respectively; and
- MSCI India (USD) Index Futures and MSCI China NTR (USD) Index Futures reached their daily record highs of 16,046 contracts on 26 August 2024 and 41,606 contracts on 13 September 2024 respectively.

In addition, the aggregate OI of MSCI NTR Suite was 110,206 contracts on 30 September 2024, more than double that of 31 December 2023.

### **Fixed Income and Currency (FIC) Development**

The USD/CNH Futures market continues to be robust, with ADV reaching a nine-month record high of 86,318 contracts during YTD Q3 2024, more than triple that of YTD Q3 2023. Driven by the increasing market interest and hedging demand amid the CNH appreciation against USD since Q3 2024, ADV reached a monthly record high of 104,958 contracts in September 2024, equivalent to a notional value of US\$10.5 billion.

### **OTC Clear**

Swap Connect clearing volume continued to grow in Q3 2024. ADT during Q3 2024 reached a quarterly high of RMB15 billion, equivalent to a notional amount of RMB971 billion. To provide offshore market participants with Northbound swap clearing services that are more aligned to those offered to onshore participants via Shanghai Clearing House, OTC Clear has started to accept new trades for clearing under Swap Connect on Special Working Days, which are Northbound Clearing Days that are not OTC Clearing Days, with effect from 2 September 2024.

With the significant contribution from Swap Connect, OTC Clear's clearing volume reached a record nine-month high of US\$807.8 billion, up 151 per cent compared with YTD Q3 2023. Cross-Currency Swap (CCS) also registered a solid growth in Q3 2024, with clearing volume reaching US\$39.2 billion in Q3 2024, up 88 per cent compared with Q2 2024, bringing the CCS clearing volume to US\$82.4 billion in YTD Q3 2024.

### **Market Structure**

To allow market makers and other participants to better execute their trading strategies, an enhanced Self-Match Prevention (SMP) service in the Derivatives Market was successfully introduced on 31 July 2024. The enhancement received positive response from the market, and more than 60 per cent of the orders have been tagged with the SMP ID as at 30 September 2024.

## Commodities Segment

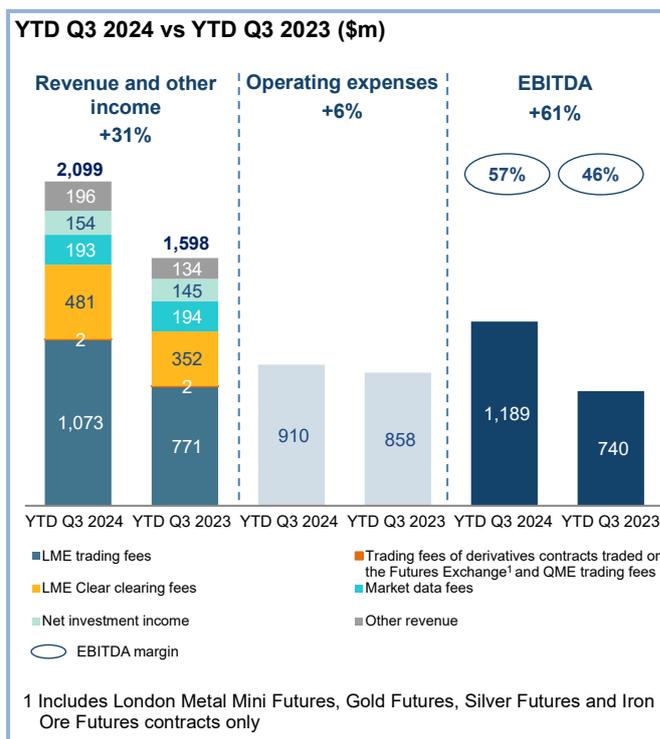
### Analysis of Results

Revenue and other income was up 31 per cent and EBITDA was up 61 per cent compared with YTD Q3 2023, due to higher LME Group trading and clearing fees.

LME trading fees and LME Clear clearing fees increased by 39 per cent and 37 per cent respectively, attributable to a 25 per cent increase in chargeable ADV of metals contracts traded, and the increase in trading and clearing fee tariff effective 1 January 2024.

