

Vendor Seminar

26 November 2014

For HKEx Real-time Information Vendors and
Independent Software Vendors



1. Market Overview

By Daniel Poon
Head of Market Data
Global Markets Division

2. Business Initiatives

By Winnie Sin
Sales and Marketing, Market Data
Global Markets Division

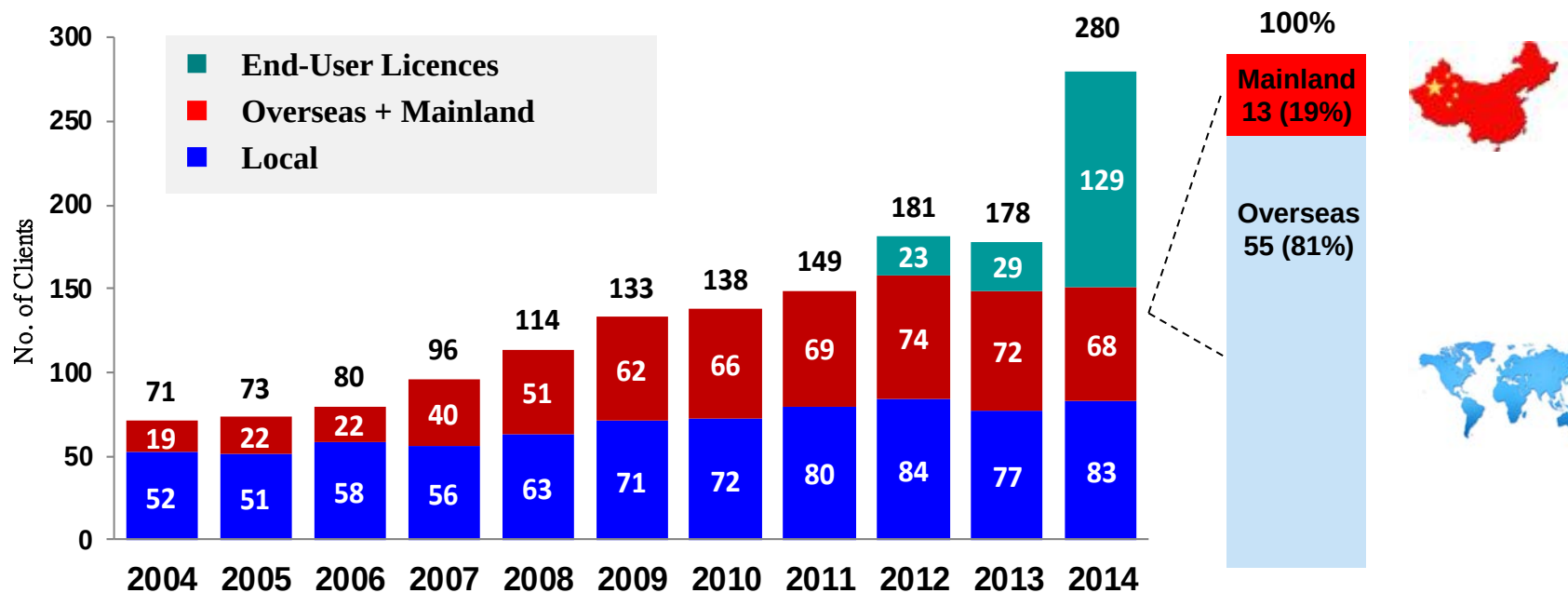
3. Upcoming Client Activities

By Karen Lam
Vendor Support and Data Management, Market Data
Global Markets Division

