

HKATS Trading Procedures

CHAPTER 2 ACCESS TO HKATS

2.3 Application Procedure for HKATS Access

The following outlines the application process in respect of each Exchange Participant wishing to trade through HKATS:

2.3.1 Execution of Subscription and Licence Agreement and other related forms

An Exchange Participant will be required to sign a subscription and licence agreement in such form as may from time to time be prescribed by the Exchange (“HKFE-HKATS Subscription and Licence Agreement”).

An Exchange Participant shall also sign such other related forms as may be required by the Exchange, such as the HKATS Usernames for access to HKATS (Form-CA) (see Appendix II for a sample of this form).

2.3.3 to 2.3.4 (Repealed)

2.3.5 Assign New Usernames and User Node(s)

Upon receipt of the executed HKFE-HKATS Subscription, Licence Agreement and completed Form CA, the Exchange will inform the Exchange Participant of its HKATS Username(s) and password(s) for accessing HKATS. Exchange Participant shall follow such security and control measures pertaining the use of HKATS Usernames and passwords as are from time to time specified and advised by the Exchange. The Exchange Participant shall notify the Exchange on any change in the information provided on Form CA, including any deletion of HKATS Usernames.

2.3.6 (Repealed)

2.3.8 Cancellation of Exchange Participant Connection / Username(s) /Exchange Participant Node(s)

Exchange Participants which would like to terminate HKATS trading may do so by submitting an Click Workstation Installation/Termination Request Form to the Exchange.

2.3.9 Resetting of User Password

An Exchange Participant may request the Exchange to reset any password or to reissue a password notification letter subject to the payment of a fee specified by the Exchange. Such request shall be made by completing the Request For Resetting Password Form or the Request For Re-issuing Password Notification Letter (see Appendix II for a sample of these forms), whichever is appropriate.

2.6 HKATS Network Problem

Exchange Participants which are affected by the network, system or other malfunction can apply to use the CLICK workstations in the Exchange SOS Centres for trading. All of the HKFE Rules, Regulations and Procedures in relation to the entry of instructions into HKATS shall apply and the Exchange Participant shall be responsible for all such resulting F/O Contracts.

CHAPTER 3 DEALING FUNCTIONALITY

3.1 Central Orderbook

3.1.1 A Limit Order capable of being stored in the Central Orderbook (only Limit Orders which do not have either a "Fill Or Kill" or "Fill and Kill" condition attached) will remain in the Central Orderbook until one of the following events occurs:

- b) the Authorized Person who input the Order or another Authorized Person of the same Exchange Participant cancels the Order or amends the Order to the effect that the ranking priority will be affected;
- f) HKATS automatically inactivates the Order when all Orders belonging to an Authorized Person are inactivated due to a lost connection between the local trading workstation and the host computer;

3.2 Orderbook

The "Orderbook Window" displays open Orders that are stored in the relevant Central Orderbook. This Window will show the bid and ask price, quantity and validity time of each Order and the HKATS Username inputting the Order. This Window also enables Authorized Persons to perform the following functions:

3.2.4 Change --- this function can change the details of an Order (e.g. price, quantity and validity time etc.). Certain changes may be made without losing queue priority. A reduction of quantity, change of the validity time and modifications of free text information, will preserve the Order's original queue position. Increasing the quantity of an Order or an amendment in price during the trading hours or during the Pre-Market Opening Period will result in the loss of time priority of the original Order. To preserve the queue priority of the original Order, an Authorized Person should enter a new Order for the added quantity and leave the quantity of the original Order unchanged. Increasing the quantity of an Order or an amendment in price during the 30 minute period before a trading session (where the Pre-Market Opening Period is not applicable) will result in the inactivation of the Order.

3.3 Order Types

3.3.1 "Limit Order"

A "Limit Order" is an Order where a price for bid or ask is specified. The following validity time(s) can be specified in respect of "Limit Orders":

(e) "Until Expiry"

In the case of Exchange Contracts with delivery months or options series, if this condition is specified, the Order remains good until the Order is matched, cancelled or the respective Contract expires. In the case of Exchange Contracts with no expiry, specifying this condition indicates that the Order remains good until it is matched or until further instructions are received from the Exchange Participant (i.e. good-till-cancelled).

