Change of T Session Trading Hours for Selected MSCI & Currency Futures and Options Contracts

Derivatives Trading Operations
Derivatives Clearing Operations
Clearing Risk Management

September 2022

HKEX
香港交易所

Agenda

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Change of T Session Trading Hours (“Late Close”) - Initiative Overview

Background

Why do we need to extend the closing hours of T session?

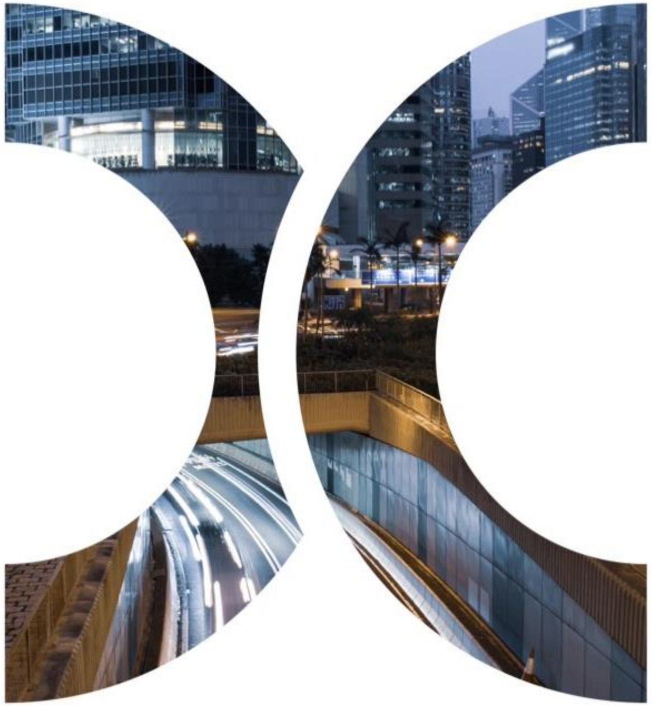
- To allow investors to capture the changes in the underlying market movements in the same trading session without interruption to better manage their exposures.

- To minimise any mark-to-market discrepancies between futures and underlying index and act as an effective risk management tool.

What is the scope?

- **Product Scope[1]:** 6 MSCI Price Return[2], 26 MSCI Net Total Return, 9 Currency Futures and Options[3] listed on HKFE

- **Implication on processes:** To extend T session close from 16:30 to 18:30, with the existing Post Trade window to be extended from 18:45 to 20:30, and EOD reports expected to be postponed by 60 minutes.



1. Subject to regulatory approval
2. MSCI Price Return Index Futures for Singapore, Malaysia, India, Thailand, Indonesia, EM
3. USD/CNH (including Minis & Options), INR/USD, CNH/USD, EUR/CNH, AUD/CNH, JPY/CNH, INR/CNH

Product Scope & Implementation Approach

Product Group	Contracts[1] in the Group	Approach
Product Group #1 Early Close contracts	1. MSCI Taiwan (USD) Futures 2. MSCI Taiwan 25/50 (USD) Futures 3. MSCI Taiwan (USD) Options	Phase 1: • T Session to close at 13:45, T+1 begins at 14:30 **(implemented on 4 October 2021)**
Product Group #2 Late Close contracts	1. MSCI Singapore Free (SGD) Index Futures 2. MSCI Malaysia (USD) Index Futures 3. MSCI India (USD) Index Futures 4. MSCI Thailand (USD) Index Futures 5. MSCI Indonesia Index (USD) Futures 6. MSCI Emerging Markets (USD) Index Futures 7. All MSCI NTR Futures (26 contracts) 9 Currency contracts: USD/CNH (including Minis & Options), INR/USD, CNH/USD, EUR/CNH, AUD/CNH, JPY/CNH, INR/CNH	Phase 2[2]: • T Session to close at 18:30, T+1 begins at 19:15 • Post Trade window to extend to 20:30 with EOD reports delayed by 60 minutes
Product Group #3 "Status quo" - Close at 1630	1. MSCI China (USD) Index Futures 2. MSCI Philippines (USD) Index Futures 3. MSCI Vietnam (USD) Index Futures[3] 4. MSCI China A 50 Connect Index Futures	No change on trading hours