4. Q&A

Market Overview

Real-time Clients by Geographical Locations



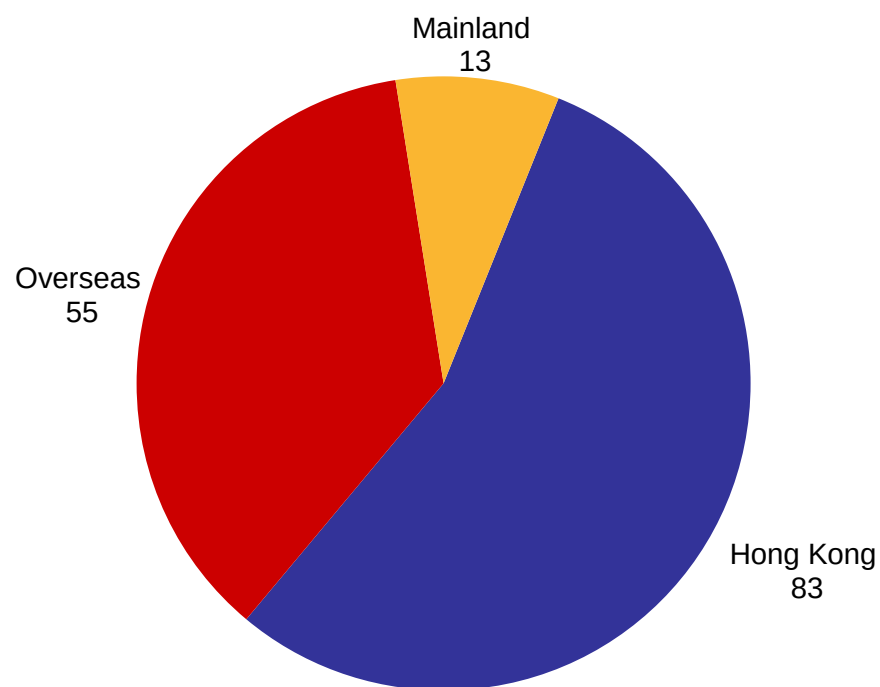
With the launch of OCG and EPs source market data from OMD-C, the number of End-User Clients increased dramatically in 2014

Market Overview

Real-time Information Vendors by Industry



Number of Real-time Licensed Vendors
(as of October 2014)



Information business	41
SEHK EPs & affiliates	33
Banks, buy-sides & other financial institutions	47
Telecommunications service providers	5
System vendors	9
Media	13
Others	3

Total Number of real-time information vendors: 151

OMD offers deeper market depth, lower latency and different products to improve transparency

	Securities Market (OMD-C) <i>Launched in Sep 2013</i>	Derivatives Market (OMD-D) <i>To be launched in Dec 2014</i>
Real-time	❑ Securities Standard (SS) - market by price (10 depths), conflated feed	❑ Derivatives Standard (DS) - market by price (10 depths), conflated feed
	❑ Securities Premium (SP) - market by price (10 depths), streaming feed	❑ Derivatives Premium (DP) - market by price (10 depths + >10 aggregate), streaming feed
	❑ Securities FullTick (SF) - market by order (full depths), streaming feed	❑ Derivatives FullTick (DF) - market by order (full depths), streaming feed
Historical	❑ Securities Historical FullBook - every order and trade of each trading day since Oct 2013	❑ Derivatives Historical FullBook - every order and trade of each trading day since Dec 2014*
	❑ Securities Trades/Trade Tickers File - all trades/trade tickers of each trading day since Oct 2013	❑ Derivatives Trades/Trade Tickers File - all trades/trade tickers of each trading day since Dec 2014*

Lower Latency, Deeper Market Depth

Lower Latency, Deeper Market Depth

*Derivatives historical data files for 1 Dec 2014 onwards will only be available 2 weeks after OMD-D rollout.

OMD-C & OMD-D

Subscription Status of Direct Connection Clients

OMD-C: Total of 152 Direct Connection Clients with the following subscriptions:

	Securities Standard (SS)	Securities Premium (SP)	Securities FullTick (SF)
No of Direct Connection Clients	117	38	24

OMD-D: Total of 67 Direct Connection Clients with the following subscriptions:

	Derivatives Standard (DS)	Derivatives Premium (DP)	Derivatives FullTick (DF)
No of Direct Connection Clients (who will join OMD-D initial rollout on 1 Dec) *	20	37	25

*Note * : Actual numbers subject to the results of OMD-D Post Release Test to be held on 29 Nov 2014.*

Major Achievements in 2014 and Key Initiatives in 2015



Major Achievements in 2014

Technical Achievements

- Rolled out MMDH in Shanghai in March 2014
- Offered supplementary market data to support Northbound and Southbound trading of Stock Connect in Nov 2014.
- To launch OMD market data product feeds for Derivatives Market in Dec 2014.

