

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 USD-denominated London Metal Mini Futures, Revision of the existing CNH-denominated London Metal Mini Futures, Registration for Participants Briefing Sessions, and Enhanced Incentives for the USD & CNH London Metal Mini Futures

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Hong Kong Futures Exchange Limited (“the Exchange”) is pleased to announce:

1. The introduction of the USD-denominated London Aluminium / Zinc / Copper / Nickel / Tin / Lead Mini Futures Contracts (collectively “USD London Metal Mini Futures”);
2. The revision of Contract Names, Trading and Settlement Fees, Position Limits and Error Trade Arrangement of the existing CNH-denominated London Aluminium / Zinc / Copper / Nickel / Tin / Lead Mini Futures Contracts (collectively “CNH London Metal Mini Futures”);
3. Registration for Participants Briefing Sessions; and
4. Enhanced incentives and trading fee rebates for both USD and CNH London Metal Mini Futures.

The USD London Metal Mini Futures are introduced to leverage on the branding and membership network of the London Metal Exchange (“LME”), as well as its benchmark pricing in base metals,

which is widely adopted by physical markets worldwide. They will help to provide additional trading opportunities for users who have exposure in USD-denominated base metals in the Asia time zone.

The trading of the new USD London Metal Mini Futures along with revision of Contract Names and Position Limits of the CNH London Metal Mini Futures will commence from the start of T Session on **Monday, 5 August 2019** (“**Launch Date**”). The revision of Trading Fees, Settlement Fees and Error Trade Arrangement for the CNH London Metal Mini Futures will become effective from the start of T+1 Session on **Friday, 2 August 2019** (“**Fees Revision Date**”).

A. Contract Features

A.1 Key features of the USD London Metal Mini Futures are as follows:

Contract	USD London Aluminium Mini	USD London Zinc Mini	USD London Copper Mini	USD London Lead Mini	USD London Nickel Mini	USD London Tin Mini
Underlying	High Grade Primary Aluminium as defined in the rules and regulations of The London Metal Exchange from time to time	Special High Grade Zinc as defined in the rules and regulations of The London Metal Exchange from time to time	Copper – Grade A as defined in the rules and regulations of The London Metal Exchange from time to time	Standard Lead as defined in the rules and regulations of The London Metal Exchange from time to time	Primary Nickel as defined in the rules and regulations of The London Metal Exchange from time to time	Tin as defined in the rules and regulations of The London Metal Exchange from time to time
HKATS Code	LUA	LUZ	LUC	LUP	LUN	LUS
Contract Size	5 tonnes / contract				1 tonne / contract	
Trading Currency	USD					
Settlement Currency	USD					
Contract Months	Spot Month and the next eleven calendar months					
Trading Fee	USD 0.50 per contract per side					
Settlement Fee	USD 0.20 per lot					

Contract	USD London Aluminium Mini	USD London Zinc Mini	USD London Copper Mini	USD London Lead Mini	USD London Nickel Mini	USD London Tin Mini
Commission Levy ¹	USD 0.07 per contract per side					
Trading Hours	<p>9:00am to 4:30pm (day trading session) and 5:15pm to 3:00am the next morning (after-hours trading session)</p> <p>There is no trading after 12:30pm on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00am – 12:30pm</p> <p>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</p>					
Trading hours on last trading day (LTD)	<p>Day trading session: 9:00am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-8:00pm (British Summer Time) / 9:00pm (outside British Summer Time)</p>	<p>Day trading session: 9:00 am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-7:55pm (British Summer Time) / 8:55pm (outside British Summer Time)</p>	<p>Day trading session: 9:00am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-7:35pm (British Summer Time) / 8:35pm (outside British Summer Time)</p>	<p>Day trading session: 9:00am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-7:50pm (British Summer Time) / 8:50pm (outside British Summer Time)</p>	<p>Day trading session: 9:00am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-8:05pm (British Summer Time) / 9:05pm (outside British Summer Time)</p>	<p>Day trading session: 9:00am – 4:30pm;</p> <p>After-hours trading session: 5:15pm-7:45pm (British Summer Time) / 8:45pm (outside British Summer Time)</p>
Minimum Fluctuation	USD 0.5 / tonne				USD 1 / tonne	
Last Trading Day (LTD)	<p>The LTD determined by the LME for the Aluminium/Zin/Copper/Lead/Nickel/Tin Futures Contract, which is two London business days before the third Wednesday of the Spot Month</p> <p>If it is not a Hong Kong Business Day, the LTD shall be the immediately preceding Hong Kong Business Day.</p>					

¹ The USD equivalent of HKD 0.54 per contract at the exchange rate determined by the Exchange from time to time.