1. Only MSCI suite and Currency futures are shown. Other HKFE contracts not in scope for early / late close and the contracts that will discontinue trading have been omitted from this table.
2. Subject to regulatory approval
3. For MSCI Vietnam, there will be no change for normal trading day trading hours. The closing hours on the Last Trading Day will be amended from 16:00 to 16:15

List of In-Scope Products & Its Closing Hours

	Normal Business Day (T Session)		Last Trading Day	
Price Return Index Futures[1]	**Current Trading hours**	**Proposed Trading hours**	**Current Trading hours**	**Proposed Trading hours**
1. MSCI Emerging Markets (USD) Index Futures	09:00 – 16:30	09:00 – 18:30	09:00 – 16:30	09:00 – 18:30
2. MSCI India (USD) Index Futures				09:00 – 18:30
3. MSCI Thailand (USD) Index Futures				09:00 – 18:15
4. MSCI Indonesia (USD) Index Futures				09:00 – 17:30
5. MSCI Malaysia (USD) Index Futures				09:00 – 17:15
6. MSCI Singapore Free (SGD) Index Futures				09:00 – 17:20
Net Total Return Index Futures	**Current Trading hours**	**Proposed Trading hours**	**Current Trading hours**	**Proposed Trading hours**
7. MSCI AC Asia ex Japan NTR (USD) Index Futures	09:00 – 16:30	09:00 – 18:30	09:00 – 16:30	09:00 – 18:30
8. MSCI Australia NTR (USD) Index Futures				09:00 – 14:12
9. MSCI China NTR (USD) Index Futures				09:00 – 18:30
10. MSCI EM Asia ex China NTR (USD) Index Futures				09:00 – 18:30
11. MSCI EM Asia ex Korea NTR (USD) Index Futures				09:00 – 18:30
12. MSCI EM Asia NTR (USD) Index Futures				09:00 – 18:30
13. MSCI EM EMEA NTR (USD) Index Futures				09:00 – 18:30
14. MSCI EM ex China NTR (USD) Index Futures				09:00 – 18:30
15. MSCI EM ex Korea NTR (USD) Index Futures				09:00 – 18:30
16. MSCI EM Latin America NTR (USD) Index Futures				09:00 – 18:30
17. MSCI Emerging Markets NTR (USD) Index Futures				09:00 – 18:30
18. MSCI Hong Kong NTR (USD) Index Futures				09:00 – 18:30
19. MSCI India NTR (USD) Index Futures				09:00 – 18:30
20. MSCI Indonesia NTR (USD) Index Futures				09:00 – 17:15
21. MSCI Japan NTR (USD) Index Futures				09:00 – 14:00
22. MSCI Malaysia NTR (USD) Index Futures				09:00 – 17:00
23. MSCI New Zealand NTR (USD) Index Futures				09:00 – 13:00
24. MSCI Pacific ex Japan NTR (USD) Index Futures				09:00 – 18:30
25. MSCI Pacific NTR (USD) Index Futures				09:00 – 18:30
26. MSCI Philippines NTR (USD) Index Futures				09:00 – 15:30
27. MSCI Singapore Free NTR (USD) Index Futures				09:00 – 18:30
28. MSCI Singapore NTR (USD) Index Futures				09:00 – 18:30
29. MSCI Thailand NTR (USD) Index Futures				09:00 – 18:00
30. MSCI Vietnam NTR (USD) Index Futures				09:00 – 16:00
31. MSCI Taiwan 25/50 NTR (USD) Index Futures	08:45 – 16:30	08:45 – 18:30	08:45 – 16:30	08:45 – 13:30
32. MSCI Taiwan NTR (USD) Index Futures				08:45 – 13:30
Foreign Exchange Contracts	**Current Trading hours**	**Proposed Trading hours**	**Current Trading hours**	**Proposed Trading hours**
33. AUD/CNH Futures	08:30 – 16:30	08:30 – 18:30	08:30 – 11:00	08:30 – 11:00 (unchanged)
34. EUR/CNH Futures				
35. JPY/CNH Futures				
36. USD/CNH Futures				
37. Mini USD/CNH Futures				
38. CNH/USD Futures				
39. USD/CNH Options				
40. INR/CNH Futures			08:30 – 15:00	08:30 – 15:00 (unchanged)
41. INR/USD Futures				

