

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER I

**INTERPRETATION ADMINISTRATION  
AND AMENDMENT OF THE RULES**

Definitions and Interpretation

~~"Bulletin Board Orderbook" means a file resident in HKATS which contains the records of all unmatched strategy trade orders involving Exchange Contracts traded through HKATS;~~

"Tailor-Made Combination" means a strategy combination involving Exchange Contracts which is defined by an Exchange Participant using the tailor-made combination function of HKATS;

CHAPTER VIII

**TRADING ARRANGEMENTS – PRACTICES AND SYSTEMS**

Error Trades

819B. If a trade takes place on HKATS at a level which deviates from the price parameters from time to time established by the Exchange and notified to Exchange Participants (the "Price Parameters"), the Exchange will entertain claims from any original party to the trade that the price was in error. Such claims shall be entertained only in accordance with the following procedures:

- (a) Any claim that a trade took place at a level which deviated from the Price Parameters, and was an error ("Error Trade"), shall be brought to the attention of the Exchange by any original party to the trade no later than ten minutes after the time of the trade ~~if the trade is executed through the Central Orderbook~~ or, if the trade is a Tailor-Made Combination trade, no later than thirty minutes after the time of the trade ~~if the trade is a strategy trade executed through the Bulletin Board Orderbook~~. Upon receipt of such notification, the Exchange shall immediately broadcast an alert on HKATS that the trade is claimed to be an error and may be subject to cancellation.
- (h) For the avoidance of doubt, no trade that takes place at a level within the Price Parameters, or is reported to the Exchange later than the time specified in Rule 819B(a) ~~ten minutes after the time of the trade if the trade is executed through the Central Orderbook or thirty minutes after the time of the trade if the trade is a strategy trade executed through the Bulletin Board Orderbook~~, is subject to these cancellation provisions.

**CHAPTER XII****AUTOMATED TRADING SYSTEM**General Provision

- 1201 (j) An Exchange Participant shall be liable for all orders and F/O Contracts arising from its connection or any connection granted by the Exchange through the Exchange Participant and recorded in the Central Orderbook ~~or Bulletin Board Orderbook~~ and the Transaction Register respectively of HKATS or other consequences resulting from the use of such connection, regardless of whether or not such consequences resulted from the use of such connection by its Responsible Officers, Authorized Persons, Remote Access Clients of the Exchange Participant or any person who is allowed to have access to HKATS for performing market making activities.

Recording of Orders

- 1210 Each order shall be validly entered into HKATS at the time when it has been recorded in the Central Orderbook ~~or the Bulletin Board Orderbook~~ of HKATS relating to the applicable Exchange Contract in respect of which the order has been entered.
- 1211 The recorded details of each order maintained in the Central Orderbook ~~or the Bulletin Board Orderbook~~ of HKATS shall be conclusive evidence of the terms of each order entered into HKATS. No other evidence shall be admissible or otherwise recognised by any person in relation to determining whether an order has been entered into HKATS or in relation to determining the terms of any such order.
- 1212 Except as otherwise permitted by the Exchange, no Exchange Participant shall, apart from the ability to check its own orders through HKATS, be entitled to have access to any information stored in the Central Orderbook ~~or the Bulletin Board Orderbook~~ of HKATS or be able to enquire as to, or be entitled to discover, the identity of any person who has entered an order into the Central Orderbook ~~or the Bulletin Board Orderbook~~.
- 1213 An Authorized Person of the Exchange Participant may amend and cancel any order which has been entered into the Central Orderbook ~~or Bulletin Board Orderbook~~ of HKATS on behalf of a Client or the Exchange Participant provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, and in accordance with the order number designated in respect of that particular order. The Exchange shall permit the amendment or cancellation of an order in accordance with the Procedures. Notwithstanding any provisions in the Procedures which limit the amendment or cancellation of orders to specified time periods, inactive orders of Clients or the Exchange Participant may be amended or canceled at any time provided that the amendment or cancellation is made in compliance with the instructions of Clients or the Exchange Participant, as the case may be.