Contract	USD London Aluminium Mini	USD London Zinc Mini	USD London Copper Mini	USD London Lead Mini	USD London Nickel Mini	USD London Tin Mini
Final Settlement Date (FSD)	The second Hong Kong Business Day after the LTD					
Final Settlement Price (FSP)	Shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange ² two London Business Days before the third Wednesday of the Spot Month.					
Settlement Method	Cash-settled					
Position Limits (corresponding USD and CNH contracts combined)	25,000	25,000	50,000	25,000	50,000	15,000

Details of the Contract Specifications of the new USD London Metal Mini Futures are set forth in **Attachment I** for reference.

A.2 With the introduction of the USD London Metal Mini Futures, the following enhancements will be made to the existing CNH London Metal Mini Futures:

a). Contract Names

Starting from the Launch Date, the existing CNH-denominated London Metal Mini Futures will be renamed as below to distinguish them from the new USD London Metal Mini Futures:

	Before Revision	After Revision (Trading codes remain unchanged)
Aluminium	London Aluminium Mini Futures	CNH London Aluminium Mini Futures
Zinc	London Zinc Mini Futures	CNH London Zinc Mini Futures

² The Official Settlement Price for Aluminium Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/aluminium>. The Official Settlement Price for Zinc Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/zinc>. The Official Settlement Price for Copper Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/copper>. The Official Settlement Price for Lead Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/lead>. The Official Settlement Price for Nickel Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/nickel>. The Official Settlement Price for Tin Futures Contracts determined and published by the LME is available from <https://www.lme.com/metals/non-ferrous/tin>.

	Before Revision	After Revision (Trading codes remain unchanged)
Copper	London Copper Mini Futures	CNH London Copper Mini Futures
Nickel	London Nickel Mini Futures	CNH London Nickel Mini Futures
Tin	London Tin Mini Futures	CNH London Tin Mini Futures
Lead	London Lead Mini Futures	CNH London Lead Mini Futures

b). Trading Fee Revision

Starting from the Fees Revision Date, the trading fees of the CNH London Copper Mini Futures will be reduced as follows (while the trading fees of CNH London Aluminium / Zinc / Nickel / Tin / Lead Mini Futures remain unchanged):

	Trading Fees	
	Before Revision	After Revision
CNH London Copper Mini Futures	RMB 5 per contract per side	RMB 3 per contract per side

c). Settlement Fee Revision

The settlement fees of the CNH London Metal Mini Futures will also be reduced as follows starting from the Fees Revision Date:

	Settlement Fees	
	Before Revision	After Revision
CNH London Aluminium Mini Futures	RMB 3 per lot	RMB 1.2 per lot
CNH London Zinc Mini Futures	RMB 3 per lot	RMB 1.2 per lot
CNH London Copper Mini Futures	RMB 5 per lot	RMB 1.2 per lot
CNH London Nickel Mini Futures	RMB 2 per lot	RMB 1.2 per lot
CNH London Tin Mini Futures	RMB 2 per lot	RMB 1.2 per lot
CNH London Lead Mini Futures	RMB 3 per lot	RMB 1.2 per lot

d). Position Limits Revision

To coincide with the launch of the USD London Metal Mini Futures, position limits will be aggregated for the USD and CNH London Metal Mini Futures starting from the Launch Date as follows:

	Position Limits (net long or short in all Contract Months combined)	
	Before Revision	After Revision
Aluminium	25,000 (CNH contracts only)	25,000 combined total for the corresponding USD and CNH contracts
Zinc	25,000 (CNH contracts only)	25,000 combined total for the corresponding USD and CNH contracts
Copper	50,000 (CNH contracts only)	50,000 combined total for the corresponding USD and CNH contracts
Nickel	50,000 (CNH contracts only)	50,000 combined total for the corresponding USD and CNH contracts
Tin	15,000 (CNH contracts only)	15,000 combined total for the corresponding USD and CNH contracts
Lead	25,000 (CNH contracts only)	25,000 combined total for the corresponding USD and CNH contracts

B. Trading Arrangements

Pre-Launch Arrangements

To facilitate market participants in the trading and clearing of the USD London Metal Mini Futures, the following pre-launch arrangements will be made available on **2 August 2019** (i.e. one business day before the Launch Date):

- a. Trading codes of the USD London Metal Mini Futures will be displayed on HKATS, but the USD London Metal Mini Futures will not be tradable on that day; and
- b. Information relating to the USD London Metal Mini Futures will be generated in the risk parameter files ("RPF"), clearing and open interest reports.