1. The Last Trading Day Closing time for MSCI Vietnam (USD) Index Futures will be amended from 16:00 to 16:15

Late Close -
Clearing & Risk Arrangements

Overview of Clearing & Risk Arrangements

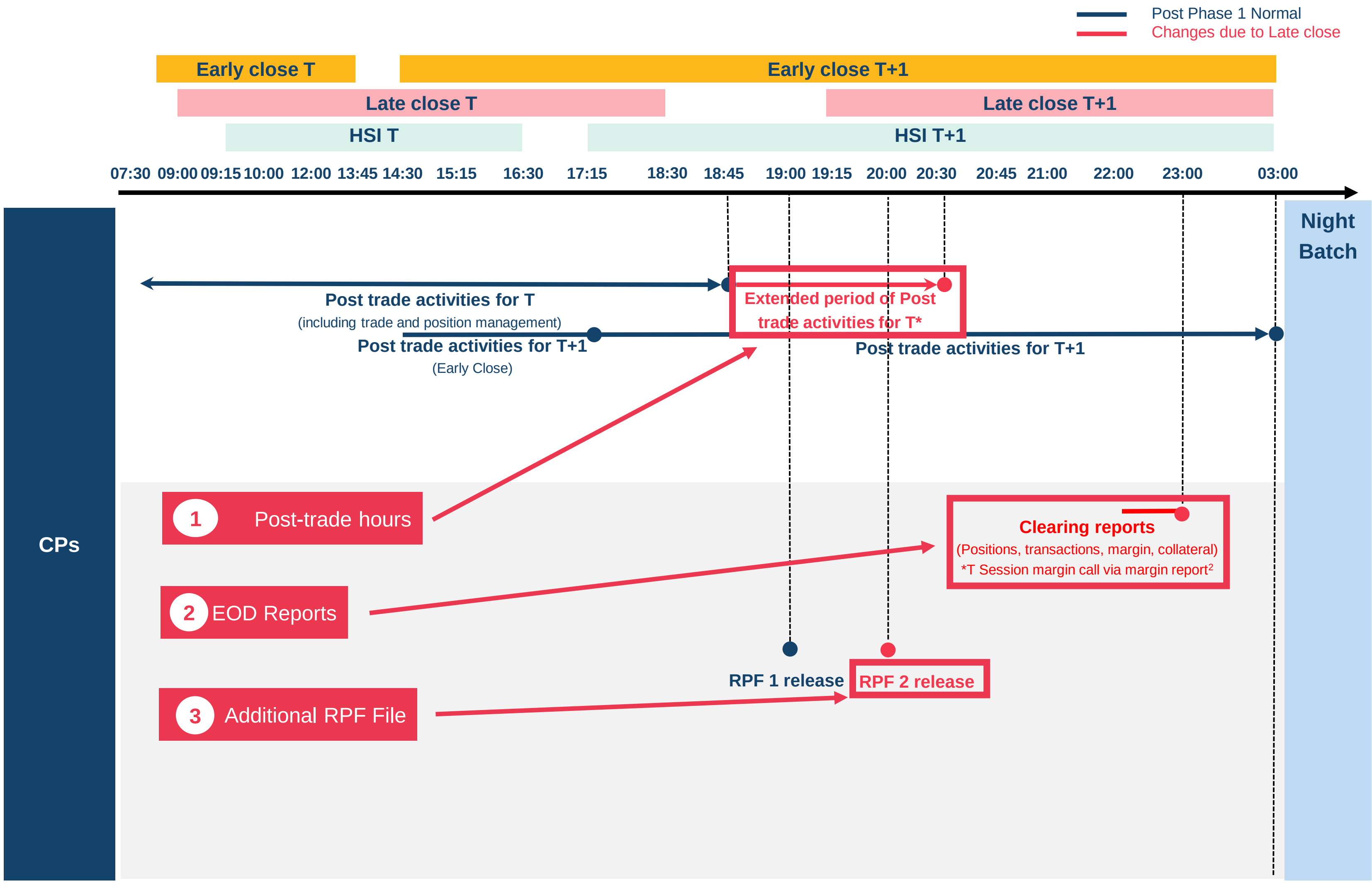
1. **Extension of DCASS System Input Cutoff Time to 20:30**
   - Only Applicable to all HKCC products
   - SEOCH remains unchanged at 18:45 as today

