



HKEx
香港交易所

Renminbi (RMB) Readiness Test

Information Package

for

HKCC & SEOCH Participants

(14 January 2012)

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1. Introduction

Hong Kong Exchanges and Clearing Limited (HKEx) is ready to support the trading and clearing of Renminbi (RMB) denominated futures and options contracts (RMB futures and options). Existing HKEx core IT systems, including DCASS and CCMS, are multi-currency systems which are capable of processing RMB futures and options in a manner similar to that applicable to futures and options denominated in Hong Kong dollar (HKD) and US dollar (USD) today.

In order to facilitate participants to examine their operation and system readiness for clearing and settling RMB futures and options traded on the Stock Exchange of Hong Kong Limited (SEHK) and/or Hong Kong Futures Exchange Limited (HKFE), a RMB Readiness Test will be conducted on 14 January 2012 to allow Exchange and Clearing Participants to simulate the trading and post-trade activities of RMB futures and options via HKATS and DCASS.

This Information Package is designed to assist Participants in planning and preparing for the part of the RMB Readiness Test relating to clearing and settlement (Test). Participants should read this Information Package carefully and make necessary preparation before participating in the Test. A copy of this document should also be passed to their IT support or system vendor to ensure the availability of proper technical support before and during the Test.

2. Objective and Scope

2.1 Test Objective

The objective of the Test is to provide opportunity for Participants to examine their internal operational processes, back office system (BOS) and OMnet Application Programming Interface (OAPI) where applicable for their readiness in clearing and settling RMB futures and options.

2.2 Scope

The Test will consist of two parts :

- Part A for simulation of DCASS normal online session; while
- Part B for report verifications

HKCC and SEOCH Participants are required to complete both parts of the Test.

Part A : DCASS Normal Online Session

DCASS normal online session will be provided during the Test for Participants to:

- perform post-trade activities, such as trade rectification, give-up / take-up, and position transfer for RMB futures and options;
- perform exercise of RMB stock options; and
- perform various DCASS online enquiry functions (such as enquiry via Trade History Window, Holding Give-up Window and Account Position Window) for RMB futures and options.

Covered Call Requests and CCMS online will NOT be available during the Test. Covered call requests, RMB collateral balances and cash movements will be input by HKEx in DCASS and/or CCMS for report verifications. Please refer to Appendix B for details.

Part B: Report Verifications (with DCASS and CCMS reports available to Participants on or before 16 January 2012 (Monday))

A list of DCASS and CCMS reports will be distributed to Participants, (i) intra-day reports will be available via DCASS / email during the Test; and (ii) day-end reports will be sent to Participants via email on or before 16 January 2012 to:

- verify various DCASS and CCMS reports with activities performed in relation to RMB futures and options; and
- verify CCMS reports for RMB cash deposit, transfer and withdrawal transactions input by HKEx

3. Important Notes to Participants

3.1 Technical setup for the Test

Participants should note the following technical arrangements before and after the Test

Before the Test, on 13 January 2012 (Friday)

- a) To facilitate the Test preparation, on the night before the Test, i.e. 13 January 2012 (Friday), Participants must
- NOT shut down the DCASS Server machines
 - close other Windows applications
 - log out from the DCASS Server machines
 - ensure 'dcassadmin' account is active
 - ensure at least 4GB free disk space is available in C drive

Similarly, both the DCASS Server machines and the NGs should remain switched on after the Test, for HKEx to resume the production setup.

On 14 January 2012, before and during the Test

- b) Before the Test at around 12:00 mid-night, HKEx will make backup of production reports / files in the participating Participants' **production DCASS Servers** and to empty out the designated report directory for downloading DCASS reports / files during the Test. ***Participants should note that the production reports / files will NOT be available on 14 January 2012.***

On 14 January 2012, after the Test (2:00 p.m. – 6:00 p.m.)

- c) HKEx will remove the “**Testing**” reports / files and restore the production reports / files to the designated report directory of the participating Participants' **production DCASS Servers**.
- d) Each participating Participant will be notified by phone and email when its production DCASS Server is ready for verification. Participants should perform connectivity verification, as follows:

1. Log on the production DCASS Terminal.
 - An error message, “**The NASDAQ SECUR BO server is not connected to OMnet.**”, will be displayed. This is normal system behaviour when Participants log on to DCASS Terminals during Saturday, which being a non-Business Day. Participants should click ‘**OK**’ to proceed to log on.
2. Verify the availability of production reports / files.
3. Verify the account positions.