The purpose of the generation of RPF one business day before the Launch Date is to assist Exchange Participants ("EPs") to estimate the margin requirements for trading on the Launch Date. Please note that the margin requirements estimated using the RPF available on the business day before the Launch Date may not be the same as the actual amounts required on the Launch Date. Hong Kong Exchanges and Clearing Ltd. ("HKEX") and its subsidiaries accept no liability whatsoever for any loss or damage arising from or in connection with the use of the information contained in such RPF. EPs who wish to use the above-mentioned RPF are reminded to update the PC-SPAN Organisation Master File.

Trading Months Arrangement at Launch

Contract Month at launch will be the 12 months from August 2019 to July 2020 (both months inclusive), with the August 2019 contract as Spot Month contract.

Trading Eligibility

EPs are required to have USD settlement capability in order to be granted trading access to the corresponding USD London Metal Mini Futures. Non-Clearing Participants should contact their General Clearing Participants to ascertain USD settlement capability.

Maximum Order Size

Please note that each of the USD or CNH London Metal Mini Futures will have a maximum order size limit on HKATS of 1,000 contracts. EPs are required to submit their requests to HKEX to set up their own order size limits, based on their business needs and risk management requirements.

Error Trade Price Parameters and Procedures

The price parameter for the USD London Metal Mini Futures for the purpose of the error trade rules under Rule 819B of the Rules, Regulations and Procedures of the Futures Exchange (“HKFE Rules”) is $\pm 3\%$ from notation price. The determination of notation price in the error trade arrangement for the CNH London Metal Mini Futures will be revised to align with the error trade arrangement for the new USD London Metal Mini Futures. Details of error trade parameters and procedures are set forth in **Attachment II** for reference.

Block Trade Volume Threshold and Permissible Price Range

The block trade volume threshold for each of the USD London Metal Mini Futures will be 50 contracts with no block trade permissible price range. Details are set forth in **Attachment III** for reference. The existing block trade arrangement for the CNH London Metal Mini Futures remains unchanged.

C. Clearing and Settlement Arrangements

To be eligible for clearing and settlement of the USD London Metal Mini Futures, Clearing Participants (“CPs”) of HKFE Clearing Corporation Limited (“HKCC”) need to arrange for USD settlement capability by setting up USD accounts with any one of the Settlement Banks appointed by HKCC and to maintain relevant mandates in such form as prescribed by HKCC.

CPs should ensure that these bank accounts are in active status and ready for money settlement. Non-Clearing Participants should contact their General Clearing Participants to ascertain their eligibility of clearing the USD London Metal Mini Futures contracts.

D. Risk Management Arrangements

Margin offset will be offered via inter-commodity spread functionality in PRiME³. CPs can allocate the eligible positions to relevant account(s)⁴ in accordance with the Clearing House Procedures for margin offset claim purpose. Margin offset will be available for the following contract pairs starting from the Launch Date:

- a. USD London Aluminium Mini Futures vs CNH London Aluminium Mini Futures
- b. USD London Zinc Mini Futures vs CNH London Zinc Mini Futures
- c. USD London Copper Mini Futures vs CNH London Copper Mini Futures
- d. USD London Lead Mini Futures vs CNH London Lead Mini Futures
- e. USD London Nickel Mini Futures vs CNH London Nickel Mini Futures
- f. USD London Tin Mini Futures vs CNH London Tin Mini Futures

Margin levels and margin offset parameters⁵ will be announced and the updated PC-SPAN Organization Master File will be made available in due course.

E. Trading Information

For access to real-time trading information of the USD London Metal Mini Futures, please refer to the list of information vendors' access codes on HKEX's website, which may be updated from time to time.

³ Please refer to section 2.7 of PRiME margining guide for details (<https://www.hkex.com.hk/-/media/HKEX-Market/Services/Clearing/Listed-Derivatives/Risk-Management/Margin/Clearing-House-Margining-Methodology-PRiME/PRiME-Margining-Guide-version-1,-d-,3.pdf>).

⁴ Client Offset Claim Account

⁵ Delta/Spread Ratio and Spread Credit Rate.

