

香港交易及結算所有限公司是香港聯合交易所有限公司、香港期貨交易所有限公司及香港中央結算有限公司之認可控制人
Hong Kong Exchanges and Clearing Limited is the recognised controller of The Stock Exchange of Hong Kong Limited,
Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited

通告 CIRCULAR

Subject: **Launch of HKATS Risk Functions – Pre-Trade Risk Management (“PTRM”) System in Derivatives Market**

Enquiry: **HKATS Hotline Tel: 2211-6360**

Reference is made to the circular (Ref: MO/DT/030/16) dated 16 March 2016. Hong Kong Exchanges and Clearing Limited (“HKEX”) has received the approval of the rule amendments in relation to HKATS Risk Functions from the Securities and Futures Commission and is pleased to announce that HKATS Risk Functions will be launched on **Monday, 11 April 2016** as scheduled.

The “Calibration Period” Arrangements

The 6-month Calibration Period aims to provide Participants an adaptation period to make assessment on their trading activities before applying risk limits into HKATS Risk Functions for production use. Upon the end of the Calibration Period, HKEX will proceed to review the reasonableness of the risk limits input by Participants:

Start Date: 11th April 2016

End Date: 11th October 2016

Participants are advised to make reference to the following schedule for their first time risk limit settings and the on-going limit reviews:

Completion Time	Task
By Mid-May 2016	<ul style="list-style-type: none"> • Set up Pre-Trade Limit Group (s), if necessary, with all risk limits set at the default maximums • Start to collect daily maximum utilization data per PTLG provided by the Utilization Report as reference for risk limit settings
By End of June 2016	<ul style="list-style-type: none"> • Attend Briefing Sessions organized by HKEX regarding information about the limit review arrangement after the Calibration Period. Details will be announced in due course
By Mid-September 2016	<ul style="list-style-type: none"> • Conduct internal review and approval process to finalize the risk limits per PTLG • Submit notification form set out in <u>Appendix 1</u> to HKEX for the first time risk limit setting and the on-going updates • <u>Participants are requested to follow the input schedule date in the acknowledgement by HKEX</u>
On-Going Risk Limits Modifications	<ul style="list-style-type: none"> • After the first-time inputs, Participants may need to review and make modifications on their risk limits from time to time. Participants are requested to notify HKEX <u>within 1 business day</u> after they update the risk limits
End of Calibration Period on 11 th October 2016	

Note: The schedule suggested above is for Participants' information and reference only.

The Exchange would like to thank all Participants for their supports to the launch of HKATS Risk Functions for the derivatives market.

Sanly Ho
Head
Derivatives Trading
Markets Division

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Notification of Applying HKATS Risk Functions Risk Limits

Particulars of Exchange Participant

Mnemonic	Participant Name
<input type="checkbox"/> HKFE Participant <input type="checkbox"/> Options Trading Exchange Participant	

Contact Person

Name	Tel
Position	E-mail

Please complete the followings:

A) Please tick as appropriate:

First-time risk limit input

(Participants shall not input their risk limits BEFORE an appointment obtained from the Exchange)

On-going risk limit modification

(Please submit within 1 business day after the modification)

Mnemonic / Participant Name	
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B) The following risk limits will be input / were modified in HKATS Risk Functions:

Name of Pre-Trade Limit Group (PTLG): _____ (Please append separate table if more than 1 PTLG to be reported)				
Risk Limit Type	Risk Limits	Existing Value (Please mark "By Default" for the first time input)	New Value	Input Date
Maximum Order Rate	Maximum Order Rate Limit			
	Order Rate Period (Second)			
Maximum Intraday Exposure	Gross Futures Long/Short Exposure (HKD)			
	Net Futures Long/Short Exposure (HKD)			
	Gross Options Long/Short Exposure (HKD)			
	Net Options Long/Short Exposure (HKD)			
	Futures Coefficient (%)			
	Options Coefficient (%)			
Maximum Order Size	Maximum Order Size Limit	Please refer to the Attachment	Please refer to the Attachment	

Mnemonic / Participant Name	
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We confirm that the following reviews have been done before proceeding to apply relevant risk limits to HKATS Risk Functions:

- 1) Assessments have been made to the trading activities;
- 2) Utilization Reports have been reviewed as a reference to determine the risk limits;
- 3) The risk limits have been reviewed and approved by the authorized person(s) who is/are responsible for the internal risk controls of the company;
- 4) Risk Limit Managers are familiarized with the operations of HKATS Risk Functions GUI;
and
- 5) Customers have been informed about HKATS Risk Functions in derivatives market and the possible scenarios of order rejections and cancellations.

Signature of Responsible Officer
with company chop

Date

Name of Responsible Officer