Recording of Transactions

1215 An F/O Contract shall be executed at the time when an order in respect of an Exchange Contract in a futures delivery month or option series is matched by HKATS with another order in respect of an Exchange Contract in the same futures delivery month or option series and the details of such matched orders relating to the F/O Contract are recorded in the Transaction Register of HKATS. Immediately upon such recording, and provided that the F/O Contract has been validly executed in accordance with these Rules, the F/O Contract shall be subject to the process of novation in accordance with the Clearing House Rules unless otherwise determined by the Exchange. Notwithstanding the foregoing, no matched order recorded in the Transaction Register during the Pre-Market Opening Period of a Market shall be registered with the Clearing House or novated until the opening of the Market and no Block Trade or Tailor-Made Combination trade recorded in the Transaction Register shall be registered with the Clearing House or novated until the Clearing House is satisfied that the recorded Block Trade or Tailor-Made Combination trade is a valid ~~Block Trade trade~~ and all criteria applicable to ~~the Block Tradeit~~ have been satisfied. Unless an Exchange Participant receives any oral or written notice from the Exchange or the Clearing House that a Block Trade or Tailor-Made Combination trade is not valid or not all criteria applicable to ~~the Block Tradeit~~ have been satisfied or that ~~the Block Tradeit~~ will not be registered with or cleared by the Clearing House for any reason, the Block Trade or Tailor-Made Combination trade shall be deemed to be registered with the Clearing House and subject to the process of novation in accordance with the Clearing House Rules immediately upon the recording of such ~~Block Trade trade~~ in the Transaction Register. The Exchange will endeavour to notify the Exchange Participant of any issue concerning the Block Trade or Tailor-Made Combination trade ~~any criteria set forth in Rule 815A~~ within 30 minutes of ~~the its~~ execution by the Exchange Participant ~~of the Block Trade~~.

## CHAPTER XIV

REMOTE ACCESS CLIENTS

1407. An Exchange-HKCC Participant is liable for all orders and F/O Contracts arising from each of its Remote Access Clients' connections to HKATS and recorded in the Central Orderbook ~~or Bulletin Board Orderbook~~ and the Transaction Register respectively of HKATS or other consequences resulting from the use of the Remote Access Client's connection. An Exchange-HKCC Participant shall implement adequate procedures and measures to monitor the trading on HKATS by its Remote Access Clients and to ensure compliance with its risk management policy.

**APPENDIX B - FEES**

*HKATS-related fees*

CLICK or OAPI sub-license fee for connection through a network gateway

1750/month/CLICK or OAPI

OAPI sub-license fee for connection with a throughput rate of 5 transactions per second through the central gateway

2600/month/OAPI provided that no OAPI sub-license fee will be charged for either the first 2 connections with a throughput rate of 5 transaction per second or the first connection with a throughput rate of 10 transactions per second of an Exchange Participant

OAPI sub-license fee for connection with a throughput rate of 10 transactions per second through the central gateway

5200/month/OAPI provided that no OAPI sub-license fee will be charged for either the first 2 connections with a throughput rate of 5 transactions per second or the first connection with a throughput rate of 10 transactions per second of an Exchange Participant

Rental of CLICK workstations in SOS centre/Temporary connection to HKATS via the contingency gateway

1,000/workstation or connection/day or part thereof

~~Non-standard combinations~~

~~(i) no. of order entries exceeds 100% but is less than or equal to 150% of the prescribed daily maximum and the aggregate fee payable for the month is more than \$100~~

~~0.01/order entry in excess of the prescribed daily maximum~~

~~(ii) no. of order entries exceeds 150% but is less than or equal to 500% of the prescribed daily maximum and the aggregate fee payable for the month is more than \$100~~

~~0.05/order entry in excess of the prescribed daily maximum~~

~~(iii) no. of order entries exceeds 500% of the prescribed daily maximum and the aggregate fee payable for the month is more than \$100~~

~~Up to 0.20/order entry in excess of the prescribed daily maximum with the applicable fee in force from time to time being notified by HKFE to Exchange Participants and the Commission~~

**TRADING PROCEDURES FOR STOCK INDEX FUTURES AND STOCK INDEX OPTIONS TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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**CHAPTER 4  
DEALING FUNCTIONALITY**

4.3 *Order Amendments and Cancellations*

An Order in a Stock Index Futures Contract or a Stock Index Option Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable).

Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.5 *Execution of Standard Combinations*

4.5.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the~~ Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.6 *~~Execution of Non-Standard Combinations (deleted)~~*

~~4.6.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~4.6.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 4.6.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.~~

~~4.6.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

4.7 *~~Bulletin Board (deleted)~~*

~~4.7.1 The Bulletin Board shall apply to such Stock Index Futures and/or Options Contract(s) as the Exchange may from time to time notify to Exchange Participants.~~

~~4.7.2 Where the Bulletin Board is applicable to any Stock Index Futures and/or Options Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such Stock Index Futures and/or Options Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~

- ~~• the quantity shall be specified in respect of each futures contract month or option series (“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less than two or more than eight; and~~
- ~~• no two futures contract months or option series comprising a strategy trade shall be identical.~~