Business Achievements

- Implemented new policies on market data dissemination in Jun 2014:
 - > Included bid/ask volume in securities Level 1 market data
 - > Allowed delayed data services to be provided on streaming basis.
 - > Extended BMP Third Party Service to cover also Mobile Applications
- Introduced Market Data Application Service Provider License in Aug 2014
- Implemented market data programs to support Shanghai-HK Stock Connect:
 - > 1-depth snapshot market data exchange with SSE
 - > Level 2 data free trial programme for Mainland subscribers
 - > Volume Discount to encourage vendor distribution of HKEx market data in Mainland through different service platforms
- Implemented marketing program to promote ACD and Derivatives Market Data in selected regions (up to end 2016)

Key Initiatives in 2015

- More marketing programs to facilitate Southbound trading of Stock Connect
- Index Distribution Platform Service for index compilers
- Non-Display Policy Review
- Historical Data Redistribution License
- Study OTC market data offerings

Market Data Exchange Programme



- Free 1-depth real-time data is provided to Exchange Participants for their internal use and for their onward dissemination to their trading clients via the trading platform.
- Fee-liable & full market data service will continued be provided by information vendors of respective exchanges.

Market Data Arrangement to Support Southbound Trading



Free 1 depth market data (3s) to SSE members and their trading clients to facilitate trading

Level 2 Data Free Trial Programme for Mainland investors to experience fee-liaible data

Free real-time prices to the investing public via BMP websites to promote transparency

Vendor Level/BMP Third Party Websites Volume Discount to extend service platforms

Mainland TV Discount Programme to promote media coverage

Enable market data visibility for Mainland investors to support Southbound Trading

London Metal Mini Futures

Contract Specification



- To be launched on 1 December 2014

Item	London Aluminium Mini	London Zinc Mini	London Copper Mini
Underlying Commodity	High Grade Primary Aluminium as defined in the LME Rules	Special High Grade Zinc as defined in the LME Rules	Copper – Grade A as defined in the LME Rules
Contract Size	5 tonnes / contract		
Trading Currency	RMB		
Contract Months	Spot Month and the next eleven calendar months		
Trading Hours	9:00am to 4:15pm (day trading session) 5:00pm to 1:00am the next morning (after-hours trading session)		
Trading Platform	HKATS		
Tick Size	RMB 5 / tonne		RMB 10 / tonne
Last Trading Day (LTD)	The LTD determined by the LME for the Aluminium/Zinc/Copper Futures Contract (i.e. usually two business days before the third Wednesday of the Spot Month)		
Final Settlement Day (FSD)	The second HK Business Day after the LTD		
Final Settlement Price (FSP)	Shall be a whole number, determined by the Clearing House; shall be the Official Settlement Price determined and published by the LME for its the Aluminium/Zinc/Copper Futures Contracts, and converted to RMB equivalent using the spot USD/RMB pricing published by the Treasury Markets Association in Hong Kong at 11:15 a.m. Hong Kong time on the LTD		
Settlement Method	Cash settled contract of difference		
Trading Fee (per side)	RMB 3	RMB 5	

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Objectives

- With the rollout of Genium Central Gateway (CG), more EPs will source derivatives data from OMD-D
- While EPs can currently source order depth information (MQ7) via HKATS OAPI, there is a higher bandwidth requirement for OMD Derivatives FullTick (DF) feed
- To this end, we aim to facilitate EPs' access to OMD-D order depth data by encouraging IVs to offer a lower bandwidth solution while redistributing the DF feed

Programme Details

OMD Derivatives FullTick Vendor Incentive Programme

Programme Duration	From OMD-D Rollout Date to 31 Dec 2015
Eligibility Criteria	An eligible IV shall (i) subscribe for Derivatives FullTick (DF) feed; and (ii) redistribute DF feed <u>only to EPs</u> and <u>only for internal use*</u> <i>*In other words, an eligible IV could NOT redistribute DF feed to</i> <i>(a) EPs for external distribution (as indirect vendor); or (b) non-EPs</i>
Benefits	Waiver on Redistribution Fees (\$37,950 per quarter) for eligible IVs

Asia Commodities and Derivatives Products Marketing Programme



Highlights:

- ✓ Focus on new ACD and derivatives products
- ✓ Extend programme duration to end of 2016
- ✓ Cover new regions
- ✓ Extend early bird offer
- ✓ Offer free real-time Level 2 data (10 depths)

Programme Duration		From Jun 2014 to Dec 2016
Regions Covered		Mainland China, Japan, Korea, Singapore, Taiwan, Australia, New Zealand, Malaysia, India
Redistribution Fee		<u>Waived</u> (early bird discount) Applicants who submit the enrollment forms by <u>Mar 2015</u>
Subscriber Fees	Streaming Level 2 Data	<u>Waived</u> Requirements: - Display data of the following products: HKEx CNH currency futures and CESC index futures, <u>OR commodities futures</u> - Subscribers restricted to clients in the Regions
	BMP Service	<u>Waived</u> Requirements: - Display data of the following products: HKEx CNH currency futures and CESC index futures, <u>OR commodities futures</u> - Website shall include a version in local language of one of the Regions

Level 2 Data Free Trial Programme

Arrangement

Promote L2 data to the Mainland brokers and investors through IVs

- Data scope: Level 2 (10 depths) streaming data of all instrument traded on SEHK
- To whom: IVs' new clients in the Mainland
- Through what means: IVs to provide Level 2 data services to their clients
- Duration: from October 2014 until end of December 2014

Volume Discount Promotion Programme

Arrangement

Incentivize IVs to promote L2 Data to Mainland retail clients

- Two tier volume discount:

Terminals Sold	Discount
over 5,000	10%
over 10,000	20%

- Duration: from launch of Stock Connect until end of December 2017

Enhanced Service Features for Basic Market Prices Service (BMP)

1. Volume Discount Promotion Program on Subscriber Fees to BMP Third Party Services

- Programme expires on 31 December 2016, subject to annual review thereafter.
- Same volume discount programme applies to BMP third party services of Derivatives Market data.

	Number of Third Party Companies	Discount Levels	Discounted Subscriber Fee per BMP Third Party Company
Securities Market Data	≥ 5 Companies	20%	\$54,400 / month
	≥ 10 Companies	40%	\$40,800 / month
Derivatives Market Data	≥ 5 Companies	20%	\$18,400 / month
	≥ 10 Companies	40%	\$13,800 / month

2. Inclusion of Odd Lot Information in BMP Service

- To support the odd lot transparency of Securities Market.
- The list of BMP Service Providers that offer Odd Lot Information on their BMP services will be published on HKEx websites and marketing correspondences for public reference.

3. Display of Top 20 Eligible Stocks for Southbound Trading

- In addition to the categories that are currently allowed in the top 20 lists, IVs may also include top 20 lists specifically for Southbound Trading eligible stocks.

