

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 MTR Corporation Ltd. Stock Futures Contracts – Special Dividend

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

Participants are requested to note that MTR Corporation Ltd. ("MTR") has announced a payment of special dividend. Capital adjustment to the stock futures contracts below will be made on the ex-date:

Underlying Stock Name of the Stock Futures Contracts (Stock Code)	MTR Corporation Ltd. (00066)
HKATS Code	MTR
Corporate Action	Special Dividend of HK\$4.40 in aggregate per Share (will be paid in two equal tranches of HK\$2.20 per Share)
Ex-date	First Special Dividend: 20 May 2016 Second Special Dividend: To be announced by MTR

For details of the announcements made by MTR on 14 March 2016 and 3 May 2016 respectively, please refer to the hyperlink below:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0314/LTN20160314045.pdf>

<http://www.hkexnews.hk/listedco/listconews/sehk/2016/0503/LTN201605031293.pdf>

Trading Arrangements

The trading arrangements for the existing MTR stock futures under trading symbol MTR will be as follows:

1. Adjustment and Transfer of Outstanding Positions

Open positions of MTR stock futures series under trading symbol MTR 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 MTA.

2. Introduction of New Stock Futures Series for Trading

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

Details of the adjustment procedures for MTR stock futures series under trading symbol MTR 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 (500 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	MTA	ACM	From ex-date to 29 December 2016	No
Standard	MTR	500	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 MTR and the adjusted MTA 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.