Other revenue increased by \$62 million, mainly due to higher LME financial over-the-counter booking fees from fee increments, and higher fees from increased warranting activities in listed warehouses.

Operating expenses increased by 6 per cent, attributable to higher staff costs from increased headcount and inflationary adjustments, partly offset by lower legal and professional fees incurred for the nickel market incident in March 2022, and the partial recovery of legal fees from the claimants.



## Business Update

### LME

LME trading volumes remained strong in YTD Q3 2024, with chargeable ADV registering a 25 per cent increase against YTD Q3 2023.

On 29 July 2024, the LME announced the approval of Jeddah in Saudi Arabia as a delivery point for copper and zinc, and the listing will become active three months after the approval of the first warehouse company in that location. The approval demonstrates that the LME is committed to evolving its warehouse network to provide maximum global connectivity for the metals community. In addition, the LME is considering to expand its global metals warehousing network to Hong Kong.

To further improve the resilience of the LME's warehouse network, the LME increased the minimum capital adequacy requirements for LME-listed warehouse companies to GBP5 million and increased the minimum level of insurance indemnity required for warehouse companies to GBP1 million, effective from 18 September 2024.

On 4 September 2024, the LME published its White Paper on Enhancing Liquidity, which outlined a package of measures designed to boost transparency and increase price competition, for the benefit of all market participants. The package of measures includes industry standard block rules, a liquidity provider programme, new trading functionality and additional rules to support market data transparency. Since its publication, the LME has engaged extensively with its market participants to gather initial feedback on the proposals. The LME is planning a series of Block Working Groups in Q4 2024, followed by a formal consultation in Q1 2025, with proposed go live date in 2025.

On 30 September 2024, the LME released its decision notice regarding its CBAM consultation and sustainability discussion paper. The LME received 33 responses to the discussion paper. Following analysis of the feedback received, the LME announced its proposal to mandate emissions reporting for LME-listed aluminium brands, in line with the EU CBAM methodology. In addition, the LME issued its response to the feedback relating to the sustainability-related initiatives outlined in the discussion paper.

LME Week was held in the last week of September 2024, which started off with the annual flagship conference, the LME Metals Seminar, featuring informative discussion and debate on the opportunities and issues facing the metals industry. The event was attended by around 900 market participants.

In October 2024, the UK Court of Appeal dismissed the appeal by the claimant, confirming that the action taken by the LME in relation to the nickel events in March 2022 was lawful, rational and necessary in the exceptional circumstances of 8 March 2022. The positive outcome of the Appeal was welcomed by the Group, and the LME remains committed to the ongoing development of its markets and will continue to promote efficiency, access and transparency to ensure the long-term health and resilience of the metals community.

Key Market Indicators	YTD Q3	
	2024	2023
	'000 lots	'000 lots
ADV of metals contracts traded on the LME		
Aluminium	267	218
Copper	158	136
Zinc	105	88
Lead	71	54
Nickel	64	38
Others	11	7
Total chargeable ADV excluding Admin Trades <sup>1</sup>	676	541
Chargeable Admin Trades <sup>1</sup>	38	30
Total ADV	714	571
Number of trading days	190	188
	At 30 Sept 2024	At 30 Sept 2023
	'000 lots	'000 lots
Total futures market open interest	1,877	1,740

<sup>1</sup> Admin Trades are chargeable at a lower trading fee rate of US\$0.04 and clearing fee rate of US\$0.02 per contract.

## QME

During YTD Q3 2024, QME continued to expand its market presence, especially in the soybean sector. In September 2024, QME successfully hosted a seminar, Unleashing the Brazil-China Soybean Trading Synergy, in collaboration with the Brazilian Stock and Futures Exchange and the Shenzhen Qianhai Authority. Additionally, QME introduced a new settlement method for cross-border trades (i.e., by letter of credit) during Q3 2024, offering clients a diverse range of settlement methods and enhancing convenience for industry participants.

