

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:** Introduction of the Physically Settled USD and CNH Gold Futures and Registration for Briefing Session

**Enquiry:** Ms. Jennifer Chan +852 2840 3701 | Ms. Catherine Zhang +852 2840 3261

Hong Kong Futures Exchange Limited (“Exchange”) is planning to introduce two futures contracts: the physically settled USD and CNH Gold Futures Contracts (each a “Gold Futures Contract” and together the “Gold Futures Contracts”), subject to regulatory approval.

Details of the proposed contract specifications of the Gold Futures Contracts are set forth in **Attachment 1** for reference. Relevant rule amendments relating to the Gold Futures Contracts will be announced via a separate circular once regulatory approval is granted.

### **Trading Arrangements**

The Gold Futures Contracts will follow the Hong Kong holiday schedule. They will both have day trading session and after-hours trading session, with corresponding trading closing hours set at 4:30 p.m. and 1:00 a.m. respectively.

The proposed block trade volume threshold for each of the Gold Futures Contracts will be 30 contracts.

Exchange Participants are required to have RMB and/or USD settlement capability in order to be granted trading access to the corresponding Gold Futures Contracts.

### **Clearing Arrangements**

Clearing Participants will need to arrange for RMB and/or USD settlement capability to clear the Gold Futures Contracts. To be eligible to physically settle the Gold Futures Contracts, Clearing Participants should have physical settlement capability or appoint another Clearing Participant with physical settlement capability to settle on their behalf.

Clearing Participants without such physical settlement capability (“Non-delivery HKCC Participants”) will not be permitted to hold any open positions of spot month Gold Futures Contracts after the System Input Cutoff time (i.e. 6:45 p.m.) of the business day prior to the Last Trading Day, or to trade (and where applicable, shall procure that its Non-Clearing Participants will not trade) or accept any trade or positions transfer in any spot month Gold Futures Contracts after the T session of the business day prior to the Last Trading Day unless such trade or position serves to close out an existing open position of the Non-delivery HKCC Participant.

Non-Clearing Participants should contact their General Clearing Participants to ensure their eligibility for clearing and/or physical settlement of the Gold Futures Contracts.

For details, please refer to a separate circular issued by the HKFE Clearing Corporation Limited (HKCC) on the related clearing and settlement arrangements (Ref. No.: [CD/CDCO/HKCC/005/2017](http://CD/CDCO/HKCC/005/2017)).

### **Trading Information**

The access codes of information vendors of USD and CNH Gold Futures will be available on HKEX's website in due course.

### **Readiness Test**

All participants are strongly advised to review their systems and operations procedures to ensure adequate preparation has been undertaken to support the trading and clearing of the Gold Futures Contracts, including but not limited to, the following (where applicable):

1. OMnet Application Programming Interface ("OAPI");
2. Trading, clearing and settlement systems;
3. Physical delivery procedures with the Approved Depository; and
4. Other operational systems and related processes/arrangements as appropriate.

To facilitate participants to verify their OAPI programme readiness, the Gold Futures Contracts will be setup in the HKATS and DCASS testing environments in due course. Details of the testing environment will be sent to Participants in separate email.

For Clearing Participants who plan to physically settle the Gold Futures Contracts as a Physical Delivery Participant to simulate their physical delivery activities and associated operations in handling the Gold Futures Contracts, a readiness test ("Readiness Test") is scheduled to be conducted on **Saturday, 10 June 2017**. Physical Delivery Participants who plan to participate in the Readiness Test are required to complete the [Online Registration Form](#) "**Contact Details Form - Readiness Test for the Physically Settled USD and CNH Gold Futures**" **on or before Friday, 26 May 2017**.

### **Briefing Sessions on Gold Futures Contracts and Readiness Test**

For all participants to better understand Gold Futures Contracts and for Physical Delivery Participants to prepare for the Readiness Test, participants are cordially invited to the briefing sessions to be held on **19 and 22 May 2017** as follows:

Date:	Friday <b>19 May 2017</b>	(Cantonese)	<a href="#">Online Registration Form</a>
	Monday <b>22 May 2017</b>	(English)	<a href="#">Online Registration Form</a>
Time:	Registration 4:45pm – 5:00pm		
	Presentation 5:00pm – 6:00pm		
Venue:	The Exchange Auditorium, The Exchange Hall, 1/F, One and Two Exchange Square, Central		

Participants should complete the online registration form to register for the Briefing Sessions and return the Questionnaire (**Attachment 2**) to HKEX **on or before Wednesday 17 May 2017** by email to [HKEXcommodities@hkex.com.hk](mailto:HKEXcommodities@hkex.com.hk). A maximum of four seats will be reserved for each Participant and acceptance will be on a first-come, first-served basis as seats are limited.

Li Gang

Co-head, Market Development

Att.