3.4 Limit Order Entry

Limit Orders with a specified validity time can be entered through the "Enter Order Window" feature. This Window can be brought up from the "Order Actions" heading contained in the Click menu bar. Authorized Persons should adjust the ID (i.e. the delivery month, the option series or the series name), price and quantity as needed. After confirmation, an Order is entered. Any unmatched Order is then displayed in the Central Orderbook.

Limit Orders may also be entered through the "Execute Order Window" feature as more thoroughly described in section 3.6.

3.5 Cancel Orders

The "Cancel Order Window" feature is used to cancel all Orders placed either by a particular Authorized Person or by all Authorized Persons in respect of a particular Exchange Participant. After confirmation, Orders will be cancelled.

For the cancellation of a single Order or selected Orders, the "Orderbook Window" feature mentioned above should be used.

3.6 Order Execution through Use of the Execute Order Window Feature

Authorized Persons may also execute Orders using the "Execute Order Window" by double clicking either the bid or ask side ("Reference Price"), depending on the desired order action, in the "Price Information Window", "Price Depth Window" or "Order Depth Window".

When the "Execute Order Window" comes up, the "Price", "Quantity", and "Average Price" fields will be displayed. Where no adjustment is made to such fields, the "Price" field will display the "Reference Price" which will represent the worst bid or ask price, as the case may be, at which an Authorized Person may execute an Order for the quantity specified in the "Quantity" field. The "Quantity" field will display the total quantity available for execution at the "Reference Price" which, where applicable will include all better bid or ask prices available in the Market. The "Average Price" field will display an indicative average price at which the Authorized Person may execute the Order for the quantity shown in the "Quantity" field. The "Price" and the "Quantity" fields can be adjusted by scrolling the respective arrow up or down. If the Authorized Person changes the price level or quantity, the "Quantity" or the "Price" field, as the case may be, as well as the "Average Price" field will be recalculated automatically. If the quantity available in the relevant Market is less than the quantity specified in the "Quantity" field, a zero will be displayed in the "Price" and the "Average Price" fields to reflect this

situation. If the Authorized Person confirms the Order, the Order will be executed at the quantity then available in the Market. The validity time must also be specified: (i) Fill or Kill; or (ii) Fill and Kill (Default).

When entering a Limit Order, the Authorized Person must specify a price in the "Price" field, i.e. he must set a floor or a ceiling price at which his Order will be executed for such quantity as is available in the Market.

3.7 Order Ranking and Matching

3.7.3 Price Methodology

Price conditions may be specified in Orders to limit the possible prices at which an Order may be matched. For example, an Authorized Person wishing to buy at a price of 100 would likewise be agreeable to buy at 100 and at 99, but may not be agreeable to buy at 101. Limit Orders denote the maximum price a buyer is willing to pay or the minimum price a seller is willing to accept, and these parameters can be set by specifying a "Limit" price in an Order.

There are three possible scenarios which may occur when attempting to match a Limit Order:

- a) The sell "Limit" price may be lower than the buy "Limit" price;
- b) The sell "Limit" price may be higher than the buy "Limit" price; and
- c) The sell "Limit" price may be equal to the buy "Limit" price.

In respect of the first possible scenario above, a match will occur at the "Limit" price of the Order which was stored in the Central Orderbook.

3.9 Ticker

The "Ticker Window" shows information relating to F/O Contracts executed by all Exchange Participants. The information displayed includes: the delivery month, option series or series name as the case may be; the traded price; the execution time; the quantity and whether a trade was a block trade. An Authorized Person may select viewing information by Market and then by:

- a) Local --- transactions done by that particular Authorized Person;
- b) Company --- the Exchange Participant firm's transactions excluding the transactions of that particular Authorized Person;
- c) External --- transactions done by other Exchange Participant firms.

3.13 Clearing Trades

The "Clearing Trades Window" displays information of trades that an Authorized Person's own Exchange Participant firm has made.

Appendix II - Forms

Form CA

TO: HONG KONG FUTURES EXCHANGE LIMITED
(A wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited)

10/F One International Finance Centre Hotline: 2211 6360
1 Harbour View Street Fax : 2877 0017 / 2509 0724
Central, Hong Kong

HKATS USERNAMES FOR ACCESS TO HKATS

Particulars of Exchange Participant

Mnemonic	Participant Name
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Contact Person

Name	Tel	Fax
Position	E-mail	

Part I – Request for additional HKATS usernames

We hereby request the Exchange to issue _____ additional HKATS Username(s) to access HKATS. We acknowledge that such HKATS Username(s) is/are issued by the Exchange at its absolute discretion and may be revoked or suspended by the Exchange.