### Data and Connectivity Segment

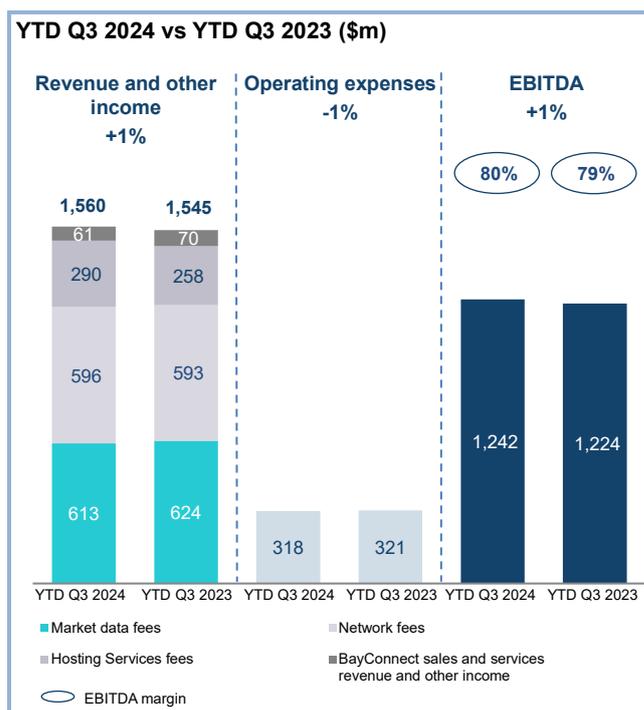
#### Analysis of Results

Both revenue and other income and EBITDA were up 1 per cent compared with YTD Q3 2023, mainly due to increase in hosting services fees.

Hosting Services fees increased by 12 per cent due to increased usage by customers. As at 30 September 2024, there were 96 Exchange Participants (EPs) using HKEX's Hosting Services. These EPs generated, in aggregate, approximately 65 per cent of the Cash Market turnover and 68 per cent of the Derivatives Market trading volume in YTD Q3 2024.

#### Business Update

During Q3 2024, all HKEX's major trading, clearing, settlement and market data dissemination systems for the Cash, Derivatives, Commodities and OTC Markets continued to perform robustly.



HKEX worked closely with Connect market participants to complete the clearing and settlement processes for Northbound Shanghai Stock Connect that had been delayed following the abnormal situation on the Shanghai Stock Exchange involving the slow response in trade confirmations on 27 September 2024. HKEX's systems have continued to operate normally during the period.

## Corporate Items

“Corporate Items” is not a business segment but comprises central income (including net investment income from Corporate Funds and donation income of HKEX Foundation), the cost of central support functions that provide services to all operating segments, HKEX Foundation charitable donations and other costs not directly related to any operating segments.

### Analysis of Results

	YTD Q3 2024	YTD Q3 2023
	\$m	\$m
Net investment income	1,408	1,177
Donation income of HKEX Foundation	43	57
Others	15	12
Total revenue and other income	1,466	1,246
Operating expenses:		
- HKEX Foundation charitable donations	(81)	(84)
- Others	(1,233)	(1,183)
EBITDA	152	(21)

The analysis of net investment income/(loss) of Corporate Funds is as follows:

	YTD Q3 2024	YTD Q3 2023
	\$m	\$m
Net investment income/(loss) from:		
- External Portfolio	389	210
- Cash and bank deposits <sup>1</sup>	900	918
- Equity securities <sup>2</sup>	(24)	(11)
- Debt securities	154	42
- Exchange (losses)/gains	(11)	18
Total net investment income	1,408	1,177
Average fund size (\$bn)	34.3	34.5
Annualised net investment return	5.48%	4.55%

<sup>1</sup> Including foreign exchange swaps

<sup>2</sup> Investments in minority stakes of unlisted companies

Net investment income from Corporate Funds increased by \$231 million compared with YTD Q3 2023. This was due to higher net fair value gains on the External Portfolio, and increased investment income generated from internally managed Corporate Funds, reflecting higher investment return in YTD Q3 2024.

