

**HKEx Stock Options Revamp Fact Sheet**  
20 March 2013

● **Timeline:**

20 March 2013	<ul style="list-style-type: none"> <li>• Launch of HKEx website's Stock Options Corner</li> </ul>
2 May 2013	<ul style="list-style-type: none"> <li>• Introduction of new trading fee model</li> <li>• Addition of fourth serial expiry month</li> <li>• Introduction of one year waiver of fee for real time stock options prices (snapshot prices)</li> </ul>
Q2, 2013	<ul style="list-style-type: none"> <li>• Introduction of Primary Market Maker programme</li> </ul>
After HKATS upgrade to Genium INET Platform in Q4, 2013	<ul style="list-style-type: none"> <li>• Reduction of minimum trading spread in selected option classes</li> </ul>

● **Trading Fee Changes**

- 26 classes (40%) will have a trading fee reduction ranging from 50% to 83%

Existing Trading Fee Structure		
Tier	Nominal Value	Fee Per Contract
1	> \$20,000	\$3.00
2	≤ \$20,000	\$1.00

New Trading Fee Structure		
Tier	Nominal Value	Fee Per Contract
<b>1</b>	<b>&gt; \$25,000</b>	<b>\$3.00</b>
<b>2</b>	<b>&gt;\$10,000 - \$25,000</b>	<b>\$1.00</b>
<b>3</b>	<b>≤ \$10,000</b>	<b>\$0.50</b>

● **New Primary Market Makers, or PMMs**

- PMMs will provide continuous quotes and response to quote requests for five stock options initially: AIA, CNOOC, China Mobile, China Life Insurance, and HSBC
- To be expanded beyond initial five stock options

Existing market makers' continuous quote coverage, which will remain	<b>PMMs' continuous quote coverage</b>
7 per cent of market	<b>35 per cent of market</b>
50 per cent of trading hours	<b>&gt;80 per cent of trading hours</b>

- Additional expiry month will provide more choices for investors to trade with 3-month maturity

Existing expiry months	New expiry months
Spot month, next two calendar months and next three quarter months	Spot month, <b><u>next three calendar months</u></b> and next three quarter months
<p style="text-align: center;"><u>July 2013 example:</u> Jul 2013, Aug 2013, Sep 2013, Dec 2013, Mar 2014, Jun 2014</p>	<p style="text-align: center;"><u>July 2013 Example:</u> Jul 2013, Aug 2013, Sep 2013, <b><u>Oct 2013</u></b>, Dec 2013, Mar 2014, Jun 2014</p>

- New Stock Options Corner on HKEx Website
  - On HKEx website at: [www.hkex.com.hk/stockoptions/eng](http://www.hkex.com.hk/stockoptions/eng)
  - Over 10 analytical and risk management tools currently not available on the HKEx website
  - Delayed stock option prices (15 minute delay), and links to real time stock option prices provided by brokers and information vendors after 2 May 2013
  - Key Features:

Product and Price Information	<ul style="list-style-type: none"> <li>● Option Search Engine</li> <li>● Option Contract Information</li> </ul>
Analytical Tools	<ul style="list-style-type: none"> <li>● Option Calculator</li> <li>● Volatility Comparison Charts</li> </ul>
Risk Management Tools	<ul style="list-style-type: none"> <li>● Portfolio Analyser</li> <li>● Price / Volatility Matrix</li> </ul>
One-stop Margin Information	<ul style="list-style-type: none"> <li>● Margin Estimator</li> <li>● Margin Data Search</li> </ul>
Education Section	<ul style="list-style-type: none"> <li>● Options ABC</li> <li>● Educational Videos</li> <li>● Archive of HKEx-supported TV programming on stock options</li> </ul>

- Facebook Game sponsored by HKEx:
  - Program period: 25 Mar - 24 Apr 2013
  - Over 30 gifts to be given including smartphones
  - Please refer to <http://www.facebook.com/stockoptionsHK> starting from 25 Mar 2013