3.2 Preparation and execution of the Test

Participants should note the following arrangements for the preparation and execution of the Test

- a) Participants shall use their existing DCASS Terminals and / or Network Gateways (NG) to access DCASS during the Test. Participants are reminded to ensure that ALL Testing DCASS/CCMS reports/files received on 14 and 16 January 2012 (Saturday and Monday respectively) will be handled separately, as to avoid mis-using these reports/files for their normal business on the following Monday.
- b) Participating staff must have experience in conducting DCASS related activities for their daily business operations, and shall use the **production** user ID and password, as of **13 December 2011 (start of day)** to access DCASS during the Test. Besides, Participants should ensure the participating staff members have appropriate user function access to perform the required DCASS activities during the Test. **Participants’ DCASS Administrators are not encouraged to change the users function access during the Test because it will take time to take effect.**
- c) The testing reports/files available in the Test and received on or before the following Monday via email are for testing purpose only. Participants should not use these reports/files for production use.
- d) Participants should ensure that they have access to the e-mails of the designated contact persons for the Test in order to receive reports/files and obtain emergency messages from HKEx during the Test.
- e) Participants should refer to the Checklist in Appendix A for the action items to be performed before, during and after the Test for the preparation and execution of the Test. In order to achieve the testing objectives, participating users should familiarize themselves with the requirements and procedures prior to the Test.
- f) Participants should have their system administrator ID(s) and password(s) of their internal systems ready throughout the Test, in case technical trouble-shooting is required.
- g) In addition, Participants are recommended to maintain a proper audit trail in respect of each transaction input during the Test in accordance with the policy currently adopted by the Participants. The Responsible Officer or his/her designate of each participating Participant should be present during the Test to supervise the testing process and to be responsible for relaying any issues arising during the Test to HKEx.

4. Schedule and Arrangement

4.1 Overview

The Test will be held on 14 January 2012 (Saturday). During the Test, trade executed via HKATS will be transmitted to and captured by DCASS, which will be available for Participants to perform post-trade activities.

4.2 Schedule and Timetable

Part A : DCASS Normal Online Session

The Test will be conducted on 14 January 2012 (Saturday). Participants are requested to ensure their DCASS Terminals and/or OAPI programs will be available during the Test.

Execution Date: 14 January 2012 (Saturday)

System Date: 14 January 2012

TIME	DCASS PROCESSING	REMARKS
From 8:30 a.m. to 12:00 noon	<i>Trading Session</i>	
9:15 a.m.	RMB Index Futures & Options (i.e. ASI Futures and Options) starts trading	
9:30 a.m.	RMB Denominated Stock Options starts trading	
From 8:30 a.m. to 1:00 p.m.	<i>Clearing Session</i>	
	DCASS online session available	
	Perform online functions for post-trade transactions	Participants should refer to Appendix B for the execution requirements for suggested functions to be executed
Around 11:30 a.m.	Perform intra-day margin processing	
12:00 noon	Trading session end	Participants can continue to perform post-trade activities via DCASS until 1:00 p.m.
1:00 p.m.	DCASS online session end	Logout / disconnect from DCASS upon completion of online activities

TIME	DCASS PROCESSING	REMARKS
2:00 p.m. to 6:00 p.m.	DCASS re-connect to production network	Perform connectivity verification to production network <i>Note: HKEx will notify each participating Participant the time to perform the connectivity verification separately</i>

Part B: Report Verifications

On or before 16 January 2012 (Monday), Participants will receive, via DCASS/email, a set of intra-day/day-end DCASS and CCMS reports containing the activities performed via DCASS during the Test and transactions input by HKEx. Participants should verify the reports by reconciling them against the activities performed during the Test as well as those input by HKEx (refer to Appendix B).

4.3 User ID and Login Password

Participants should use their **DCASS production user IDs** and passwords, as of **13 December 2011 (start of day)**, for login to DCASS during the Test.

4.4 Test Environment

When Participants log in DCASS, they will be simulating production operation as if 14 January 2012 is a normal business day. HKEx will prepare a clean environment for DCASS. Pre-defined trades dated 13 January 2012 will be generated for each Participant to perform post-trade activities (refer to Point (3) of Appendix B for details).