~~4.7.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~4.7.4 Subject to procedure 4.7.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

- ~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~
- ~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number. For the purpose of this procedure 4.7.4, “x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

~~4.7.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the~~

~~invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~4.7.6 (deleted)~~

~~4.7.7 Notwithstanding the provisions of Chapter 3 of these procedures, a Registered Trader in the Stock Index Futures Contract or a Stock Index Options Contract shall not be required to respond to a Quote Request for a strategy trade involving Stock Index Futures Contracts and Stock Index Options Contracts in the Bulletin Board Orderbook window.~~

~~4.7.8 Notwithstanding the provisions of procedure 4.3, any amendment to an Order for strategy trade involving Stock Index Futures Contracts and corresponding Stock Index Options Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.~~

#### 4.10 Creation, Execution and Deletion of Tailor-Made Combinations

4.10.1 Exchange Participants can define and create a Tailor-Made Combination involving such Stock Index Futures Contracts and/or Stock Index Options Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

4.10.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month or option series (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

4.10.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.



4.10.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the Stock Index Futures Contracts or Stock Index Options Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.

4.10.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.

4.10.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participant.

4.10.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:

- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.10.2;
- (ii) there is no active Order for the Tailor-Made Combination;
- (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
- (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.10.6; or
- (v) the Exchange determines that the Tailor-Made Combination is inappropriate.

4.10.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.10.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.

**TRADING PROCEDURES FOR STOCK FUTURES AND OPTIONS ON STOCK FUTURES TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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**CHAPTER 4  
DEALING FUNCTIONALITY**

**4.3 *Order Amendments and Cancellations***

An Order in a Stock Futures Contract or an Options on Stock Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable).

Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.6 *Execution of Standard Combinations*

4.6.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the~~ Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.7 *~~Execution of Non-Standard Combinations(deleted)~~*

~~4.7.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~4.7.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 4.7.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.~~

~~4.7.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

4.8 *~~Bulletin Board(deleted)~~*

~~4.8.1 The application of the Bulletin Board to any Stock Futures Contract(s) or Option(s) on Stock Futures Contract(s) shall be notified to Exchange Participants.~~

~~4.8.2 Where the Bulletin Board is applicable to any Stock Futures Contract(s) or Options on Stock Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such Stock Futures Contract(s) or Options on Stock Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~

- ~~• the quantity shall be specified in respect of each futures contract month or option series (“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less than two or more than eight; and~~
- ~~• no two futures contract months or option series comprising a strategy trade shall be identical.~~

~~4.8.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~4.8.4 Subject to procedure 4.8.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

- ~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~
- ~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this procedure 4.8.4,~~

~~“x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

~~4.8.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is~~

~~executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~4.8.6 (deleted)~~

~~4.8.7 Notwithstanding the provisions of Chapter 3 of these procedures, a Registered Trader in Stock Futures Contracts or Options on Stock Futures Contracts shall not be required to respond to a Quote Request for a strategy trade involving Stock Futures Contracts or Options on Stock Futures Contracts in the Bulletin Board Orderbook window.~~

~~4.8.8 Notwithstanding the provisions of procedure 4.3, any amendment to an Order for strategy trade involving Stock Futures Contracts or Options on Stock Futures Contracts will result in the loss of time priority of the Order.~~

#### 4.10 Creation, Execution and Deletion of Tailor-Made Combinations

4.10.1 Exchange Participants can define and create a Tailor-Made Combination involving such Stock Futures Contracts and/or Options on Stock Futures Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

4.10.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month or option series (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

4.10.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.

- 4.10.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the Stock Futures Contracts or Options on Stock Futures Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.
- 4.10.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.
- 4.10.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participant.
- 4.10.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:
- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.10.2;
  - (ii) there is no active Order for the Tailor-Made Combination;
  - (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
  - (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.10.6; or
  - (v) the Exchange determines that the Tailor-Made Combination is inappropriate.
- 4.10.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.10.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.