**HKEx Stock Options Market Fact Sheet**  
20 March 2013

- Most actively traded product in HKEx's derivatives market
  - Jan-Feb 2013 average daily trading volume (ADV) - 287,500 contracts (18-time increase versus ADV in 2002) - accounted for 52 per cent of HKEx's derivatives market volume
- 10 most actively traded stock options in terms of ADV in Feb 2013:

Rank	SEHK Code	HKATS Code	Underlying Stock	Contracts	% of Total Stock Options ADV
1	939	CCB	China Construction Bank Corporation	25,714	9.4%
2	3988	BCL	Bank of China Ltd.	24,190	8.9%
3	1398	ICB	ICBC	19,824	7.3%
4	941	CHT	China Mobile Ltd.	16,198	5.9%
5	388	HEX	Hong Kong Exchanges & Clearing Ltd	14,949	5.5%
6	700	TCH	Tencent Holdings Limited	14,730	5.4%
7	2318	PAI	Ping An Insurance (Group)	14,268	5.2%
8	5	HKB	HSBC Holdings Plc	13,512	5.0%
9	2628	CLI	China Life Insurance Company Ltd.	13,458	4.9%
10	1299	AIA	AIA Group Limited	10,983	4.0%
			Total	167,826	61.6%

- Number of stock option classes: 65 (please see below for complete list)
- Underlying stocks and other securities: Blue chips, red chips, H shares and ETFs
- Five new stock option classes added in 2012 and 2013: Galaxy, Sands, Standard Chartered, China AMC CSI 300 Index ETF and CSOP FTSE China A50 ETF; Sands and Galaxy ranked 14th and 16th by ADV in Feb 2013
- Number of Options Trading Exchange Participants: 87
- Number of market makers: 34
- A useful product to help market participants with their own strategies for achieving the kind of yield enhancement offered by some structured products

- Criteria for Stock Options' underlying stocks:

The Chief Executive of the Stock Exchange may, in consultation with the Securities and Futures Commission, introduce an option class for trading from time to time. The options traded at HKEx are conventional, American style put and call options on selected stocks which are listed on the Stock Exchange, with physical delivery on exercise. Exchange Participants shall be notified of the introduction of any option classes accordingly.

A stock is eligible to be an underlying stock of an option class if it has been listed on the Stock Exchange for a period of either:

- a) 60 consecutive trading days during which dealing in the shares of the stock has not been suspended; or
- b) not more than 70 consecutive trading days comprising 60 trading days during which dealing in the shares of the stock has not been suspended, ie not more than 10 trading days of trading suspension during the 70 consecutive trading days; and the public float capitalisation of the stock is at least \$4 billion (or an equivalent amount) except where the public float capitalisation of the stock exceeds \$10 billion (or an equivalent amount), in which case the requirements set forth in paragraphs (a) and (b) above may be exempted.

*Note: The requirements are minimum requirements; HKEx will introduce new stock option class according to market interest.*

**List of Stock Option Classes with their Respective New Tier Levels Compared to the Old Tier Levels (Effective from 2 May 2013)**

a) Stock Option Classes with Contract Size More Than One Underlying Board Lot Shares

No.	SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	No. of Board Lots	Existing Tier No.	New Tier No.
1	1288	Agricultural Bank of China Limited	ABC	10,000	10	1	1
2	1299	AIA Group Limited	AIA	1,000	5	2	1
3	2601	China Pacific Insurance (Group) Co., Ltd.	CPI	1,000	5	1	1
4	2822	CSOP FTSE China A50 ETF	CSA	5,000	25	1	1
5	2823	iShares FTSE A50 China Index ETF *	A50	5,000	50	1	1
6	2827	W.I.S.E. - CSI 300 China Tracker *	CS3	1,000	5	1	1
7	3188	ChinaAMC CSI 300 Index ETF	AMC	2,000	10	1	1

\* This is a synthetic ETF

b) Stock Option Classes with Contract Size Equal to One Underlying Board Lot Shares