F. Participants Briefing Sessions

To better understand the introduction of the new USD London Metal Mini Futures and various revisions to the existing CNH London Metal Mini Futures, Participants are cordially invited to attend the briefing sessions as follows:

English Session

Date: Monday, 15 July 2019
Time: Registration 4:45pm – 5:00pm
Presentation 5:00pm – 6:00pm
Venue: Room 3-4, 8/F, Two Exchange Square, Central, Hong Kong
Registration: Via the Online Registration Form:
<https://www.hkex.com.hk/eng/org/sform/RegForm.aspx?GroupCode=CMDEVENT&EvtCode=USDMINI0715>

Cantonese Session

Date: Wednesday 17 July 2019
Time: Registration 4:45pm – 5:00pm
Presentation 5:00pm – 6:00pm
Venue: HKEX Connect Hall, 1/F, One and Two Exchange Square, Central, Hong Kong
Registration: Via the Online Registration Form:
<https://www.hkex.com.hk/eng/org/sform/RegForm.aspx?GroupCode=CMDEVENT&EvtCode=USDMINI0717TC>

Putonghua Session

Date: Wednesday 17 July 2019
Time: Registration 5:15pm – 5:30pm
Presentation 5:30pm – 6:30pm
Venue: Boardroom, HKEX Connect Hall, 1/F, One and Two Exchange Square, Central, Hong Kong
Registration: Via the Online Registration Form:
<https://www.hkex.com.hk/eng/org/sform/RegForm.aspx?GroupCode=CMDEVENT&EvtCode=USDMINI0717SC>

Participants should complete the Online Registration Form to register for the Participants Briefing Sessions **on or before 11 July 2019**. 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.

G. Incentives

Highlights

	USD London Metal Mini Futures	CNH London Metal Mini Futures
Commission Levy Exemption	The Commission Levy will be exempted for the first six months of trading, i.e. from the start of T Session on Launch Date to the close of T Session on 4 February 2020.	N/A
Bundled Liquidity Providing Incentive Program	Upon fulfilment of its obligations, each Liquidity Provider (“LP”) will receive incentives according to its tier type.	Upon fulfilment of its obligations, each LP will receive incentives according to its tier type (please refer to the circular dated 12 June 2019 regarding “Enhancement of Incentive Programs for Commodity Derivatives Products in 2019” (Ref: MKD/CMD/002/19))
Trading Fee Rebates	LP: entitled to 100% USD London Metal Mini Futures trading fee rebate, subject to fulfilment of their obligations. Proprietary Trader (“PT”): entitled to certain % of USD London Metal Mini Futures trading fee rebates, subject to fulfilment of clearing volume obligation.	LP: entitled to 100% CNH London Metal Mini Futures trading fee rebate, subject to fulfilment of their obligations. PT: entitled to certain % of CNH London Metal Mini Futures trading fee rebates, subject to fulfilment of clearing volume obligation.
Joint Promotional Program	Joint Promotion Program with the objective of enhancing investors’ knowledge of the USD London Metal Mini Futures through a series of joint marketing and educational activities	N/A

Commission Levy Exemption

For all participants and their clients, the Commission Levy for the USD London Metal Mini Futures will be exempted for the first six months of trading from the start of T Session on the Launch Date to the close of T Session on 4 February 2020.

Participants are advised to inform their clients of the exemption of Commission Levy.

Enhancements to the Bundled Liquidity Providing Incentive Program

Further to the circular dated 12 June 2019 regarding “Enhancement of Incentive Programs for Commodity Derivatives Products in 2019” (Ref: [MKD/CMD/002/19](#)), the Exchange is introducing USD London Metal Mini Futures into the Eligible Product scope and invites applications of LPs and PTs for the USD London Metal Mini Futures under the enhanced Bundled Liquidity Providing Incentive Program from the Launch Date to 31 December 2019.

Eligible Products

	Eligible Products for LPs	Eligible Products for PTs
London Metal Mini Futures	<p>Any 4 of the following:</p> <ul style="list-style-type: none"> - CNH London Aluminium Mini Futures - CNH London Zinc Mini Futures - CNH London Copper Mini Futures - CNH London Nickel Mini Futures - CNH London Tin Mini Futures - CNH London Lead Mini Futures <p>(new) 3 contracts for USD London Metal Mini Futures, including:</p> <ul style="list-style-type: none"> - USD London Aluminium Mini Futures, - USD London Copper Mini Futures, and <p>Any 1 of the following:</p> <ul style="list-style-type: none"> - USD London Zinc Mini Futures - USD London Nickel Mini Futures - USD London Tin Mini Futures - USD London Lead Mini Futures 	<p>(new) Any of the following:</p> <ul style="list-style-type: none"> - CNH London Aluminium Mini Futures - CNH London Zinc Mini Futures - CNH London Copper Mini Futures - CNH London Nickel Mini Futures - CNH London Tin Mini Futures - CNH London Lead Mini Futures - USD London Aluminium Mini Futures - USD London Zinc Mini Futures - USD London Copper Mini Futures - USD London Nickel Mini Futures - USD London Tin Mini Futures - USD London Lead Mini Futures