The net fair value gains/(losses) on the External Portfolio came from funds invested in the following strategies:

Strategy	YTD Q3 2024	YTD Q3 2023
	\$m	\$m
Diversifiers	193	161
Government Bonds and Mortgage-backed Securities	50	(12)
Public Equities	146	61
Total	389	210

As at 30 September 2024, the amounts invested in the External Portfolio amounted to \$6,855 million, an increase of 4 per cent against 31 December 2023, mainly attributable to fair value gains during the period. Further details of the amounts invested in the External Portfolio are as follows:

<b>Strategy</b>	<b>At 30 Sept 2024 \$m</b>	<b>At 31 Dec 2023 \$m</b>	<b>Change</b>
Diversifiers	4,266	4,096	4%
Government Bonds and Mortgage-backed Securities <sup>1</sup>	2,503	1,401	79%
Public Equities	86	1,071	(92%)
Total	6,855	6,568	4%

<sup>1</sup> Including money market funds

To further reduce the impact of market volatility on HKEX earnings, the Group made tactical adjustments to the External Portfolio by liquidating the funds within the Public Equities strategy of the External Portfolio and investing into funds within the Government Bonds and Mortgage-backed Securities strategy in Q3 2024.

Excluding HKEX Foundation charitable donation expenses, operating expenses increased by 4 per cent against YTD Q3 2023, attributable to higher staff costs from payroll adjustments, increased headcount for strategic initiatives and non-recurring retirement benefits paid to senior management, and higher IT maintenance costs on new or upgraded systems, and inflationary adjustments on contract renewals.

## Business Update

In Q3 2024, HKEX remained at the forefront of shaping the long-term sustainability of global financial markets and the communities they serve. As a market regulator, HKEX continued to promote good corporate governance and ESG stewardship through market education and industry knowledge sharing, facilitating sustainable finance development through its platforms, and leading by example in its own operations. In September 2024, HKEX hosted an online training session for listed companies and business sectors, providing practical guidance on adopting the IFRS Sustainability Disclosure Standards in their disclosures. As an exchange operator in facilitating the transition of low-carbon economy, HKEX introduced Gold Standard's Verified Emission Reductions to its carbon marketplace, Core Climate, providing more options for investors and corporates to support climate projects.

To deliver on its commitment of achieving carbon neutrality by 2024, HKEX continued to work on abating its carbon emissions through using renewable energy, improving energy efficiency, and removing unabated emissions via quality carbon credits. In Q3 2024, HKEX confirmed its approach to procuring renewable energy certificates from local and regional power suppliers and sourcing afforestation carbon credits.

As part of its commitment to fostering a workplace that values employees' wellness and engagement, HKEX ran the Global Wellness Month to promote and recognise the importance of holistic wellness with a range of activities supporting physical fitness, mental wellbeing, community giving and financial wellness among the Group's employees.

To ensure operational excellence as a trusted exchange operator, HKEX rolled out an information security campaign and launched a new cybersecurity awareness hub to enhance employees' understanding of cyber threats and industry best practices.

HKEX Foundation, the Group's dedicated charitable channel, continued to drive positive impact in the community through a range of programmes focusing on financial literacy, diversity and inclusion, poverty relief and environmental sustainability. During Q3 2024, the Foundation launched the HKEX Charity Partnership Programme 2024 and the HKEX Impact Funding Scheme 2024, supporting local social enterprises and charitable institutions to deliver impactful projects that address social and environmental challenges in the community.

## FINANCIAL REVIEW

### Net Investment Income of Margin Funds and Clearing House Funds

Net investment income from Margin Funds and Clearing House Funds decreased by \$390 million compared with YTD Q3 2023, reflecting the lower fund sizes, an increase in interest rebates payable to CPs for certain products as incentives to attract volume, and an increase in the proportion of JPY collateral posted by HKCC CPs during YTD Q3 2024. Further analysis on net investment income of Margin Funds and Clearing House Funds is set out below:

