

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER IX

EMERGENCY AND EXTRAORDINARY SITUATIONS

902. Notice of suspension of trading shall be given to Exchange Participants, the Clearing House and HKEx, and prior notice shall be given to the Commission or other appropriate regulatory body. The Exchange shall, if possible, give notice of suspension in writing by facsimile, electronic message or the posting of a notice on HKATS or by such other means as the circumstances permit. Unless otherwise decided by the Exchange or otherwise provided in the Procedures applicable to trading in the respective Markets, the trading arrangements upon approach and retreat of typhoons and/or issuance and discontinuation of black rainstorm warnings shall be as follows:-

(a) Trading Arrangement Upon Approach/Retreat of Typhoon	
1. Typhoon signal no. 8 or above hoisted at any time prior to 10:00 a.m. ^(Note 1)	<p>Resumption of Trading^(Note 3):</p> <ul style="list-style-type: none"> - From 9:45 a.m. if signal no. 8 is lowered at or before 7:45 a.m.^(Note 2) - From 10:00 a.m. if signal no. 8 is lowered at or before 8:00 a.m. - From 10:30 a.m. if signal no. 8 is lowered at or before 8:30 a.m. - From 11:00 a.m. if signal no. 8 is lowered at or before 9:00 a.m. - From 11:30 a.m. if signal no. 8 is lowered at or before 9:30 a.m. - From 2:30 p.m. if signal no. 8 is lowered at or before 12:00 noon - No trading for the day if signal no. 8 is lowered after 12:00 noon
2. Typhoon signal no. 8 or above hoisted during morning session	<p>Trading will be terminated 15 minutes after hoisting of typhoon signal no. 8 or above, and:</p> <ul style="list-style-type: none"> - Trading will resume from 2:30 p.m. if signal no. 8 is lowered at or before 12:00 noon^(Note 3) - There will be no trading in the afternoon session if signal no. 8 is lowered after 12:00 noon
3. Typhoon signal no. 8 or above hoisted after the close of morning session and before commencement of afternoon session	No trading in the afternoon session

4. Typhoon signal no. 8 or above hoisted during afternoon session	Trading will be terminated 15 minutes after the hoisting of typhoon signal no. 8 or above, and there will be no trading for the rest of the day
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Note 1: 9:45 a.m. in relation to the trading of Stock Index Futures Contracts and Stock Index Options Contracts

Note 2: Applicable only to the trading of Stock Index Futures Contracts and Stock Index Options Contracts

Note 3: For those Contracts to which the Pre-Market Opening Period applies, the Pre-Market Opening Period will commence thirty (30) minutes before the indicated time of resumption of trading

(b) Trading Arrangement Upon Issuance/Discontinuation of Black Rainstorm Warning	
1. Black rainstorm warning issued at any time prior to 10:00 a.m. ^(Note 1)	<p>Resumption of Trading^(Note 3):</p> <ul style="list-style-type: none"> - From 9:45 a.m. if black rainstorm warning is discontinued at or before 7:45 a.m.^(Note 2) - From 10:00 a.m. if black rainstorm warning is discontinued at or before 8:00 a.m. - From 10:30 a.m. if black rainstorm warning is discontinued at or before 8:30 a.m. - From 11:00 a.m. if black rainstorm warning is discontinued at or before 9:00 a.m. - From 11:30 a.m. if black rainstorm warning is discontinued at or before 9:30 a.m. - From 2:30 p.m. if black rainstorm warning is discontinued at or before 12:00 noon - No trading for the day if black rainstorm warning is discontinued after 12:00 noon

2. Black rainstorm warning issued during any trading session	Trading will continue as normal
3. Black rainstorm warning issued after the close of morning session and before commencement of afternoon session	<ul style="list-style-type: none"> - If there was trading in the morning session, trading will continue in the afternoon session - If there was no trading in the morning session, there will be no trading in the afternoon session

Note 1: 9:45 a.m. in relation to the trading of Stock Index Futures Contracts and Stock Index Options Contracts

Note 2: Applicable only to the trading of Stock Index Futures Contracts and Stock Index Options Contracts

Note 3: For those Contracts to which the Pre-Market Opening Period applies, the Pre-Market Opening Period will commence thirty (30) minutes before the indicated time of resumption of trading

APPENDIX B - FEES

Description	Amount ¹
<i>Exchange trading fees</i>	
HSI Dividend Point Index Futures	House/Client a/c MM a/c 3.00/Lot 0.60/Lot
HSCEI Dividend Point Index Futures	House/Client a/c MM a/c 1.50/Lot 0.30/Lot

¹ Unless otherwise specified, the amounts listed in this appendix are in HK dollars

² The number of contracts that are eligible for a reduced Exchange Fee may be limited as specified in the Procedures relating to Stock Index Futures and Stock Index Options contained in these Rules

REGULATIONS FOR TRADING STOCK INDEX FUTURES CONTRACTS

INTERPRETATION

002 The Exchange Rules and the Clearing House Rules (referred to collectively as the “Rules”) including the definitions, rules of interpretation and administrative provisions shall apply for the purposes of these Regulations. Unless specifically provided otherwise, the terms and expressions set out below shall have the meanings attributed to them herein. In the event of any conflict or inconsistency between the Rules (other than these Regulations) and these Regulations, including the Contract Specifications (which form part of these Regulations), the Regulations shall in all cases prevail.