No.	SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Existing Tier No.	New Tier No.
8	1	Cheung Kong (Holdings)	CKH	1,000	1	1
9	2	CLP Holdings	CLP	500	1	1
10	3	The Hong Kong and China Gas	HKA	~1,100	2	2
11	3	The Hong Kong and China Gas	HKG	1,000	2	2
12	4	The Wharf (Holdings)	WHL	1,000	1	1
13	5	HSBC Holdings Plc.	HKB	400	1	1
14	6	Power Assets Holdings	HEH	500	2	1
15	11	Hang Seng Bank	HSB	100	2	2
16	12	Henderson Land Development	HLD	1,000	1	1
17	13	Hutchison Whampoa	HWL	1,000	1	1
18	16	Sun Hung Kai Properties	SHK	1,000	1	1
19	17	New World Development	NWD	1,000	1	2
20	19	Swire Pacific 'A'	SWA	500	1	1
21	23	The Bank of East Asia	BEA	200	2	3
22	27	Galaxy Entertainment Group Limited	GLX	1,000	1	1
23	66	MTR Corporation	MTR	500	2	2
24	267	CITIC Pacific	CIT	1,000	1	2
25	293	Cathay Pacific Airways	CPA	1,000	1	2
26	330	Esprit Holdings	ESA	~109	2	3
27	358	Jiangxi Copper	JXC	1,000	2	2
28	330	Esprit Holdings	ESP	100	2	3

No.	SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Existing Tier No.	New Tier No.
29	386	China Petroleum & Chemical	CPC	2,000	2	2
30	388	Hong Kong Exchanges and Clearing	HEX	100	1	2
31	390	China Railway Group	CRG	1,000	2	3
32	494	Li & Fung	LIF	2,000	1	2
33	688	China Overseas Land & Investment	COL	2,000	1	1
34	700	Tencent Holdings	TCH	100	2	1
35	728	China Telecom	CTC	2,000	2	3
36	762	China Unicom (Hong Kong)	CHU	2,000	2	2
37	857	PetroChina	PEC	2,000	2	2
38	883	CNOOC	CNC	1,000	2	2
39	902	Huaneng Power International, Inc.	HNP	2,000	2	2
40	914	Anhui Conch Cement Company Limited	ACC	500	2	2
41	939	China Construction Bank	CCB	1,000	2	3
42	941	China Mobile	CHT	500	1	1
43	998	China CITIC Bank	CTB	1,000	2	3
44	1088	China Shenhua Energy	CSE	500	2	2
45	1171	Yanzhou Coal Mining Company	YZC	2,000	1	1
46	1186	China Railway Construction Corporation	CRC	500	2	3
47	1211	BYD Company	BYD	500	1	2
48	1398	Industrial and Commercial Bank of China	ICB	1,000	2	3
49	1800	China Communications Construction	CCC	1,000	2	3
50	1880	Belle International Holdings Limited	BIH	1,000	2	2
51	1898	China Coal Energy	CCE	1,000	2	3
52	1919	China COSCO Holdings	CCS	500	2	3
53	1928	Sands China Ltd.	SAN	400	2	2
54	2038	Foxconn International Holdings	FIH	1,000	1	3
55	2318	Ping An Insurance (Group)	PAI	500	2	1
56	2328	PICC Property and Casualty	PIC	2,000	2	2
57	2388	BOC Hong Kong	BOC	500	2	2
58	2600	Aluminum Corporation of China	ALC	2,000	2	3
59	2628	China Life Insurance	CLI	1,000	2	2
60	2777	Guangzhou R&F Properties	RFP	400	2	3
61	2800	Tracker Fund of Hong Kong	TRF	500	2	2
62	2888	Standard Chartered PLC	STC	50	2	3
63	2899	Zijin Mining Group	ZJM	2,000	2	3
64	3323	China National Building Material	NBM	2,000	2	2
65	3328	Bank of Communications	BCM	1,000	2	3
66	3968	China Merchants Bank	CMB	500	2	3
67	3988	Bank of China	BCL	1,000	2	3