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Hong Kong Exchanges and Clearing Limited is a recognized exchange controller under the Securities and Futures Ordinance which is the controller of The Stock Exchange of Hong Kong Limited, Hong Kong Futures Exchange Limited, Hong Kong Securities Clearing Company Limited, The SEHK Options Clearing House Limited, HKFE Clearing Corporation Limited and OTC Clearing Hong Kong Limited.

通告 CIRCULAR

Subject: 2018 Planned Initiatives for HKATS

Enquiry: HKATS Hotline¹ 2211-6360

Hong Kong Exchanges and Clearing Limited ("HKEX") plans to implement the following initiatives relating to HKATS and related Derivatives Market systems in 2018. To facilitate Exchange Participants ("EPs") for planning and preparation purpose, please find the tentative schedule below:

| Tentative Rollout Schedule | Planned Initiatives | Description / Impact to EPs |
|----------------------------|---|--|
| 1H 2018 | Introduction of After Hours Index Options | <p>To provide more comprehensive risk management and trading tools in the T+1 Session, HKEX plans to include four equity index options (Hang Seng Index (HSI) Options, Hang Seng China Enterprises Index (HSCEI) Options, Mini-HSI Options and Mini-HSCEI Options) in the T+1 Session in the first half of 2018.</p> <p><u>Impact to EPs</u> EPs who are planning to trade equity index options in the T+1 Session should review their internal operations, trading and clearing systems. Moreover, EPs will be required to participate in the Readiness Test to confirm their overall operational and system readiness.</p> <p>Details of the Readiness Test will be announced in the <u>first quarter of 2018.</u></p> |
| Q2 2018 | HKATS Load Rehearsal | <p>To facilitate EPs to verify the robustness of their trading system(s), especially, under high volume of order and trade activities, HKEX will arrange a Load Rehearsal in the second quarter of 2018.</p> <p>The Load Rehearsal will target at 12,000 series price</p> |

¹ All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: http://www.hkex.com.hk/eng/global/privacy_policy.htm

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|---|--|---|
| | | <p>update per second.</p> <p><u>Impact to EPs:</u> EPs are highly recommended to join the Load Rehearsal to ensure that their OAPI program(s) can function as designed under the above prescribed loading.</p> <p>Details of the testing schedule will be provided in the <u>first quarter of 2018.</u></p> |
| Q2 2018 | Rollout of Derivatives-Lite under OMD-D | <p>A new datafeed service, namely Derivatives Lite (“D-Lite”) will be offered under OMD-D to meet the market data needs of EPs in view of the retirement of Network Gateway planned for second half of 2018.</p> <p><u>Impact to EPs:</u> EPs who plan to receive market data from D-Lite should make reference to the related materials, including the EP circulars, technical documents and presentation slides of the Market Data Briefing published in the HKATS and DCASS Upgrade corner on the HKEX website for on-boarding arrangement.</p> <p>Market Rehearsal is scheduled for the <u>first quarter of 2018.</u> EPs who have completed the licensing procedure and passed the Market Rehearsal will be granted access to D-Lite at its rollout. Further implementation details will be provided in due course</p> |
| <p>Phase 1: Q2 2018</p> <p>Phase 2: 2H 2018</p> | System changes to OMD-D in preparation for HKATS and DCASS Upgrade | <p>Data contents of OMD-D will be enriched in two phases for the HKATS and DCASS Upgrade. Phase 1 is to include additional data elements currently available in HKATS whereas Phase 2 is to include new data elements introduced in the HKATS/DCASS Upgrade.</p> <p><u>Impact to EPs:</u> EPs who are receiving OMD-D data should refer to the Client Notices of 5 July 2017 and 26 October 2017 published on the HKEX website for more details and prepare for the changes accordingly.</p> <p>The rollout of Phase 1 change will be bundled with the rollout of D-Lite whereas that of Phase 2 will follow the schedule of the HKATS/DCASS Upgrade.</p> |

| Tentative Rollout Schedule | Planned Initiatives | Description / Impact to EPs |
|----------------------------|--|---|
| | | <p>Market Rehearsal for Phase 1 is scheduled for the <u>first quarter of 2018</u>. Further implementation details will be provided in due course.</p> |
| Q2 and Q4 2018 | Operating System (“OS”) and security patches upgrade on Network Gateway (“NG”) | <p>To ensure the NG maintainability, the Linux OS and security patches of NG will be upgraded with the latest suitable patches by HKEX remotely by phases.</p> <p><u>Impact to EPs:</u> EPs are required to have the valid maintenance license for Linux OS upgrade. The NG(s) should remain powered on during the period of Linux OS upgrade.</p> <p>EPs are NOT required to arrange onsite support for the upgrade. Nonetheless, HKEX will contact the designated personnel in case of emergency.</p> <p>Details of the individual NG upgrade schedule will be provided in the <u>first and third quarter of 2018</u>.</p> |
| 2H 2018 | HKATS and DCASS upgrade | <p>HKEX announced the upgrade of HKATS and DCASS systems (“Upgrade”) in the fourth quarter of 2016. Following with a series of briefing sessions during second and third quarter of 2017, and the OAPI specifications with highlights on the changes has been available for download from the designated HKATS and DCASS Upgrade corner since October 2017.</p> <p>After the Upgrade, HKATS can support (i) trading of contracts with flexible expiry dates (namely weekly / daily expiry contracts); (ii) trading of contracts during Hong Kong holidays, such as Easter and Christmas holidays, (iii) extension of the T+1 Session to 3 a.m. on the next calendar day; and (iv) extension of the HKATS Root Symbol to 5 characters.</p> <p>As planned in previous HKATS and DCASS upgrade in 2013, Central Gateway (“CG”) will be the only access point to HKATS and DCASS. Upon the Upgrade, HKEX will decommission the access to HKATS and DCASS via NG.</p> <p><u>Impact to EPs:</u> OAPI programs connecting via NG should complete their migration to CG by the <u>second quarter of 2018</u>.</p> |

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|----------------------------|---------------------|---|
| | | <p>OAPI programs receiving market data from NG should complete their migration to an alternative market data source by the <u>first quarter of 2018.</u></p> <p>EPs should review the OAPI specifications and the latest version of the Information Paper in order to assess and plan for the modifications including but not limited to OAPI programs, clearing and settlement systems, market data systems and other front-end or back-end operational systems. Necessary system modifications should be performed with certification test completed before the mandatory market rehearsals.</p> <p>Detailed project rollout information including the schedule and rundown of market rehearsal will be provided in the <u>second half of 2018.</u></p> |

Exchange Participants are highly recommended to coordinate with their IT teams and vendors for necessary planning and preparation.

For any enquiries, please contact the HKATS Hotline at 2211 6360.

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This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.