“Final Settlement Day”	the Final Settlement Day as specified from time to time in the Contract Specifications of the relevant Stock Index Futures Contract;
“Stock Index” or “Index”	an index (including sub-index) that indicates the relative level of prices, value or dividend of a number of stocks whose inclusion and relative representation in the index are determined by reference to certain factors including the current market prices of the stocks and their market capitalisation;

STOCK INDEX

003 The method of compilation, computation and dissemination of the Stock Index must have been previously approved by the Exchange and the Commission; the level of the Stock Index must be regularly and broadly disseminated by a person approved by the Exchange and the Commission; and the underlying shares of a Stock Index must reflect a stock market, stock markets or a segment of a stock market, as the case may be, approved by the Exchange and the Commission.

FINAL SETTLEMENT PRICE

013 If, in the opinion of the Chief Executive, circumstances are developing or have developed which are capable of preventing the calculation of a Final Settlement Price, or which may render a Final Settlement Price unrepresentative of the level of prices at which underlying shares are traded on the Last Trading Day on the stock exchange(s) on which such underlying shares are traded or of the cumulated dividends of such underlying shares on the Business Day following the Last Trading Day, then the Chief Executive, after consultation with the Commission, may either on his own or in conjunction with the Clearing House take such steps as he deems appropriate to enable the Final Settlement Price to be determined.

REGULATIONS FOR TRADING STOCK INDEX OPTIONS CONTRACTS

INTERPRETATION

002 The Exchange Rules and the Clearing House Rules (referred to collectively as the “Rules”) including the definitions, rules of interpretation and administrative provisions shall apply for the purposes of these Regulations. Unless specifically provided otherwise, the terms and expressions set out below shall have the meanings attributed to them herein. In the event of any conflict or inconsistency between the Rules (other than these Regulations) and these Regulations, including the Contract Specifications (which form part of these Regulations), the Regulations shall in all cases prevail.

“Final Settlement Day” the Final Settlement Day as specified from time to time in the Contract Specifications of the relevant Stock Index Option Contract;

“Stock Index” or “Index” an index (including sub-index) that indicates the relative level of prices, value or dividend of a number of stocks whose inclusion and relative representation in the index are determined by reference to certain factors including the current market prices of the stocks and their market capitalisation;

STOCK INDEX

003 The method of compilation, computation and dissemination of the Stock Index must have been previously approved by the Exchange and the Commission; the level of the Stock Index must be regularly and broadly disseminated by a person approved by the Exchange and the Commission; and the underlying shares of a Stock Index must reflect a stock market, stock markets or a segment of a stock market, as the case may be, approved by the Exchange and the Commission.

OFFICIAL SETTLEMENT PRICE

011 If, in the opinion of the Chief Executive, circumstances are developing or have developed which are capable of preventing calculation of the Official Settlement Price of an Index, or which may render an Official Settlement Price unrepresentative of the level of prices at which the shares comprising the Index are traded during the Expiry Day or of the cumulated dividends of such underlying shares on the Business Day following the Expiry Day, then the Chief Executive, after consultation with the Commission, may either on his own or in conjunction with the Clearing House take such steps as he deems appropriate to enable the Official Settlement Price to be determined.

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

CHAPTER 3

MARKET MAKERS IN STOCK INDEX FUTURES AND STOCK INDEX OPTIONS CONTRACTS

3.1 Application for a Market Maker Permit

An Exchange Participant’s application for a Market Maker permit in a Stock Index Futures Contract and/or a Stock Index Options Contract shall be made in writing to the Exchange.

Upon granting a Market Maker permit in a Stock Index Futures Contract and any subsequent approval thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangements if any) with not less than two (2) contract months in the Stock Index Futures Contract [i.e. Spot Month and the next calendar month, unless otherwise specified by the Exchange].

Upon granting a Market Maker permit in a Stock Index Options Contract and any subsequent approval thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangements if any) with not less than twenty four (24) option series in the Stock Index Options Contract to be determined by the Exchange from time to time. In the case of a Stock Index Options Contract with both Short-dated and Long-dated Options, only option series in Short-dated Options will be assigned. In the case of a Market Maker permit being granted in the Mini-Hang Seng Index Option Contract and any subsequent approval granted thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangement if any) with not less than 12 option series in the Mini-Hang Seng Index Option Contract, to be determined by the Exchange from time to time. A Market Maker permit shall not be applicable to Flexible Options and accordingly all obligations and procedures relating to any market making requirements shall not apply.