2. **Deferral of End of Day ("EOD") reports release time**
   - DCASS: all HKCC reports & report TP014 from SEOCH will be deferred by 1 hour*
   - CCMS: will be deferred by 1 hour** (e.g. Day-end collateralization report CCMPY02)

3. **Additional RPF File**
   - Early RPF 1 (existing) – 19:00 (Prices on contracts other than Late Close contracts will be final. Late Close Contracts' prices are to be finalized);
   - **Early RPF 2 (new)** – Around 1.5 hours after last T Session close (All prices will be final including Late Close Contracts).

Note: * SEOCH reports release time remains as today except TP014. Details refer to Appendix 1 & 2
** Details refer to Appendix 3

HKCC Clearing timeline



Note: SEOCH remains unchanged at 18:45 as today*

Summary of Report Change due to Late Close Session

	DCASS Reports		CCMS Reports
	TP Reports	RP Reports	
1 Format	No change	No change	No change
2 Timing of Release	~New report issuance window Defer 1 hour	~New report issuance window Defer 1 hour	CCMPY02 ~New report issuance window Defer 1 hour

Note: Details refer to Appendix 1, 2 and 3

Risk reports (RPP & RP006)

(1) Normal business day

- **Early RPF (or RPP)** : SPAN parameters for day-end margin estimation
- **RP006 (Series Prices)** : Day-end settlement price and implied volatility of each series for HKCC & SEOCH products

	~19:00	~20:00
Now	**Report set A** All products: final prices	Nil
Upon Late Close	**Report set A** Late close: previous close prices Others: final prices	**Report set B** All products: final prices

Report set A – existing, no format change

RPP______00_00__YYYYMMDD_000.ZIP (& ".LIS")

RP006_OR__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_OD__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_FR__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")
RP006_FD__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")

Report set B – NEW

RPP-Final______00_00__YYYYMMDD.ZIP (& ".LIS")

RP006-Final_OR__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_OD__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FR__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FD__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")

Note: HKCC may release additional RPP & RP006 intraday depending on market development

RPP-Intraday______00_00__YYYYMMDD_nnn.ZIP (& ".LIS")

RP006-Intraday_OR__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_OD__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FR__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FD__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")

Note: "nnn" refers to the version number, normally starts with "001".

Risk reports (RPP & RP006)
(2) Holiday

- **Early RPF (or RPP)** : SPAN parameters for day-end margin estimation
- **RP006 (Series Prices)** : Day-end settlement price and implied volatility of each series for HKCC & SEOCH products

	~19:00	~20:00
Now	**Report set A** All products: final prices	Nil
Upon Late Close	**Report set A** Late close: previous close prices Others: final prices	**Report set B** All products: final prices

Report set A – existing, no format change

RPP______00_00__YYYYMMDD_000.ZIP (& ".LIS")

RP006_OR__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_OD__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_FR__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")
RP006_FD__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")

Report set B – NEW

RPP-Final______00_00__YYYYMMDD.ZIP (& ".LIS")

RP006-Final_OR__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_OD__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FR__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FD__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")

Note: HKCC may release additional RPP & RP006 intraday depending on market development

RPP-Intraday______00_00__YYYYMMDD_nnn.ZIP (& ".LIS")

RP006-Intraday_OR__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_OD__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FR__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FD__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")

Note: "nnn" refers to the version number, normally starts with "001".