LP Incentives and Obligations for the USD London Metal Mini Futures

New LP type (Type 6) and PT type (Type 5) will be introduced for the USD LME Metal Mini Futures under the following enhanced incentives scheme:

LP obligations are as follows:

Obligation	USD London Metal Mini Futures (Copper, Aluminium, and any 1 of the remaining 4 USD London Metal Mini Futures)											
LP Type	6 (new)						5					
Continuous Quotes (CQ) or Quote Requests (QR)	CQ											
Contract Months	Spot Month (M1), the next contract month (M2) and any 1 month out of the next 2 contract months (M3, M4)						Spot Month (M1), the next contract month (M2) and any 1 month out of the next 2 contract months (M3, M4)					
Contract	Copper	Aluminium	Lead	Zinc	Nickel	Tin	Copper	Aluminium	Lead	Zinc	Nickel	Tin
Max. Bid / Offer Spread	8 ticks	5 ticks	8 ticks	6 ticks	30 ticks	100 ticks	10 ticks	6 ticks	10 ticks	8 ticks	40 ticks	120 ticks
Quote Size (contracts)	5	10	5	5	6	5	5	10	5	5	6	5
% of Trading Hours	70% (T Session)						50% (T Session)					
Max. No. of OAPI Waiver	32						8					

Upon fulfilment of its obligations, each LP will receive incentives according to its tier type as below.

Category	Maximum Incentives per month per trading session (in HKD)			
	Combinations of:			
	HSI Futures/ HSCEI Futures/ CNH Futures Trading Fee Rebate	Market Data Fee Rebate ⁶ (Derivatives/ Securities)	Hosting Services Fee Rebate	OAPI Sub-licence Fee Waiver ⁷
LPs:				
Type 6 (new)	N/A	\$120,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month		Up to \$ 83,200 (i.e. 32 OAPIs)
Type 5	N/A	\$40,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month		Up to \$ 20,800 (i.e. 8 OAPIs)
PTs:				
Type 5 (new)	N/A			N/A

Trading Fee Rebates

Starting from the Launch Date until the close of T session on 31 December 2019, all LPs of the USD and CNH London Metal Mini Futures will be entitled to 100% trading fee rebate, subject to fulfilment of their respective obligations described above.

⁶ Market data fee rebate includes relevant licence fees, connection fees and usage fees.

⁷ Currently HK\$2,600 per month for each OAPI with 5 transactions per second.

All PTs of the USD and CNH London Metal Mini Futures similarly will be entitled to trading fee rebates, subject to fulfilment of the following clearing volume obligations each trading month:

Products	Trading Fee Rebate Per Contract			
	All LPs	Type 5 PT*		
		≥10,000 Total Contracts	5,000 – 9,999 Total Contracts	≤4,999 Total Contracts and Other Accounts ⁸
USD London Aluminium Mini Futures	100% rebate	100% rebate	50% rebate	N/A
USD London Zinc Mini Futures				
USD London Copper Mini Futures				
USD London Nickel Mini Futures				
USD London Tin Mini Futures				
USD London Lead Mini Futures				
CNH London Aluminium Mini Futures				
CNH London Zinc Mini Futures				
CNH London Copper Mini Futures				
CNH London Nickel Mini Futures				
CNH London Tin Mini Futures				
CNH London Lead Mini Futures				

* Subject to fulfilment of respective obligations

Interested parties should contact Ms. Lucky Yang (LuckyYang@hkex.com.hk) or Mr. Ben Ho (BenHo@hkex.com.hk) for further information and submit application by 15 July 2019.

Joint Promotional Program

The Exchange is launching a Joint Promotion Program (“JPP”) on the USD London Metal Mini Futures from the Launch Date to 4 February 2020 (the “Program Period”) with the objective of enhancing investors’ knowledge of the USD London Metal Mini Futures through a series of joint marketing and educational activities, including but not limited to promotion events, advertisements, and etc.

Eligible applicants include EPs, information vendors, and financial industry associations. A maximum of 4 eligible applicants will be selected for the Program. Each of them will receive the following support from the Exchange:

⁸ Same amount as specified in the contract specifications, and is subject to change from time to time.

- Sponsorship - a maximum amount of HK\$50,000 will be sponsored for each selected applicant to cover the cost of the marketing activities as outlined in a marketing proposal that must be submitted by the applicant;
- Promotional Materials - free copies of promotional materials will be provided for distribution during public seminar(s) and marketing event(s); and
- Speaker – the Exchange will provide a speaker for the public seminar(s) and in-house training.