4.5 Transactions to be Executed

Participants should execute post-trade transactions via DCASS Terminals and/or DCASS OAPI programs during the Test. There will be **NO** access to CCMS during the Test. Participants should refer to Appendix B for the detailed execution script.

4.6 Pre-Test Arrangement

Participants should ensure their BOS are ready for supporting RMB futures and options.

If Participants would use their production BOS to perform the Test, they should ensure their production BOS data are properly backed up before the Test. Data restore procedures should also be prepared before the Test so that production data can be restored to their production BOS upon completion of the Test. Participants should arrange where appropriate data backup arrangement with their IT support or BOS vendor before the Test, if such procedures required.

4.7 Post-Test Arrangement

Participants are reminded to do clean-up and make sure that their corresponding BOS / OAPI programs used in the Test has been resumed to production image and ready for normal business activities on the next business day.

4.8 Test Confirmation

All participated Participants are requested to complete and return the RMB Readiness Test Confirmation Form as per Appendix C to HKEx by fax **at or before 6:00 p.m. on 18 January 2012 (Wednesday)**.

5. **Communication Channels**

During the Test, HKEx will communicate with Participants via Clearing Messages of DCASS

In the event of cancellation or postponement of the Test if contingency happened before the Test starts on 14 January 2012 due to unexpected reasons, HKEx will inform Participants of the ad-hoc arrangements via e-mail and/or phone calls. Participants should ensure that their designated contact persons for the Test are reachable during the prescribed time and the relevant mobile phone number submitted to HKEx is correct.

6. **Help Desk**

For any queries during the preparation and execution of the Test, Participants can contact 2979-7222 for assistance.

APPENDIX A: RMB Readiness Test Checklist

ITEMS TO BE CHECKED		✓
<i>(A) Before the Test</i>		
1	Have you read and understood this document (“Renminbi (RMB) Readiness Test Information Package for HKCC & SEOCH Participants”)?	
2	Have you (if necessary) passed this document to your internal IT support team or system vendor and ensured that they would make follow-up action?	
3	Have you coordinated with your trading partners to have trades executed in the Test for clearing and settlement?	
4	Do you have records of DCASS production user IDs and passwords as of 13 December 2011 (start of day) for login to DCASS during the Test, in case the IDs and passwords have been changed since then?	
5	Have you ensured that the participating users have appropriate user function access to perform the required DCASS activities and/or BOS activities during the Test?	
6	Have you established appropriate procedures to restore your BOS / OAPI upon completion of the Test and verification control to ensure system readiness for normal business operations on the following Monday?	
7	Have you arranged IT support with appropriate system administration ID and password during the Test in case there is any technical problem?	
<i>(B) The night before the Test, on 13 January 2012 (Friday)</i>		
1	Have you ensure your DCASS Servers are switched on, as refer to point a) of section 3.1?	
<i>(C) On 14 January 2012, before executing test cases of the Test</i>		
1	Have you backed up the production reports / files dated 12 & 13 January 2012 from your production server before executing the Test?	
<i>(D) After the Test</i>		
1	Have you cleaned up or removed the testing report / data from the production BOS / OAPI server after the Test?	
2	Have you restored your BOS / OAPI servers with the production image and ensure they are ready for production use on the following Monday, i.e. 16 January 2012?	
3	Have you submitted the completed “RMB Readiness Test Confirmation Form” (Appendix C) to Clearing Division of HKEx before 6:00 p.m. on 18 January 2012 (Wednesday)?	

APPENDIX B: Test - Data Set up and Execution Requirements

(1) Pre-defined RMB futures and options contracts

The following products will be available for performing trading and post-trades activities during the Test:

- RMB Denominated Stock Options
- RMB Index Futures and Options

Market	Product	Underlying Stock	Commodity Code	Contract Months (all in 2012)	Contract Size / Multiplier	Strike Price Range
SEHK						
RMB Denominated Stock Options	XYX	88388	6001	Jan, Feb, Mar, Jun, Sep, Dec	1,000 shares	8.00 – 10.00
	XYZ	88399	6002	Jan, Feb, Mar, Jun, Sep, Dec	2,000 shares	17.00 – 22.00
HKFE						
RMB Index Futures and Options	ASI Futures	N/A	N/A	Jan, Feb, Mar, Jun	50	N/A
	ASI Options	N/A	N/A	Jan, Feb, Mar, Jun, Sep, Dec	50	2700 - 3300