Risk reports (RPP & RP006)

(3) Half-day trading

- **Early RPF (or RPP)** : SPAN parameters for day-end margin estimation
- **RP006 (Series Prices)** : Day-end settlement price and implied volatility of each series for HKCC & SEOCH products

	~15:00	~19:00	~20:00
Now	**Report set A** Products with T closing **by 13:45**: final prices Others: previous close prices	**Report set B** All products: final prices	Nil
Upon Late Close	**Report set A** Products with T closing **by 13:45**: final prices Others: previous close prices	**Report set C** Late close: previous close prices Others: final prices	**Report set B** All products: final prices

Examples that prices will be final

- **HSI / HSCEI Futures**
- **MSCI Taiwan (USD) Futures**
- **RMB Futures**

Examples that prices will be final

- **MSCI China (USD) Index Futures**
- **MSCI Philippines (USD) Index Futures**

Report set A – existing, no format change

RPP______00_00__YYYYMMDD_000.ZIP (& ".LIS")

RP006_OR__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_OD__12_20_HK______YYYYMMDD_000.ZIP (& ".LIS")
RP006_FR__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")
RP006_FD__12_34_HK_____YYYYMMDD_000.ZIP (& ".LIS")

Report set B – NEW

RPP-Final______00_00__YYYYMMDD.ZIP (& ".LIS")

RP006-Final_OR__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_OD__12_20_HK______YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FR__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")
RP006-Final_FD__12_34_HK_____YYYYMMDD.ZIP (& ".LIS")

Report set C – NEW

RPP-Intraday______00_00__YYYYMMDD_nnn.ZIP (& ".LIS")

RP006-Intraday_OR__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_OD__12_20_HK______YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FR__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")
RP006-Intraday_FD__12_34_HK_____YYYYMMDD_nnn.ZIP (& ".LIS")

Note: "nnn" refers to the version number, normally starts with "001".

Late Close -
Readiness Test Rundown

Readiness Test

Time	Event
12:30	**Login session**
12:30	**Clearing Session Ready**
12:45	**Regular Trading Session – Market Open**
13:00	**Regular Trading Session – Market Close (for early T close products only)**
13:15	**After Hours Trading Session – Market Open (for early T close products only)**
13:30	**Regular Trading Session – Market Close (for normal T close products only)**
14:15	**After Hours Trading Session – Market Open (for normal T close products only)**
15:30	**Regular Trading Session – Market Close (for late T close products only)**
15:45	**Clearing Session Close for SEOCH products**
16:15	**After Hours Trading Session – Market Open (for late T close products only)**
16:45	**Clearing Session Close for Regular Trading Session for HKCC products**
17:15	**After Hours Trading Session – Market Close (for all T+1 products only)**
17:15	**Clearing Session Close for After Hours Trading Session for HKCC products**

- The test would mimic Production Trading Session timing with 3 hours time earlier; for example, Late T Close products Regular Trading Session close at 15:30 (simulate Production timing at 18:30) and After Hours Trading Session open at 16:15 (simulate Production timing at 19:15).
- Testers should note the different timing of Regular Trading Session close for different products and perform test items accordingly, for example, scheduled order deletion before market close.

Q&A

Please select “All Panelists” in the Q&A box.