Name of Responsible Officer	Office tel no.	Mobile phone no.	E-mail Address

Part II – Details of Authorized Persons (for addition of HKATS Usernames and change of contact person)

We hereby notify the Exchange that in addition to our Responsible Officers, the Exchange may contact the Authorized Persons listed in the tables below in relation to our access to HKATS.

Existing username / No. of new usernames requested	CLICK / OAPI user (only for any request of a new username)	Name of Authorized Person	First 4 digits of HKID card / passport no.	Office tel no.	Mobile phone no.

Part III – Deletion of HKATS Usernames

We hereby request for the deletion of the HKATS Username(s) set forth in the table below with effect from the date(s) specified. The Authorized Person(s) of such HKATS Usernames are also listed for the Exchange's information.

HKATS Username	Effective date	Current Authorized Person

We undertake to notify the Exchange immediately of any changes in the information provided above.

For and on behalf of

[Name of Exchange Participant]

Signature of Responsible Officer
with company chop

Date

Name of Responsible Officer

TO: HONG KONG FUTURES EXCHANGE LIMITED

(A wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited)

**10/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong
(Ref: DTMO)**

**Fax: 2509-0724/
2877-0017
Hotline: 2211 6360**

REQUEST FOR RESETTING PASSWORD

Particulars of Exchange Participant

Name of Exchange Participant	Exchange Participant Firm ID
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HKATS User Information

Name of Authorized Person		
HKATS Username	Tel	Fax

Details

Reason for resetting password	
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We hereby request for the resetting of password for the Authorized Person stated above and agree to pay the required charges stipulated in the HKFE Rules, Regulations and Procedures.

Authorized Signature _____
(with company chop)

Date _____

For Official Use Only		
Signature Verified	User Verified	Form NU Prepared
Password Reset	User Informed	Fees Charged

TO: HONG KONG FUTURES EXCHANGE LIMITED
 (A wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited)

**10/F One International Finance Centre
 1 Harbour View Street
 Central
 Hong Kong
 (Ref: DTMO)**

**Fax: 2509-0724/
 2877-0017
 Hotline: 2211 6360**

REQUEST FOR RE-ISSUING PASSWORD NOTIFICATION LETTER

Particulars of Exchange Participant

Name of Exchange Participant	Exchange Participant Firm ID
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HKATS User Information

Name of Authorized Person		
HKATS Username	Tel	Fax

Details

Reason for re-issuing password notification letter	
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We hereby request for the reissuing of the password notification letter for the Authorized Person stated above and agree to pay the required charges stipulated in the HKFE Rules, Regulations and Procedures.

Authorized Signature _____
 (with company chop)

Date _____

For Official Use Only		
Signature Verified	User Verified	Form NU Prepared
Password Reset	User Informed	Fees Charged

TO: HONG KONG FUTURES EXCHANGE LIMITED

(A wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited)

**10/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong
(Ref: DM)**

**Fax: 2877 0017
Hotline: 2211 6360**

CLICK WORKSTATION INSTALLATION/TERMINATION REQUEST FORM

Particulars of Exchange Participant	
Exchange Participant	_____
Contact Person	_____ Email _____
Phone No.	_____ Fax No. _____

Services Required (Please tick the box for the appropriate service(s) required.)	
<input type="checkbox"/> Installation of CLICK	Intended Installation Date _____
<input type="checkbox"/> Termination of CLICK	Intended Termination Date _____
<input type="checkbox"/> Re-installation of CLICK	Intended Re-installation Date _____
Number of CLICK	_____
Address of Service Required	_____

PC Configuration	
Host Name (e.g. ABCWA1)	_____
Type of CPU (e.g. Pentium 4)	_____
Speed of CPU	_____ GHz
Memory	_____ GB RAM
Hard Disk	_____ GB
Display Card	_____ MB RAM

We hereby request for the installation/termination of CLICK workstation(s) and agree to pay the required charges stipulated in the HKFE Rules, Regulations and Procedures.

Authorized Signature _____ Date _____
(with company chop)

Name/Title

For Official Use	
Setup Guide Sent On	_____
Click Installed On	_____
Remarks	