New Market Data Application Service Provider (ASP) Licence

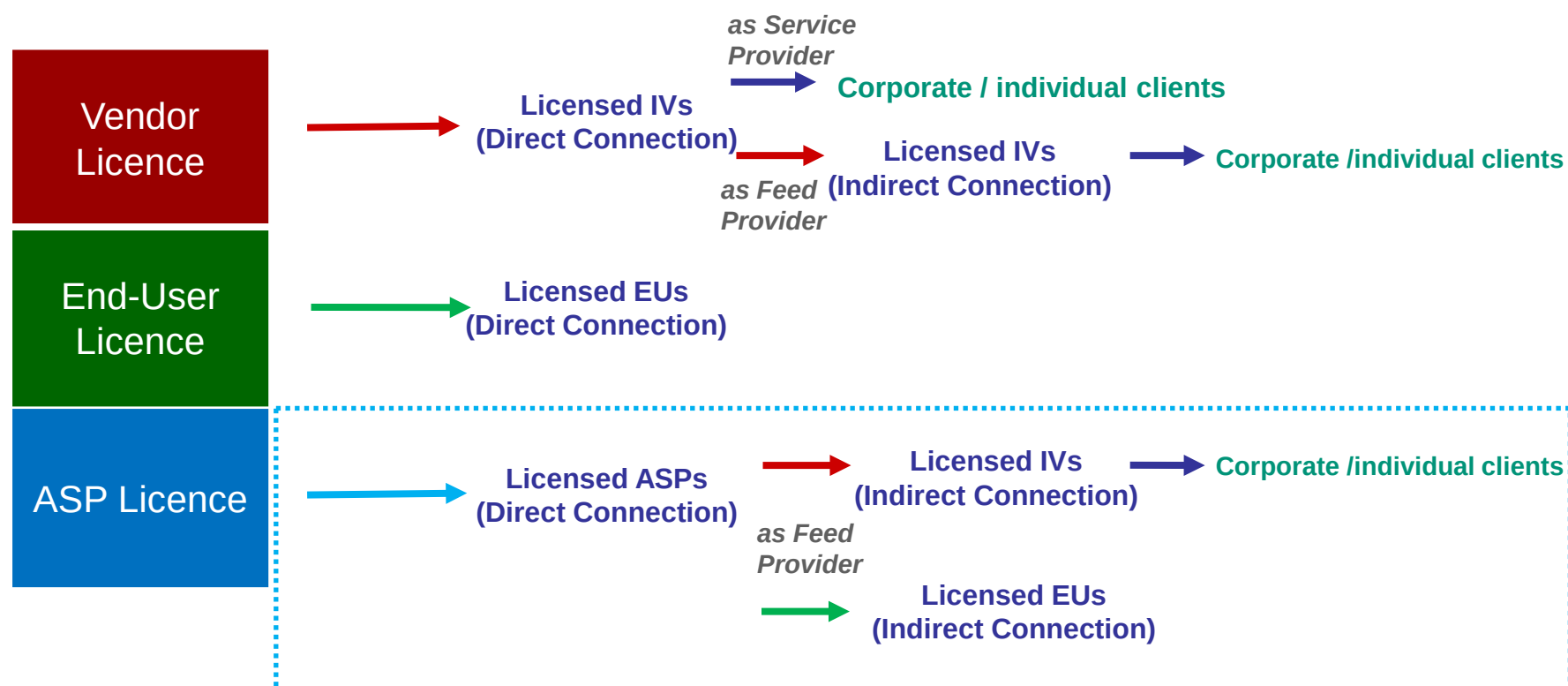


Companies act as feed provider but do not want to take on

- Vendor redistribution fees
- Reporting obligations

ASP Licence
Introduced in Aug 2014

- Allows redistribution to HKEx licensed end users and IVs
- No IV reporting obligations
- Pay connection fees only



