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香港期貨交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

Hong Kong Futures Exchange Limited

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

事項 Readiness for Renminbi Currency Futures
Subject:

查詢 HKATS Hotline 2211-6360
Enquiry: Ms. Sharon Ang 2211-6151

The Exchange is planning to introduce a Renminbi (RMB) currency futures contract – USD/CNH futures during 3rd quarter 2012, subject to regulatory approval.

The USD/CNH futures contract would be an exchange rate risk management tool for investors to hedge RMB exposure.

Exchange Participants (Participants) are requested to note the contract feature of USD/CNH futures, which is a principal exchange contract with delivery of US dollars by the seller and payment of the Final Settlement Value in RMB by the buyer at maturity. The contract will be quoted as RMB per USD (e.g. RMB 6.2486 per USD) and margined in RMB. The trading fee and settlement fee will be charged in RMB.

To facilitate Participants with HKATS OMnet Application Programming Interface (OAPI) Programs to prepare their OAPI program readiness, USD/CNH futures contracts will be available for testing in HKATS testing environment from 20 April 2012. More details of HKATS arrangements will be sent to the technical contact person of the Participants with OAPI programs by email.

In order to allow Participants to simulate their trading, clearing activities and associated operations in handling USD/CNH futures contracts, the Exchange invites Participants to participate in the USD/CNH futures readiness test (Readiness Test) to be conducted on **Saturday, 30 June 2012**. Details of the currency futures contract and Readiness Test are set forth in below paragraphs.

香港交易及結算所有限公司
Hong Kong Exchanges and Clearing Limited

香港中環港景街一號國際金融中心一期12樓
12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

電話 Tel: +852 2522 1122 傳真 Fax: +852 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

Contract Specifications

The key features of the USD/CNH futures contracts are as follows:

1. Trading Symbol: CUS
2. Contract Month: Spot month, the next three calendar months and the next three calendar quarter months
3. Contract Size: USD 100,000
4. Price Quotation: RMB per USD (e.g. RMB 6.2486 per USD)
5. Minimum Fluctuation: RMB 0.0001 (4 decimal places)
6. Final Settlement Day: The 3rd Wednesday of the Contract Month
7. Last Trading Day: Two Hong Kong Business Days prior to the Final Settlement Day
8. Final Settlement Price: To be determined by the Exchange
9. Settlement Method : Delivery of US dollars by the Seller and payment of the Final Settlement Value in RMB by the Buyer in accordance with the mechanism and provisions set forth in the Regulations for trading Currency Futures Contracts and the Clearing House Rules
10. Exchange Fee (in RMB): To be announced
11. Settlement Fee (in RMB): To be announced
12. Commission Levy: Nil

More details of the contract specifications of USD/CNH futures contracts are set forth in the Attachment I for your reference.

Relevant rule amendments relating to USD/CNH futures will be announced via a separate circular after regulatory approval.

Market Making

The Exchange invites applications of market makers for the USD/CNH futures contract. Interested parties please contact Mr. Frederick Yim by email to FrederickYim@hkex.com.hk.

Trading Arrangement

USD/CNH futures contract will be open for trading according to the Hong Kong holiday schedule.

Block trade volume threshold for the USD/CNH futures will be 50 contracts.

Trading access to USD/CNH futures contract will not be granted to Participants if they do not have RMB and USD settlement capability to clear trades in USD/CNH futures.

Clearing Arrangement

Participants need to arrange for RMB and USD settlement capability. Non-clearing Participants should contact their General Clearing Participants (GCPs) to ensure their eligibility of clearing USD/CNH futures contracts.

For clearing arrangements, please refer to the HKCC circular (Ref. no. CD/DCO/HKCC/005/2012) dated 19 April 2012.

Readiness Test

HKEx has scheduled a Readiness Test (Test) to be conducted on Saturday, 30 June 2012 to allow Participants to simulate their trading, clearing activities and associated operations in handling USD/CNH futures contracts. Non-clearing Participants which do not clear and settle trades themselves are reminded to involve their appointed GCPs in the Test.

Participants are strongly advised to review their systems and operation procedures to ensure adequate preparation has been undertaken to support the trading and clearing of USD/CNH futures, including but not limited to, the following:

1. OMnet Application Programming Interface (OAPI) ;
2. Clearing and settlement systems; and
3. Other front-end and back-end systems and operations as appropriate.

Participants who wish to participate in the Test, please complete and return the attached registration form to HKEx, ***on or before Friday, 11 May 2012***, by fax to 2509-0724 or 2877-0017 or email to ClickSupport@hkex.com.hk. Upon receipt of the registration form, the Trading Information Package on the Test will be emailed to the registered Participants. A separate circular will be issued by HKCC on the arrangement of the Clearing Information Package for the Test in due course.

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PC Wong
Vice President
Trading Division (Derivatives)

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.

Proposed contract specification of USD/CNH futures

<p>Contract Specifications For US Dollar vs Renminbi (Hong Kong) (“USD/CNH”) Futures</p>

The following Contract Specifications shall apply to the USD/CNH Futures Contract:

Contract Size	USD100,000
Contract Months	Spot month, the next three calendar months and the next three calendar quarter months (i.e. quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate.
Price Quotation	RMB per USD (e.g. RMB 6.2486 per USD)
Minimum Fluctuation	RMB 0.0001 (4 decimal places)
Tick Value	RMB 10
Contracted Price	The price at which a USD/CNH Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size (e.g. RMB 6.2486 x 100,000)
Trading Hours	9:00 a.m. – 4:15 p.m. (Hong Kong time) There is no trading after 12:00 noon on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon (Hong Kong time)
Trading Hours on the Last Trading Day	9:00 a.m. – 11:00 a.m. (Hong Kong time)
Trading Method	The Exchange’s Automated Trading System (HKATS)
Position Limits	To be announced
Large Open Positions	To be announced
Settlement Method	Delivery of US dollars by the Seller and payment of the Final Settlement Value in RMB by the Buyer in accordance with the mechanism and provisions set forth in the Regulations for trading Currency Futures Contracts and the Clearing House Rules

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Final Settlement Value	Contract Size x Final Settlement Price
Final Settlement Day	The third (3rd) Wednesday of the Contract Month. If it is not a Hong Kong Business Day, the Final Settlement Day shall be the next Hong Kong Business Day
Last Trading Day	The Last Trading Day of a Contract shall be two Hong Kong Business Days prior to the Final Settlement Day
Final Settlement Price	To be determined by the Exchange
Trading Fee (per contract per side)	Exchange Fee (in RMB) To be announced The amount indicated above is subject to change from time to time
Levies (per contract per side)	Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable