

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

Subject: Trading and Clearing Operational Arrangements Relating to the Capital Adjustment of Hang Seng Bank Limited Stock Futures Contracts – Special Interim Dividend

Enquiry: HKATS Hotline Tel: 2211-6360
DCASS Hotline Tel: 2979-7222

Participants are requested to note that capital adjustment to the stock futures contracts below will be made on the ex-date based on the corporate action announced:

Underlying Stock Name of the Stock Futures Contracts (Stock Code)	Hang Seng Bank Limited (“Hang Seng”) (0011)
HKATS Code	HSB
Corporate Action	Special Interim Dividend of HK\$3.00 per share
Ex-date	7 March 2016

For details of the announcement made by Hang Seng on 22 February 2016, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/sehk/2016/0222/LTN20160222149.pdf>

Trading Arrangements

The trading arrangements for the existing Hang Seng stock futures under trading symbol HSB will be as follows:

1. Adjustment and Transfer of Outstanding Positions

Open positions of Hang Seng stock futures series under trading symbol HSB which exist after the market close on the business day immediately before the ex-date will be adjusted and transferred to stock futures series under trading symbol HSA.

2. Introduction of New Stock Futures Series for Trading

On the ex-date, new Hang Seng stock futures series based on the standard contract multiplier will be introduced for trading under the standard trading symbol HSB.

Details of the adjustment procedures for Hang Seng stock futures series under trading symbol HSB are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	$\frac{(\text{underlying stock closing price} - \text{ordinary dividend} - \text{special dividend})}{(\text{underlying stock closing price} - \text{ordinary dividend})}$	Rounded to the nearest 4 decimal places
Adjusted Contracted Price (ACP)	Contracted price of outstanding stock futures series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	Contracted price of outstanding stock futures series x (100 shares / ACP)	Rounded to the nearest 4 decimal places

Contract	Trading Symbol	Contract Multiplier (Shares)	Availability For Trading	Addition of New Stock Futures Series on and after the ex-date
Adjusted	HSA	ACM	From ex-date to 29 September 2016	No
Standard	HSB	100	From ex-date onwards	Yes

The adjusted and standard stock futures series are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock futures series will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the ex-date.

Capital adjustments, once being made, are conclusive and binding on all relevant stock futures contracts. The capital adjustments made will not be reversed even if the proposed corporate action is subsequently disapproved by relevant authorities, including but not limited to regulatory authorities and the court.

Participants should pay particular attention that the settlement amount of adjusted and standard stock futures series on the expiry day will be calculated using their respective contract multipliers. There will not be any changes to the number of open positions and other contract terms after the transfer of positions.

Clearing and Settlement Arrangements

Position offset between the standard HSB and the adjusted HSA stock futures series is not allowed.

Inform Your Staff and Clients

Participants should notify all clients holding positions in the captioned stock futures contracts the details of trading and clearing operational arrangements and the associated risk. Please ensure that your back office systems are ready for a smooth operation in handling this capital adjustment. In addition, all your staff should be fully aware of the trading and clearing arrangements, and should exercise caution when dealing with the standard and adjusted stock futures contracts and when advising your clients.

Sanly Ho
Head
Derivatives Trading
Markets Division

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.