New Market Data Application Service Provider (ASP) Licence

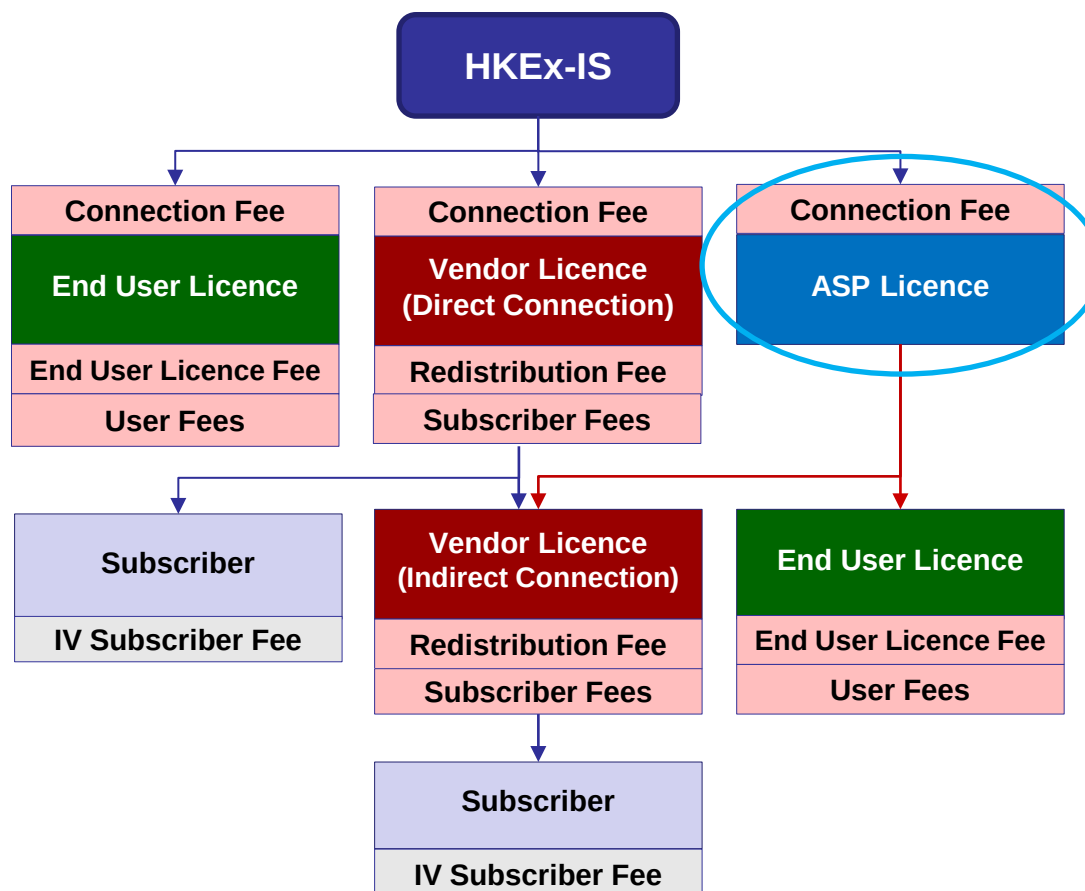


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Key:

HKEx fee

IV Fee

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Upcoming Client Activities in 2014

Reminder

28 Nov

29 Nov

1 Dec

5 Dec

6 Dec

8 Dec

12 Dec

15 Dec

OMD-D	Post Release Test		●						
	Official Launch			●					
	End of Stabilisation							●	
London Metal Mini Futures ¹ (OMD-D/PRS Plus/PRS)	Pre Launch	●							
	Post Release Test		●						
	Official Launch			●					
New CESC Indices ² (OMD Index Feed)	Market Rehearsal					●			
	Official Launch								●
New Stock Options Classes ³ (OMD-D/PRS Plus/PRS)	Pre Launch				●				
	Official Launch						●		

1: Include **LRA** – London Aluminium Mini Futures, **LRZ** – London Zini Mini Futures and **LRC** London Copper Mini Futures / Extension of T+1 Close to 1am

2: Include **CES300** – CES Shanghai Hong Kong Stock Connect 300 Index and **CES100** – CES Stock Connect Hong Kong Select 100

3: Include **CRL** – China Resource Land, **MEN** - China Mengniu Dairy and **HAI** - Haitong Securities

Upcoming Events in 2015 (Technical)

Upcoming Events in 2015 (Technical)

Market	Product	Initiatives	Tentative Schedule
Derivatives	PRS and PRS Plus	Decommissioning of PRS and PRS Plus	End of February 2015
Securities	OMD-C	Capacity Review	Q2 to Q3 2015
Derivatives	OMD-D	Capacity Review	Q2 to Q3 2015
Securities	OMD-C	Regular Emergency Drills	Q1 & Q3 2015
Derivatives	OMD-D	Regular Emergency Drills	Q1 & Q3 2015

Q&A

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Thank you!