The criteria for granting the cost sponsorship are as follows:

- Applicant must submit a detailed marketing proposal for review, including the target number of attendees, venue and date;
- USD London Metal Mini Futures must be the primary theme in any marketing activity;
- The marketing activities have to be organized during the Program Period;
- The cost sponsorship will be granted in accordance with actual expenses in each item outlined in the marketing proposal and declared by the responsible officer of participating EPs;
- Priority will be given to applicants with events that are scheduled closer to the initial period of product launch; and
- The number of attendees / participants in the marketing activity must be reasonable for its respective format (e.g. at least 50 participants for public seminars).

The JPP is now open for application. Interested applicants should complete and return the application form under **Attachment IV** by noon time on 31 December 2019. The approval of applications will be subject to the evaluation of each proposal. Please note that the JPP sponsorship arrangement and the selection of applicants are subject to the final decision of the Exchange; and the Exchange reserves the right to make necessary modifications to the JPP in order to achieve the desired results in promoting USD London Metal Mini Futures to the market.

Interested parties should contact Ms. Lucky Yang (LuckyYang@hkex.com.hk) or Mr. Ben Ho (BenHo@hkex.com.hk) for further information.

H. Participants' Readiness

Participants are required to notify their staff and all interested clients about the upcoming introduction of the USD London Metal Mini Futures and revisions of the CNH London Metal Mini Futures. To ensure that adequate preparation has been undertaken to support the trading and clearing of the USD and CNH London Metal Mini Futures, Participants are strongly advised to review their systems and operations procedures, including but not limited to the following:

1. OMnet Application Programming Interface (“OAPI”);
2. Trading, clearing and settlement systems;
3. Other front-end and back-office systems and operations as appropriate; and
4. Other operational systems and related processes/arrangements as appropriate.

In addition, all your staff should be fully aware of the trading and clearing arrangements; and should exercise caution when dealing with the USD and CNH London Metal Mini Futures and when advising your clients.

Dennis Zhang
Head
Commodities Development
Market Development Division
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.

Attachment I

<p>Contract Specifications For USD London Aluminium Mini Futures</p>
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The following Contract Specifications shall apply to the USD London Aluminium Mini Futures Contract:

Underlying	High Grade Primary Aluminium as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	5 tonnes
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD 0.5 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Aluminium Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Aluminium Mini Futures and CNH London Aluminium Mini Futures combined of 25,000 net long or short contracts in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and USD London Aluminium Mini Futures and CNH London Aluminium Mini Futures combined of 25,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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)

9:00 a.m. – 4:30 p.m. (day trading session) and
5:15 p.m. – 8:00 p.m. (after-hours trading session during British Summer Time)
5:15 p.m. – 9:00 p.m. (after-hours trading session outside British Summer Time)

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 9:00 a.m. – 12:30 p.m.

Trading Method

The Exchange’s Automated Trading System (HKATS)

Last Trading Day

The Last Trading Day determined by The London Metal Exchange for its Aluminium Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month

If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day

Final Settlement Day

The second Hong Kong Business Day after the Last Trading Day

Settlement Method

Cash settled contract of difference

Settlement Currency

USD

Final Settlement Price

The Final Settlement Price of USD London Aluminium Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Aluminium Futures Contract two London Business Days before the third Wednesday of the Spot Month

Cash Settlement Value

The Final Settlement Price multiplied by the Contract Size

Trading Fee
(per contract per side)

Exchange Fee USD0.50
The amount indicated above is subject to change from time to time

Levies

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

Note:

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<p>Contract Specifications For USD London Zinc Mini Futures</p>

The following Contract Specifications shall apply to the USD London Zinc Mini Futures Contract:-

Underlying	Special High Grade Zinc as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	5 tonnes
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD0.5 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Zinc Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Zinc Mini Futures and CNH London Zinc Mini Futures combined of 25,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and USD London Zinc Mini Futures and CNH London Zinc Mini Futures combined of 25,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 7:55 p.m. (after-hours trading session during British Summer Time) 5:15 p.m. – 8:55 p.m. (after-hours trading session outside British Summer Time)
	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 9:00 a.m. – 12:30 p.m.
Trading Method	The Exchange's Automated Trading System (HKATS)
Last Trading Day	The Last Trading Day determined by The London Metal Exchange for its Zinc Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Cash settled contract of difference
Settlement Currency	USD
Final Settlement Price	The Final Settlement Price of USD London Zinc Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Zinc Futures Contract two London Business Days before the third Wednesday of the Spot Month
Cash Settlement Value	The Final Settlement Price multiplied by the Contract Size
Trading Fee (per contract per side)	Exchange Fee USD 0.50 The amount indicated above is subject to change from time to time
Levies	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