The Exchange may, at the absolute discretion of the Chief Executive, revoke a Market Maker permit in a Stock Index Futures Contract and/or a Stock Index Options Contract or any market making arrangement or other approval granted thereunder if it does not meet the market making requirements set forth in procedures 3.2.1 and/or 3.2.2 for two (2) consecutive calendar months.

- 3.2.1.2.4 unless specified otherwise in procedure 3.2.1.4, display on HKATS a Quote made in response to a Quote Request in the Stock Index Futures Contract for not fewer than ten (10) seconds and for a size of not fewer than five (5) contracts unless a change in the level of the underlying stock index occurs during the ten (10) second display period, in which case, the Market Maker may change its Quote provided the new Quote shall be subject to the same display, spread and size requirements as specified in this procedure 3.2.1.2 for the original Quote;

- 3.2.1.3.2 quote the assigned contract months in the Stock Index Futures Contract with a bid/offer spread of not greater than 15 Minimum Fluctuations and for a size of not fewer than five (5) contracts unless specified otherwise in procedure 3.2.1.4; and
- 3.2.1.4 The minimum bid / offer spread and size requirements for a Market Maker in the following Stock Index Futures Contracts shall be as follows:

<u>Stock Index Futures Contracts</u>	<u>Maximum Bid / Offer Spread</u>	<u>Minimum Quote Size</u>
HSI Dividend Point Index Futures Contract	30.00 points or 10% of bid price, whichever is higher	50 contracts
HSCEI Dividend Point Index Futures Contract	30.00 points or 10% of bid price, whichever is higher	50 contracts

Contract Specifications For HSI Dividend Point Index Futures

The following Contract Specifications shall apply to the HSI Dividend Point Index Futures Contract:

Underlying Index/Index	HSI Dividend Point Index (the dividend index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	The three nearest December months. The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	Nil
Contracted Price	The price in Index points, quoted to two decimal places, at which an HSI Dividend Point Index Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Nil
Large Open Positions	1,000 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 1,000 open contracts, in any one Contract Month, per Client
Pre-Market Opening Period	Nil
Trading Hours	9:45 a.m. – 12:30 p.m. and 2:30 p.m. – 4:15 p.m. (Hong Kong time)
	There is no afternoon trading session on the eves of Christmas, New Year and Lunar New Year.
Trading Hours on Last Trading Day	9:45 a.m. – 12:30 p.m. and 2:30 p.m. – 4:15 p.m. (Hong Kong time)
	There shall be no afternoon trading session if the Last Trading Day falls on Christmas Eve or Lunar New Year's Eve.

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Trading Method	The Exchange's Automated Trading System (HKATS)	
Final Settlement Day	The second Business Day after the Last Trading Day	
Settlement Method	Cash settled contract for difference	
Last Trading Day	Two Business Days immediately preceding the last Business Day of the Contract Month	
Final Settlement Price	<p>The Final Settlement Price for HSI Dividend Point Index Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the final value of the HSI Dividend Point Index compiled, computed and disseminated by Hang Seng Indexes Company Limited taken on the Business Day following the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances</p>	
Trading Fee (per contract per side)	Exchange Fee	HK\$3.00
	The amount indicated above is subject to change from time to time.	
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.	
Commission Rate	Negotiable	

Contract Specifications For HSCEI Dividend Point Index Futures

The following Contract Specifications shall apply to the HSCEI Dividend Futures Contract:

Underlying Index/Index	HSCEI Dividend Point Index (the dividend index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	The three nearest December months. The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	Nil
Contracted Price	The price in Index points, quoted to two decimal places, at which an HSCEI Dividend Point Index Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Nil
Large Open Positions	1,000 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 1,000 open contracts, in any one Contract Month, per Client
Pre-Market Opening Period (Hong Kong time)	Nil
Trading Hours	9:45 a.m. - 12:30 p.m. and 2:30 p.m. - 4:15 p.m. (Hong Kong time) There is no afternoon trading session on the eves of Christmas, New Year and Lunar New Year.
Trading Hours on Last Trading Day	9:45 a.m. - 12:30 p.m. and 2:30 p.m. - 4:15 p.m. (Hong Kong time) There shall be no afternoon trading session if the Last Trading Day falls on Christmas Eve or Lunar New Year's Eve.

HKEx 香港交易所

Trading Method	The Exchange's Automated Trading System (HKATS)	
Final Settlement Day	The second Business Day after the Last Trading Day	
Settlement Method	Cash (Hong Kong dollar) settled contract for difference	
Last Trading Day	Two Business Days immediately preceding the last Business Day of the Contract Month	
Final Settlement Price	The Final Settlement Price for the HSCEI Dividend Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the final value of the HSCEI Dividend Point Index compiled, computed and disseminated by Hang Seng Indexes Company Limited taken on the Business Day following the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Dividend Futures Contracts to determine the Final Settlement Price under certain circumstances	
Trading Fee (per contract per side)	Exchange Fee	HK\$1.50
	The amount indicated above is subject to change from time to time.	
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.	
Commission Rate	Negotiable	