**TRADING PROCEDURES FOR ONE-MONTH AND THREE-MONTH HONG KONG INTERBANK OFFERED RATE FUTURES (“HIBOR FUTURES”) TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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<u>4.9</u>	<u>Creation, Execution and Deletion of Tailor-Made Combinations</u>

**CHAPTER 4  
DEALING FUNCTIONALITY**

4.3 *Order Amendments and Cancellations*

An Order in a HIBOR Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable). Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.5 *Execution of Standard Combinations*

4.5.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the~~ Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.6 *~~Execution of Non-Standard Combinations(deleted)~~*

~~4.6.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~4.6.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 4.6.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.~~

~~4.6.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

4.7 *~~Bulletin Board(deleted)~~*

~~4.7.1 The application of the Bulletin Board to any HIBOR Futures Contract(s) shall be notified to Exchange Participants.~~

~~4.7.2 Where the Bulletin Board is applicable to any HIBOR Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such HIBOR Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~
- ~~• the quantity shall be specified in respect of each futures contract month(“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less than two or more than eight; and~~



- ~~• no two futures contract months comprising a strategy trade shall be identical.~~

~~4.7.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~4.7.4 Subject to procedure 4.7.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

- ~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~
- ~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this procedure 4.7.4,~~

~~“x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

~~4.7.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract,~~

~~tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~4.7.6—(deleted)~~

~~4.7.7—Notwithstanding the provisions of Chapter 3 of these procedures, a Registered Trader in the HIBOR Futures Contract shall not be required to respond to a Quote Request for a strategy trade involving HIBOR Futures Contracts in the Bulletin Board Orderbook window.~~

~~4.7.8—Notwithstanding the provisions of procedure 4.3, any amendment to an Order for strategy trade involving HIBOR Futures Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.~~

#### 4.9 Creation, Execution and Deletion of Tailor-Made Combinations

4.9.1 Exchange Participants can define and create a Tailor-Made Combination involving such HIBOR Futures Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

4.9.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

4.9.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.

4.9.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the HIBOR Futures Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.

- 4.9.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.
- 4.9.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participant.
- 4.9.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:
- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.9.2;
  - (ii) there is no active Order for the Tailor-Made Combination;
  - (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
  - (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.9.6; or
  - (v) the Exchange determines that the Tailor-Made Combination is inappropriate.
- 4.9.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.9.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.

**TRADING PROCEDURES FOR EXCHANGE FUND NOTE FUTURES  
("EFN FUTURES") TRADED ON THE AUTOMATED TRADING SYSTEM OF THE  
EXCHANGE ("HKATS")**

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**CHAPTER 4  
DEALING FUNCTIONALITY**

4.3 *Order Amendments and Cancellations*

An Order in a EFN Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook ("Valid Orders") only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional ("free") text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30-minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable). Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.4 *Execution of Standard Combinations*

4.4.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the~~ Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.5 *~~Execution of Non-Standard Combinations(deleted)~~*

~~4.5.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~4.5.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 4.5.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate nonstandard combination trade.~~

~~4.5.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

4.6 *~~Bulletin Board(deleted)~~*

~~4.6.1 The application of the Bulletin Board to any EFN Futures Contract(s) shall be notified to Exchange Participants.~~

~~4.6.2 Where the Bulletin Board is applicable to any EFN Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such EFN Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~
- ~~• the quantity shall be specified in respect of each futures contract month (“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less than two or more than eight; and~~

~~no two futures contract months comprising a strategy trade shall be identical.~~

~~4.6.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~4.6.4 Subject to procedure 4.6.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~

~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this procedure 4.6.4,~~

~~“x” means the total number of legs comprising the strategy trade; “spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

~~4.6.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~4.6.6 Notwithstanding the provisions of Chapter 3 of these procedures, a Registered Trader in EFN Futures Contracts shall not be required to respond to a Quote Request or provide continuous Quotes for a strategy trade involving EFN Futures Contracts in the Bulletin Board Orderbook window.~~

~~4.6.7 Notwithstanding the provisions of procedure 4.3, any amendment to an Order for strategy trade involving EFN Futures Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.~~

#### 4.8 Creation, Execution and Deletion of Tailor-Made Combinations

4.8.1 Exchange Participants can define and create a Tailor-Made Combination involving such EFN Futures Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

4.8.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

4.8.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.

4.8.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the EFN Futures Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.

4.8.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.

4.8.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participants.

4.8.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:

(i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.8.2;

(ii) there is no active Order for the Tailor-Made Combination;

(iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;

(iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.8.6; or

(v) the Exchange determines that the Tailor-Made Combination is inappropriate.

4.8.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.8.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.