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<p>Contract Specifications For USD London Copper Mini Futures</p>

The following Contract Specifications shall apply to the USD London Copper Mini Futures Contract:-

Underlying	Copper – Grade A as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	5 tonnes
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD 0.5 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Copper Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Copper Mini Futures and CNH London Copper Mini Futures combined of 50,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant’s own behalf; and USD London Copper Mini Futures and CNH London Copper Mini Futures combined of 50,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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) 9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 7:35 p.m. (after-hours trading session during British Summer Time) 5:15 p.m. – 8:35 p.m. (after-hours trading session outside British Summer Time)

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 9:00 a.m. – 12:30 p.m.

Trading Method The Exchange’s Automated Trading System (HKATS)

Last Trading Day The Last Trading Day determined by The London Metal Exchange for its Copper Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month

If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day

Final Settlement Day The second Hong Kong Business Day after the Last Trading Day

Settlement Method Cash settled contract of difference

Settlement Currency USD

Final Settlement Price The Final Settlement Price of USD London Copper Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Copper Futures Contract two London Business Days before the third Wednesday of the Spot Month

Cash Settlement Value The Final Settlement Price multiplied by the Contract Size

Trading Fee Exchange Fee USD 0.50 (per contract per side) The amount indicated above is subject to change from time to time

Levies 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

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<p>Contract Specifications For USD London Nickel Mini Futures</p>

The following Contract Specifications shall apply to the USD London Nickel Mini Futures Contract:-

Underlying	Primary Nickel as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	1 tonne
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD1 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Nickel Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Nickel Mini Futures and CNH London Nickel Mini Futures combined of 50,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and USD London Nickel Mini Futures and CNH London Nickel Mini Futures combined of 50,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 8:05 p.m. (after-hours trading session during British Summer Time) 5:15 p.m. – 9:05 p.m. (after-hours trading session outside British Summer Time)
	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 9:00 a.m. – 12:30 p.m.
Trading Method	The Exchange's Automated Trading System (HKATS)
Last Trading Day	The Last Trading Day determined by The London Metal Exchange for its Nickel Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month
	If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Cash settled contract of difference
Settlement Currency	USD
Final Settlement Price	The Final Settlement Price of USD London Nickel Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Nickel Futures Contract two London Business Days before the third Wednesday of the Spot Month
Cash Settlement Value	The Final Settlement Price multiplied by the Contract Size
Trading Fee (per contract per side)	Exchange Fee USD 0.5 The amount indicated above is subject to change from time to time
Levies	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

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<p>Contract Specifications For USD London Tin Mini Futures</p>
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The following Contract Specifications shall apply to the USD London Tin Mini Futures Contract:-

Underlying	Tin as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	1 tonne
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD1 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Tin Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Tin Mini Futures and CNH London Tin Mini Futures combined of 15,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and USD London Tin Mini Futures and CNH London Tin Mini Futures combined of 15,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 7:45 p.m. (after-hours trading session during British Summer Time) 5:15 p.m. – 8:45 p.m. (after-hours trading session outside British Summer Time)
	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 9:00 a.m. – 12:30 p.m.
Trading Method	The Exchange's Automated Trading System (HKATS)
Last Trading Day	The Last Trading Day determined by The London Metal Exchange for its Tin Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Cash settled contract of difference
Settlement Currency	USD
Final Settlement Price	The Final Settlement Price of USD London Tin Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Tin Futures Contract two London Business Days before the third Wednesday of the Spot Month
Cash Settlement Value	The Final Settlement Price multiplied by the Contract Size
Trading Fee (per contract per side)	Exchange Fee USD 0.5 The amount indicated above is subject to change from time to time
Levies	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

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<p>Contract Specifications For USD London Lead Mini Futures</p>

The following Contract Specifications shall apply to the USD London Lead Mini Futures Contract:-