*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.*

*Subject to regulatory approval*

**Attachment 1: Proposed Contract Specifications**

Contract Specifications For USD Gold Futures
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The following Contract Specifications shall apply to the USD Gold Futures Contract:

Underlying	1 kilogram gold of not less than 0.9999 fineness bearing a serial number and identifying stamp of a Recognized Refiner
Contract Size	1 kilogram
Trading Currency	U.S. dollars
Contract Months	Spot Month and the next eleven calendar months. 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	U.S. dollars and cents per gram
Minimum Fluctuation	USD0.01 per gram
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD Gold Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and  USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Client
Large Open Positions	500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and  500 open contracts, in any one Contract Month, per Client
Trading Hours	8:30 a.m. to 4:30 p.m. (day trading session) and

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(Hong Kong time)	5:15 p.m. to 1:00 a.m. (after-hours trading session)
	There is no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. – 12:30 p.m.
	There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People’s Republic of China
Trading Hours on Last Trading Day (Hong Kong time)	8:30 a.m. to 4:30 p.m.
	There shall be no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. –12:30 p.m.
Trading Method	The Exchange’s Automated Trading System (HKATS)
Last Trading Day	The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Physical settlement
Settlement Currency	U.S. dollars
Final Settlement Price	Volume weighted average price (VWAP) of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick size. The Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the Final Settlement Price under certain circumstances
Delivery Site	An Approved Depository
Minimum Delivery Size	1 kilogram
Trading Fee (per contract per side)	Exchange Fee           USD1.00 The amount indicated above is subject to change from time to time
Settlement Fee (per contract per side)	USD2.00 The amount indicated above is subject to change from time to time

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Levies  
(per contract per side)

Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance

Commission Rate

Negotiable

*Subject to regulatory approval*

Contract Specifications  
For  
CNH Gold Futures

The following Contract Specifications shall apply to the CNH Gold Futures Contract:

Underlying	1 kilogram gold of not less than 0.9999 fineness bearing a serial number and identifying stamp of a Recognized Refiner
Contract Size	1 kilogram
Trading Currency	RMB
Contract Months	Spot Month and the next eleven calendar months. 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 gram
Minimum Fluctuation	RMB0.05 per gram
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a CNH Gold Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and  USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Client
Large Open Positions	500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and  500 open contracts, in any one Contract Month, per Client
Trading Hours (Hong Kong time)	8:30 a.m. to 4:30 p.m. (day trading session) and 5:15 p.m. to 1:00 a.m. (after-hours trading session)

*Subject to regulatory approval*

There is no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. – 12:30 p.m.

There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People's Republic of China

Trading Hours on Last Trading Day (Hong Kong time)	8:30 a.m. to 4:30 p.m.  There shall be no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. – 12:30 p.m.
Trading Method	The Exchange's Automated Trading System (HKATS)
Last Trading Day	The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Physical settlement
Settlement Currency	RMB
Final Settlement Price	Volume weighted average price (VWAP) of all trades except Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick size. The Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the Final Settlement Price under certain circumstances
Delivery Site	An Approved Depository
Minimum Delivery Size	1 kilogram
Trading Fee (per contract per side)	Exchange Fee RMB6.00 The amount indicated above is subject to change from time to time
Settlement Fee (per contract per side)	RMB12.00 The amount indicated above is subject to change from time to time
Levies	Commission Levy and Investor Compensation Levy are payable at



***Subject to regulatory approval***

(per contract per side)

the rate or of the amount prescribed from time to time pursuant to the Ordinance

Commission Rate

Negotiable

**Questionnaire on Participants' Readiness for the  
Physically Settled USD and CNH Gold Futures**

**To:** *Hong Kong Exchanges and Clearing Limited*  
*Email: [HKEXcommodities@hkex.com.hk](mailto:HKEXcommodities@hkex.com.hk)*

**From:** *Participant Name:* \_\_\_\_\_

1. Please advise if you will participate in the physically settled USD and/or CNH Gold Futures Contracts (together the "Gold Futures Contracts") upon the launch?

- Yes, both contracts                       Yes, USD Gold Futures only  
 No     Yes, CNH Gold Futures only

If you will not participate upon launch, but wish to participate following the launch, please advise us your plan.

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2. Please advise if your firm has/will have physical settlement capability.

- Yes     No

3. Is your OAPI program ready for the Gold Futures Contracts?

- Yes     No

If no, please provide details.

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4. Please confirm if your firm's name can be included on the list of Participants who have physical settlement capability on HKEX's website publication.

- Yes     No

5. If your firm has physical settlement capability, please confirm that proper positions controls and matching procedures for Gold Futures Contracts with your clients have been put in place and risks have been disclosed to clients prior to trading.

- Yes     No

If no, please provide details.

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**Completed Questionnaire should be returned to HKEX by email to [HKEXcommodities@hkex.com.hk](mailto:HKEXcommodities@hkex.com.hk) on or before Wednesday, 17 May 2017.**