	YTD Q3 2024				Total \$m
	HK Clearing Houses		LME Clear		
	Margin Funds \$m	Clearing House Funds \$m	Margin Funds \$m	Clearing House Funds \$m	
Net investment income/(loss) from:					
- Cash and bank deposits (including foreign exchange swaps)	1,496	234	118	16	1,864
- Debt securities	344	94	17	3	458
- Exchange losses	(2)	-	-	-	(2)
Total net investment income	1,838	328	135	19	2,320
Average fund size (\$bn)	98.4	14.4	69.8	9.9	192.5
Annualised net investment return	2.49%	3.03%	0.26%	0.25%	1.61%

	YTD Q3 2023				Total \$m
	HK Clearing Houses		LME Clear		
	Margin Funds \$m	Clearing House Funds \$m	Margin Funds \$m	Clearing House Funds \$m	
Net investment income/(loss) from:					
- Cash and bank deposits (including foreign exchange swaps)	2,188	173	118	16	2,495
- Debt securities	133	73	10	1	217
- Exchange losses	(2)	-	-	-	(2)
Total net investment income	2,319	246	128	17	2,710
Average fund size (\$bn)	113.8	12.0	84.3	10.9	221.0
Annualised net investment return	2.72%	2.73%	0.20%	0.21%	1.63%

Net investment income of Margin Funds and Clearing House Funds are allocated to the following segments:

	YTD Q3 2024 \$m	YTD Q3 2023 \$m	Change
Cash	189	172	10%
Equity and Financial Derivatives	1,977	2,393	(17%)
Commodities	154	145	6%
Total	2,320	2,710	(14%)

## Financial Assets and Financial Liabilities of Margin Funds and Clearing House Funds

Margin Fund deposits of \$232.3 billion at 30 September 2024 were \$56.1 billion higher than 31 December 2023 (\$176.2 billion). This was attributable to higher contributions from HKSCC CPs arising from the increased trading turnover at the end of September 2024; higher contributions from SEOCH CPs due to higher open positions and margin requirements of stock options, and an increase in excess collateral posted by HKCC CPs. Clearing House Fund contributions of \$30.1 billion were \$8.1 billion higher than 31 December 2023 (\$22.0 billion). The increase was due to the change in counterparty default assumption for HKSCC Guarantee Fund to cover the two largest CP groups from 2 September 2024 (as opposed to the largest and the 5th largest CP groups prior to the change), as well as changes in risk exposures in the Cash and Commodities Markets. Funds received were invested in cash and cash equivalents and financial assets.

## Capital Expenditure and Commitments

During YTD Q3 2024, the Group incurred capital expenditure<sup>6</sup> of \$1,027 million (YTD Q3 2023: \$830 million) mainly related to the development and upgrade of various trading and clearing systems (notably trading and clearing systems for Commodities Market and Derivatives Market). The Group's capital expenditure commitments at 30 September 2024, including those authorised by the Board but not yet contracted for, amounted to \$1,506 million (31 December 2023: \$1,555 million). They were mainly related to the development and upgrade of IT systems including the cash, derivatives and commodities trading and clearing systems (notably the new trading and clearing systems for the Derivatives Market).

## Contingent Liabilities

At 30 September 2024, there were no significant changes in the Group's contingent liabilities compared with 31 December 2023, except the material litigation as described below.

The LME and LME Clear were named as defendants in two judicial review claims filed in the English High Court (the Court) in 2022 (the Proceedings) and three related claims filed in the Court in 2023. The total claims amount to approximately US\$600 million.

The Proceedings sought to challenge the LME's decision to cancel the claimants' alleged trades in nickel contracts executed on or after 00:00 UK time on 8 March 2022. The claimants have alleged that this was unlawful on public law grounds and/or constituted a violation of their human rights.

On 29 November 2023, the Court gave judgment in the LME and LME Clear's favour on all grounds, and ordered the claimants to pay the LME and LME Clear's costs of the Proceedings, which are to be assessed by the Court if not agreed with the claimants.