Underlying	Standard Lead as defined in the rules and regulations of The London Metal Exchange from time to time
Contract Size	5 tonnes
Trading Currency	USD
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	USD per tonne
Minimum Fluctuation	USD 0.5 per tonne
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD London Lead Mini Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD London Lead Mini Futures and CNH London Lead Mini Futures combined of 25,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and USD London Lead Mini Futures and CNH London Lead Mini Futures combined of 25,000 net long or short in all Contract Months combined, 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
Pre-Market Opening Period	Nil
Trading Hours (Hong Kong time)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 3:00 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 9:00 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)	9:00 a.m. – 4:30 p.m. (day trading session) and 5:15 p.m. – 7:50 p.m. (after-hours trading session during British Summer Time) 5:15 p.m. – 8:50 p.m. (after-hours trading session outside British Summer Time)
	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 9:00 a.m. – 12:30 p.m.
Trading Method	The Exchange's Automated Trading System (HKATS)
Last Trading Day	The Last Trading Day determined by The London Metal Exchange for its Lead Futures Contract, which is two London Business Days before the third Wednesday of the Spot Month If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Cash settled contract of difference
Settlement Currency	USD
Final Settlement Price	The Final Settlement Price of USD London Lead Mini Futures Contracts shall be determined by the Clearing House, and shall be the Official Settlement Price determined and published by The London Metal Exchange for its Lead Futures Contract two London Business Days before the third Wednesday of the Spot Month
Cash Settlement Value	The Final Settlement Price multiplied by the Contract Size
Trading Fee (per contract per side)	Exchange Fee USD 0.5 The amount indicated above is subject to change from time to time
Levies	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

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Attachment II

Error Trade Parameters for the USD and CNH London Metal Mini Futures

The price parameters for the USD and CNH London Metal Mini Futures for the purposes of the error trade rule under HKFE Rule 819B are as follows:

<u>Futures contracts</u>	<u>from notation price</u>
CNH London Aluminium Mini Futures	3%
CNH London Zinc Mini Futures	3%
CNH London Copper Mini Futures	3%
CNH London Nickel Mini Futures	3%
CNH London Tin Mini Futures	3%
CNH London Lead Mini Futures	3%
USD London Aluminium Mini Futures	3%
USD London Zinc Mini Futures	3%
USD London Copper Mini Futures	3%
USD London Nickel Mini Futures	3%
USD London Tin Mini Futures	3%
USD London Lead Mini Futures	3%

Note:

For the existing CNH London Metal Mini Futures, the notation price is used to be obtained in the following order:

1. Last traded price within 5 minutes prior to the Error Trade;
2. The mid-point of the best bid/ask price immediately prior to the Error Trade;
3. Last settlement price; or
4. The difference of notation prices between the related outright contracts (calendar spread only).

The notation price for both USD London Metal Mini Futures (effective from T Session on the Launch Date) and CNH London Metal Mini Futures (effective from T+1 Session on Fees Revision Date) will be determined as follows:

1. The average of the prices of the previous match and the next match in that contract month occurring reasonably close to the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item 2 below.
2. The reasonable bid and offer prices available around the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item 3 below.
3. The prices obtained by the Exchange from consulting up to 3 independent market practitioners who have no interest in the trade in order to arrive at a valid notation price.

Notwithstanding the foregoing, the Exchange shall have absolute discretion in determining the notation price.

Attachment III

Block Trade Permissible Price Range for the USD London Metal Mini Futures

With reference to the HKFE rule 815A (5), the price at which a block trade is executed must be fair and reasonable, and the revised permissible price range for block trades is determined in the following manner:

- (a) When the executed price is at or within the range of highest traded price, lowest traded price, bid and ask price of the contract; or
- (b) When the executed price is within a price range to both sides of a reference price obtained through prevailing market prices, or if necessary, determined as the theoretical values based on the prevailing underlying values. Price ranges for the USD London Metal Mini Futures are as follows:

<u>Futures contracts</u>	<u>Price range</u>
USD London Aluminium Mini Futures	No permissible price range
USD London Zinc Mini Futures	No permissible price range
USD London Copper Mini Futures	No permissible price range
USD London Nickel Mini Futures	No permissible price range
USD London Tin Mini Futures	No permissible price range
USD London Lead Mini Futures	No permissible price range

Attachment IV

**Joint Promotional Program on USD London Metal Mini Futures
Application Form**

(Please submit the completed form to Lucky Yang (LuckyYang@hkex.com.hk) or Ben Ho (BenHo@hkex.com.hk) by noon time 31 December 2019)

Applicant's Information

Company Name : _____
Contact Person : _____
Contact details : _____
(Telephone/Email)
Date: _____

We wish to participate in the Joint Promotional Program on USD London Metal Mini Futures.

() A proposal is attached for reference.

Authorised
Signature: _____

Company
Chop: _____

Personal Information Collection Statement

"Personal Data" in this statement has the same meaning as "personal data" in the Personal Data (Privacy) Ordinance, Cap 486 of the Laws of Hong Kong. The personal data collected on these forms will be used solely for the purpose of the enrolment and be retained for such period as may be necessary for our verification and record purposes. Please refer to the HKEX's Privacy Policy Statement which is available on the HKEX website (www.hkex.com.hk) for further details.