Fees and charges pre-set for the **RMB Readiness Test only**

Product	Exercise/Assignment Fee	Settlement Fee
SEHK		
RMB Denominated Stock Options	CNY2.00	-
HKFE		
ASI Futures	-	CNY10.00
ASI Options	CNY 10.00	-

(2) Dummy Participant

A dummy Participant will act as the counterparty of the post-trade transactions to be executed by Participants:

DCASS Customer Code: CCCC

(3) Post-trade Transactions in DCASS

Apart from the trades to be executed by the trading operation teams of the Participants during the Test, each Participant would have the following pre-defined previous day trades (i.e. with trade date as 13 January 2012) in their DCASS **House** Accounts for the Test:

SEOCH

Product	DCASS Account	Buy / Sell	Series	No of Contract
XYX	P1	B	XYX8.00N2	100
	P1	S	XYX9.00B2	400
	P1	B	XYX8.50R2	500
XYZ	P1	S	XYZ17.00A2	200
	P1	B	XYZ18.00R2	300
	P1	S	XYZ19.00F2	600

HKCC

Product	DCASS Account	Buy / Sell	Series	No of Contract
ASI Futures	H1	B	ASIF2	100
	H1	S	ASIG2	400
	H1	B	ASIH2	500
ASI Options	H1	S	ASI2700.0A2	200
	H1	B	ASI2800.0N2	300
	H1	S	ASI3000.0M2	600

(4) Covered Call Requests

The following pre-defined covered call requests will be input as of 14 January 2012:

DCASS Account	Options Contract	Covered Quantity	CCMS Account	Stock Code	CCY	On-hold Quantity
P1	XYY9.00B2	10,000	HSE 0001	88388	CNY	10,000

(5) Collateral Balances in CCMS

The following pre-defined cash and non-cash collateral balances (opening balances as of 14 January 2012) will be available in each participant's **House** Account:

CCMS Account	Type of Collateral		Collateral Balance
HSE 0001	General Cash	HKD	1,000,000
		CNY	2,000,000
<i>For SEOCH Participants Only</i>			
HSE 0001	CCASS Stock	RMB Stock (stock code : 88388)	3,000,000

Note : Stock Price of 88388 is set as HKD100.

(6) Cash Collateral Deposit / Withdrawal Transactions in CCMS

The following pre-defined cash deposit / withdrawal transactions will be input as of 14 January 2012:

Activities	Account	Currency	Amount
Deposit	CLT 0001	HKD	100,000
	CLT 0001	CNY	200,000
Withdrawal	HSE 0001	HKD	300,000
	HSE 0001	CNY	400,000

(7) Cash Collateral Account Transfer Instructions in CCMS

The following pre-defined cash collateral account transfer instructions will be input as of 14 January 2012:

From Account	To Account	Currency	Amount
HSE 0001	CLT 0001	HKD	100,000
HSE 0001	CLT 0001	CNY	200,000

(8) CNY/HKD exchange rates and exchange rate haircuts will be set in CCMS

The following exchange rates and exchange rate haircuts for CNY/HKD will be set as of 14 January 2012:

From CCY	To CCY	Exchange Rate	Exchange Rate Haircut (%)
CNY	HKD	1.2065	1.00
HKD	CNY	0.8288	1.00

(9) Execution Requirements

Execution Date	14 January 2012
System Date	14 January 2012
DCASS Online Session	<p>Participants may perform various online functions which are considered as critical business transactions with RMB futures and options during the Online Session. Herein below are some suggested transactions for Participants' reference:</p> <ul style="list-style-type: none"> ➤ Rectify trade ➤ Give-up ➤ Take-up ➤ Internal position transfer ➤ Exercise of RMB stock options <p>Participants can make use of the pre-defined trades prepared by HKEx to execute the post-trade transactions. Participants can also input other post-trade transactions if they have completed the required transactions.</p>

(10) Suggested Reports / Files Verifications

- (a) Participants will receive the following intra-day reports / data files during the Test on 14 January 2012 (Saturday)