One of the claimants, Elliott<sup>7</sup>, sought and was granted permission<sup>7</sup> to appeal to the Court of Appeal (the Appeal). The Appeal was heard by the Court of Appeal in July 2024. Judgment in respect of the Appeal was handed down by the Court of Appeal subsequent to the period end on 7 October 2024, in which the Court of Appeal found in the LME and LME Clear's favour and dismissed the Appeal. Permission is required in order for Elliott to appeal the Appeal outcome to the Supreme Court. Permission can be sought either from the Court of Appeal or, if the Court of Appeal declines to grant permission, from the Supreme Court itself.

The three related claims issued in March 2023 remain stayed, pending the final determination of the Proceedings. The limitation period for similar damages claims under the Human Rights Act has now expired.

In light of the judgments of the Court and the Court of Appeal, no provision has been made in the condensed consolidated financial statements of the Group.

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<sup>6</sup> Exclude right-of-use assets recognised under HKFRS 16: Leases

<sup>7</sup> Elliott Associates L.P. and Elliott International L.P.

The claimants made an interim payment of GBP5 million to the LME and LME Clear to cover part of their costs of the Proceedings in Q2 2024, and Elliott has made an interim payment of GBP1.06 million in respect of the LME and LME Clear's costs of the Appeal in October 2024. The final amount with respect to recovery of costs of the Proceedings and the Appeal will be assessed by the Court if not agreed with the claimants in respect of the Proceedings and Elliott in respect of the Appeal.

The Group has not recognised any further recovery of costs as receivables in the condensed consolidated financial statements as at 30 September 2024.

### **Pledges of Assets**

LME Clear receives securities and gold bullion as non-cash collateral for margins posted by its CPs. The total fair value of this non-cash collateral was US\$2,693 million (HK\$20,918 million) at 30 September 2024 (31 December 2023: US\$3,748 million (HK\$29,266 million)). LME Clear is obliged to return this non-cash collateral upon request when the CPs' collateral obligations have been substituted with cash collateral or otherwise discharged. LME Clear is permitted to sell or pledge such collateral in the event of the default of a CP. Any non-cash collateral lodged at central securities depositories or custodians is subject to a lien or pledge for the services they provide in respect of the collateral held.

LME Clear also holds securities as collateral in respect of its investments in overnight triparty reverse repurchase agreements under which it is obliged to return equivalent securities to the counterparties at maturity of the reverse repurchase agreements. The fair value of this collateral was US\$9,162 million (HK\$71,166 million) at 30 September 2024 (31 December 2023: US\$9,095 million (HK\$71,019 million)). Such non-cash collateral, together with certain financial assets amounting to US\$1,775 million (HK\$13,786 million) at 30 September 2024 (31 December 2023: US\$1,102 million (HK\$8,604 million)), have been pledged to LME Clear's investment agents and custodian banks under security arrangements for the settlement and depository services they provide in respect of the collateral and investments held.

Non-cash collateral is not recorded on the condensed consolidated statement of financial position of the Group.

### **Changes since 31 December 2023**

There were no other significant changes in the Group's financial position, or from the information disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2023.

It is the Group's practice to declare a dividend only at the half-year and year-end and no dividend will be proposed for Q3 2024 (Q3 2023: \$Nil).

### **Review of Financial Statements**

The Audit Committee has reviewed the Group's Unaudited Condensed Consolidated Financial Statements for the nine months ended 30 September 2024.

## CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Nine months ended 30 Sept 2024 \$m	Nine months ended 30 Sept 2023 \$m	Three months ended 30 Sept 2024 \$m	Three months ended 30 Sept 2023 \$m
Trading fees and trading tariffs	4,979	4,676	1,689	1,494
Clearing and settlement fees	3,183	2,977	1,058	949
Stock Exchange listing fees	1,083	1,153	358	368
Depository, custody and nominee services fees	888	898	346	342
Market data fees	806	818	274	281
Other revenue	1,263	1,173	415	403
<b>Revenue</b>	<b>12,202</b>	11,695	<b>4,140</b>	3,837
Net investment income	3,728	3,887	1,207	1,211
Donation income of HKEX Foundation	43	57	13	28
Sundry income	20	20	12	8
<b>Revenue and other income</b>	<b>15,993</b>	15,659	<b>5,372</b>	5,084
Less: Transaction-related expenses	(247)	(168)	(81)	(74)
<b>Revenue and other income less transaction-related expenses</b>	<b>15,746</b>	15,491	<b>5,291</b>	5,010
<b>Operating expenses</b>				
Staff costs and related expenses	(2,860)	(2,585)	(923)	(874)
Information technology and computer maintenance expenses	(636)	(583)	(215)	(202)
Premises expenses	(102)	(100)	(35)	(36)
Product marketing and promotion expenses	(78)	(83)	(25)	(32)
Professional fees	(109)	(198)	(63)	(61)
HKEX Foundation charitable donations	(81)	(84)	(7)	(7)
Other operating expenses	(293)	(293)	(97)	(92)
	<b>(4,159)</b>	(3,926)	<b>(1,365)</b>	(1,304)
<b>EBITDA (non-HKFRS measure)</b>	<b>11,587</b>	11,565	<b>3,926</b>	3,706
Depreciation and amortisation	(1,044)	(1,081)	(346)	(362)
<b>Operating profit</b>	<b>10,543</b>	10,484	<b>3,580</b>	3,344
Finance costs	(86)	(102)	(27)	(32)
Share of profits of joint ventures	72	63	24	24
<b>Profit before taxation</b>	<b>10,529</b>	10,445	<b>3,577</b>	3,336
<b>Taxation</b>	<b>(1,175)</b>	(1,094)	<b>(409)</b>	(353)
<b>Profit for the period</b>	<b>9,354</b>	9,351	<b>3,168</b>	2,983
<b>Profit attributable to:</b>				
- Shareholders of HKEX	9,270	9,265	3,145	2,953
- Non-controlling interests	84	86	23	30
<b>Profit for the period</b>	<b>9,354</b>	9,351	<b>3,168</b>	2,983
<b>Basic earnings per share</b>	<b>\$7.33</b>	\$7.32	<b>\$2.49</b>	\$2.33
<b>Diluted earnings per share</b>	<b>\$7.31</b>	\$7.31	<b>\$2.48</b>	\$2.33

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Nine months ended 30 Sept 2024 \$m	Nine months ended 30 Sept 2023 \$m	Three months ended 30 Sept 2024 \$m	Three months ended 30 Sept 2023 \$m
<b>Profit for the period</b>	<b>9,354</b>	9,351	<b>3,168</b>	2,983
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences of foreign subsidiaries	(80)	19	(62)	(10)
Cash flow hedges, net of tax	12	(38)	15	(52)
Changes in fair value of financial assets measured at fair value through other comprehensive income, net of tax	231	13	217	(43)
<b>Other comprehensive income/(loss)</b>	<b>163</b>	(6)	<b>170</b>	(105)
<b>Total comprehensive income</b>	<b>9,517</b>	9,345	<b>3,338</b>	2,878
<b>Total comprehensive income attributable to:</b>				
- Shareholders of HKEX	9,432	9,262	3,313	2,847
- Non-controlling interests	85	83	25	31
<b>Total comprehensive income</b>	<b>9,517</b>	9,345	<b>3,338</b>	2,878