**TRADING PROCEDURES FOR METAL FUTURES TRADED ON THE  
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<u>3.8</u>	<u>Creation, Execution and Deletion of Tailor-Made Combinations</u>

**CHAPTER 3  
DEALING FUNCTIONALITY**

3.3 *Order Amendments and Cancellations*

An Order in a Metal Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30-minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable). Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

3.4 *Execution of Standard Combinations*

3.4.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the Bait Orders are generated.~~ A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

3.5 *~~Execution of Non-Standard Combinations(deleted)~~*

~~3.5.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~3.5.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 3.5.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.~~

~~3.5.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

3.6 *~~Bulletin Board(deleted)~~*

~~3.6.1 The application of the Bulletin Board to any Metal Futures Contract(s) shall be notified to Exchange Participants.~~

~~3.6.2 Where the Bulletin Board is applicable to any Metal Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such Metal Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~
- ~~• the quantity shall be specified in respect of each futures contract month (“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less~~

~~than two or more than eight; and~~

- ~~• no two futures contract months comprising a strategy trade shall be identical.~~

~~3.6.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~3.6.4 Subject to procedure 3.6.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

- ~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~
- ~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this procedure 3.6.4,~~

~~“x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

~~3.6.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and~~

~~no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~3.6.6 Notwithstanding the provisions of procedure 3.3, any amendment to an Order for strategy trade involving Metal Futures Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.~~

### 3.8 Creation, Execution and Deletion of Tailor-Made Combinations

3.8.1 Exchange Participants can define and create a Tailor-Made Combination involving such Metal Futures Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

3.8.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

3.8.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.

3.8.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the Metal Futures Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.

3.8.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.

- 3.8.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participant.
- 3.8.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:
- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 3.8.2;
  - (ii) there is no active Order for the Tailor-Made Combination;
  - (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
  - (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 3.8.6; or
  - (v) the Exchange determines that the Tailor-Made Combination is inappropriate.
- 3.8.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 3.8.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.

**TRADING PROCEDURES FOR CURRENCY FUTURES TRADED ON THE  
AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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**CHAPTER 4**

**DEALING FUNCTIONALITY**

4.3 *Order Amendments and Cancellations*

An Order in a Currency Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; ~~(ii) will be immediately converted into an inactive Order if the amendment is made during the 30-minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable);~~ and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable). Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.4 *Execution of Standard Combinations*

4.4.2 The ranking of Bait Orders shall be in accordance with the time the ~~original Order for the standard combination is entered into HKATS and not the time the~~ Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.5 *~~Execution of Non-Standard Combinations(deleted)~~*

~~4.5.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.~~

~~4.5.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 4.5.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.~~

~~4.5.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.~~

4.6 *~~Bulletin Board(deleted)~~*

~~4.6.1 The application of the Bulletin Board to any Currency Futures Contract(s) shall be notified to Exchange Participants.~~

~~4.6.2 Where the Bulletin Board is applicable to any Currency Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such Currency Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:~~

- ~~• a price shall be entered in respect of each strategy trade Order;~~
- ~~• the quantity shall be specified in respect of each futures contract month (“leg”) comprising the strategy trade;~~
- ~~• the total number of legs comprising each strategy trade shall not be less~~

~~than two or more than eight; and~~

- ~~• no two futures contract months comprising a strategy trade shall be identical.~~

~~4.6.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~

~~4.6.4 Subject to procedure 4.6.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~

- ~~(i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and~~
- ~~(ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this procedure 4.6.4,~~

~~“x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

□

~~4.6.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and~~



~~no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.~~

~~4.6.6 Notwithstanding the provisions of Chapter 3 of these procedures, a Market Maker in a Currency Futures Contract shall not be required to respond to a Quote Request for a strategy trade involving Currency Futures Contracts in the Bulletin Board Orderbook window.~~

~~4.6.7 Notwithstanding the provisions of procedure 4.3, any amendment to an Order for strategy trade involving Currency Futures Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.~~

#### 4.8 Creation, Execution and Deletion of Tailor-Made Combinations

4.8.1 Exchange Participants can define and create a Tailor-Made Combination involving such Currency Futures Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.

4.8.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:

- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
- the number of futures contract month (“legs”) comprising the strategy is within the range prescribed by the Exchange;
- the ratio between these legs is within the range prescribed by the Exchange;
- the contract sizes of these legs must be identical;
- the Tailor-Made Combination is not at that time prescribed as a standard combination; and
- an active Order is submitted at the same time as the creation of the Tailor-Made Combination.

4.8.3 Tailor-Made Combinations created on a Business Day will not be carried forward to the next Business Day.

4.8.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the Currency Futures Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.

- 4.8.5 The Exchange may from time to time prescribe a maximum number of Tailor-Made Combinations that can be listed on HKATS on a Business Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.
- 4.8.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Business Day by notice to the Exchange Participants.
- 4.8.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:
- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.8.2;
  - (ii) there is no active Order for the Tailor-Made Combination;
  - (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
  - (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.8.6; or
  - (v) the Exchange determines that the Tailor-Made Combination is inappropriate.
- 4.8.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.8.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Business Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.