DCASS Report		Report	Data File
<i>Risk Management Reports and Data Files</i>			
Via DCASS			
RPI03	Margin Summary	√	
RPI07	Position Data File		√
RPI10	Net (Risk) Margin Summary	√	
RPI11	Net Position Data File		√
Via email			
RPF	Risk Parameters File		

- (b) Participants will receive the following day-end reports / data files via email on or before 16 January 2012 (Monday)

Report Date: 14 January 2012

DCASS Report		Report	Data File
<i>Clearing Reports and Data Files</i>			
TP001	Position Details	√	√
TP002	Position Summary	√	
TP004	Daily Trading Statement	√	√
TP005	Fees & Variation	√	
TP006	Transaction Fee Summary	√	√
TP008	Premium Summary <i>(applicable to SEOCH Participants only)</i>	√	
TP009	Exercise and Assign Summary	√	√
TP012	Give-up / Take-up Summary	√	√
<i>Risk Management Reports and Data Files</i>			
RP001	Mark-to-Market Margin <i>(applicable to SEOCH Participants only)</i>	√	
RP003	Margin Summary	√	
RP004	Greeks	√	
RP005	Theoretical Options Pricing Parameters	√	
RP006	Series Prices	√	√
RP007	Position Data File		√
RP009	Series Greeks Data File		√
RP010	Net (Risk) Margin Summary	√	
RP011	Net Position Data File		√
RPF	Risk Parameters File		

CCMS Report		Report	Data File
CCMPY01 / CCMPY02	Posting/Collateralisation Result Report	√	
CCMDW01	Cash Collateral Deposit/Withdrawal Order Activity Report	√	
CCMAT01	Cash Collateral Account Transfer Instruction Activity Report	√	
CCMMV01	Participant Collateral Account Movement Report	√	
CCMCA02	Collateral Account Balance Report	√	
CCMDS01	Statement of Collateral Account	√	√
CCMIR02	Collateral Parameters Information List	√	

APPENDIX C

**Confirmation of Completion of The RMB Readiness Test
Held on 14 January 2012 and
Readiness for Clearing and Settling RMB Futures & Options**

Participants who have completed the RMB Readiness Test should confirm their readiness by completing and returning this Confirmation Form to the Clearing Division of HKEx via fax at or before 6:00 p.m. on 18 January 2012 (Wednesday).

To: Hong Kong Exchanges and Clearing Limited
Fax: 2579-0136 / 2579-0085

Participant Information		
Participant Name	DCASS Customer Code _ _ _ _ _	
Partnership (can check more than 1 box, if applicable)	<input type="checkbox"/> HKCC	<input type="checkbox"/> SEOCH
Contact Person for Clearing (Primary)	Phone No.	Email Address
Contact Person for Clearing (Alternate, if applicable)	Phone No.	Email Address

A. Completion of RMB Readiness Test (check appropriate box below)

1. We have participated in and successfully completed the RMB Readiness Test (*which covered (i) the DCASS online activities; (ii) verification of DCASS / CCMS reports and data files*).

2. We did **NOT** complete the RMB Readiness Test due to the following reason(s):

Note: Before clearing and settling transactions in any RMB futures / options, Participants should verify and ensure that all their systems and operation procedures shall be able to handle RMB futures / options.

Participant Name: _____ DCASS Customer Code : _____

B. Readiness for Clearing and Settling RMB Futures & Options

(check appropriate box below)

1. We confirm that our back office systems are ready for clearing and settling RMB futures / options.

2. Our back office systems are not ready for clearing and settling RMB futures / options due to the following reason(s):

Note: Before actually clearing and settling transactions in any RMB futures / options, Participants should verify and ensure that all their back office systems and operation procedures shall be able to handle RMB futures / options.

C. Opening of RMB Bank Accounts for settling RMB futures/options

(check appropriate box below)

1. We have opened RMB Bank Accounts for settling RMB futures/options

2. We have **NOT** opened RMB Bank Accounts for settling RMB futures/options
(please specify reason(s): _____
_____)

Note: Only Participants that have opened RMB Bank Accounts and set up these bank accounts in CCMS would be considered for granting clearing access to RMB futures/options.

Signature of Authorised Signatories with Company : _____ Date : _____
Chop _____

Name of Authorised Signatories : _____

Thank you for completing the Confirmation Form.