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	At 30 Sept 2024			At 31 Dec 2023		
	Current \$m	Non-current \$m	Total \$m	Current \$m	Non-current \$m	Total \$m
<b>Assets</b>						
Cash and cash equivalents	227,757	-	227,757	125,107	-	125,107
Financial assets measured at fair value through profit or loss	6,527	697	7,224	6,357	604	6,961
Financial assets measured at fair value through other comprehensive income	42,718	2,661	45,379	18,250	-	18,250
Financial assets measured at amortised cost	34,963	1,518	36,481	74,984	1,665	76,649
Derivative financial instruments	93,366	-	93,366	58,127	-	58,127
Accounts receivable, prepayments and deposits	52,389	19	52,408	33,313	19	33,332
Tax recoverable	278	-	278	64	-	64
Interests in joint ventures	-	399	399	-	352	352
Goodwill and other intangible assets	-	19,460	19,460	-	19,279	19,279
Fixed assets	-	1,469	1,469	-	1,553	1,553
Right-of-use assets	-	1,232	1,232	-	1,484	1,484
Deferred tax assets	-	5	5	-	21	21
<b>Total assets</b>	<b>457,998</b>	<b>27,460</b>	<b>485,458</b>	<b>316,202</b>	<b>24,977</b>	<b>341,179</b>
<b>Liabilities and equity</b>						
<b>Liabilities</b>						
Derivative financial instruments	93,330	-	93,330	58,100	-	58,100
Margin deposits, Mainland security and settlement deposits, and cash collateral from Participants	232,348	-	232,348	176,165	-	176,165
Accounts payable, accruals and other liabilities	73,466	-	73,466	27,849	-	27,849
Deferred revenue	498	295	793	1,060	307	1,367
Taxation payable	1,179	-	1,179	639	-	639
Other financial liabilities	46	-	46	29	-	29
Participants' contributions to Clearing House Funds	30,133	-	30,133	21,955	-	21,955
Lease liabilities	258	1,102	1,360	270	1,334	1,604
Borrowings	382	68	450	382	65	447
Provisions	75	124	199	62	113	175
Deferred tax liabilities	-	1,030	1,030	-	1,053	1,053
<b>Total liabilities</b>	<b>431,715</b>	<b>2,619</b>	<b>434,334</b>	<b>286,511</b>	<b>2,872</b>	<b>289,383</b>
<b>Equity</b>						
Share capital			31,946			31,946
Shares held for Share Award Scheme			(1,023)			(1,009)
Employee share-based compensation reserve			624			373
Hedging and revaluation reserves			99			(144)
Exchange reserve			(249)			(168)
Designated reserves			1,328			1,018
Reserve relating to written put options to non-controlling interests			(395)			(395)
Retained earnings			18,257			19,723
<b>Equity attributable to shareholders of HKEX</b>			<b>50,587</b>			<b>51,344</b>
Non-controlling interests			537			452
<b>Total equity</b>			<b>51,124</b>			<b>51,796</b>
<b>Total liabilities and equity</b>			<b>485,458</b>			<b>341,179</b>
<b>Net current assets</b>			<b>26,283</b>			<b>29,691</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### 1. Basis of Preparation and Accounting Policies

Except as described below, the accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2023.

#### Adoption of new/revised Hong Kong Financial Reporting Standards (HKFRSs)

In 2024, the Group has adopted the following amendments to HKFRSs which are pertinent to the Group's operations and effective for accounting periods beginning on or after 1 January 2024:

Amendments to HKAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Presentation of Financial Statements: Non-current Liabilities with Covenants

The adoption of these amendments did not have any financial impact on the Group.

From 1 January 2024, the estimated useful lives of computer trading and clearing software were revised from "three to five years" to "three to ten years" to better reflect the useful life of the assets. The financial impact of such change in accounting estimate was insignificant during the nine months ended 30 September 2024.

The financial information relating to the year ended 31 December 2023 that is included in this Quarterly Results Announcement as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Chapter 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Chapter 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Chapter 622).

By Order of the Board  
**Hong Kong Exchanges and Clearing Limited**  
**Timothy Tsang**  
Group Company Secretary

Hong Kong, 23 October 2024

As at the date of this announcement, HKEX's Board of Directors comprises 12 Independent Non-executive Directors, namely Mr Carlson TONG (Chairman), Mr Nicholas Charles ALLEN, Mr Apurv BAGRI, Mr CHAN Kin Por, Mr CHEAH Cheng Hye, Ms CHEUNG Ming Ming, Anna, Mrs CHOW WOO Mo Fong, Susan, Ms LEUNG Nisa Bernice Wing-Yu, Mr LEUNG Pak Hon, Hugo, Mr YAM Chi Kwong, Joseph, Mr YAN King Shun, Peter and Mr ZHANG Yichen, and one Executive Director, Ms CHAN Yiting, Bonnie, who is also the Chief Executive of HKEX.