Appendices

Appendix 1: Timing of Report Release – TP Reports

HKCC

Report ID	Report Name	Timing of Report (Normal/ Late-close)
TP001	Position Details	21:00/ 22:00
TP002	Position Summary	21:00/ 22:00
TP003	Position Movement Details	21:00/ 22:00
TP004	Daily Trading Statement	21:00/ 22:00
TP005	Fees & Variation	21:00/ 22:00
TP006	Transaction Fee Summary	21:00/ 22:00
TP007	Monthly Fee Summary	21:00/ 22:00
TP009	Exercise and Assign Summary	21:00/ 22:00
TP010	Deliveries Details	21:00/ 22:00
TP011	Capital Adjustment Series	21:00/ 22:00
TP012	Give-Up/Take-Up Summary	21:00/ 22:00

SEOCH

Report ID	Report Name	Timing of Report (Normal/ Late-close)
TP014	Boundary File For Stamp Duty	21:00/ 22:00

Appendix 2: Timing of Report Release – RP Report

Report ID	Report Name	Timing of Report (Normal/ Late-close)
RP001	Mark-to-Market Margin	~ 17:00 on the expiration day **(no change)**
RP003	Margin Summary	Day End - After Evening Batch Around 23:00 **(+1hr)**
RPI03	Margin Summary	Intraday – After Intraday Margin Call **(no change)**
RP004	Greeks	After Evening Batch Around 23:00 **(+1hr)**
RP005	Theoretical Options Pricing Parameters	After Evening Batch Around 23:00 **(+1hr)**
RP006	Series Pricing	After Distribution of Early Risk Parameters File **(no change)**
RP007	Position Data File	After Evening Batch Around 23:00 **(+1hr)**
RPI07	Position Data File	Intraday – After Intraday Margin Call **(no change)**
RP008	HKCC Participant Additional Deposits / SEOCH Reserve Fund Contribution Notice	Before Evening Batch **(no change)**
RP009	Series Greeks Data File	After Evening Batch Around 23:00 **(+1hr)**
RP010	Net (Risk) Margin Summary	After Evening Batch Around 23:00 **(+1hr)**
RPI10	Net (Risk) Margin Summary	Intraday – After Intraday Margin Call **(no change)**
RP011	Net Position Data File	Day End - After Evening Batch Around 23:00 **(+1hr)**
RP012	Net Projected Loss	After Evening Batch Around 23:00 **(+1hr)**
RPI11	Net Position Data File Risk Parameters File (RPF)	Intraday – After Intraday Margin Call **(no change)** - Intraday: After intraday margin call - Early: ~ 18:00 - Final: After evening batch Around 23:00 **(+1hr)**
RX_AUDIT	PTRM Audit Report	After Night Batch **(no change)**
RX_UTII	PTRM Utilization	After Night Batch **(no change)**

Appendix 3: Timing of Report Release – CCMS Report

Report ID	Report Name	Timing of Report (Normal/ Late-close)
CCMPY01	Posting / Collateralisation Result Report	For HKSCC, after the completion of scheduled intra-day marks, intra-day margin or ad-hoc marks batch processing run (if any) For HKCC or SEOCH, after the ad-hoc intra-day margin calls (if any) **(No change)**
CCMPY02	Posting / Collateralisation Result Report	For HKSCC, after the completion of scheduled day-end marks and margin batch processing run **(no change)** For HKCC and SEOCH, after the day-end batch processing run (around 23:00 (i.e. +1 hr))
CCMCA02	Collateral Account Balance Report	At the beginning of each business day and Saturday from 9:00am (for previous day-end's collateral account balances) **(No Change)**
CCMMV01	Participant Collateral Account Movement Report	At the beginning of each business day and Saturday from 9:00am (for previous day's collateral movements) **(No change)**
CCMSU04	Special-Use Collateral Balance Report	At the beginning of each business day and Saturday from 9:00am (for previous day's collateral movements) **(No change)**
CCMIR02	Collateral Parameters Information List	At the beginning of each business day and Saturday from 9:00am (for previous day's collateral parameters e.g. interest rate, exchange rate etc) **(No change)**
CCMIA02	Monthly Interest & Accommodation Fee Report - Detail	After 9:00 a.m. on the first business day of each month **(No change)**
CCMAT01	Collateral Account Transfer Instruction Activity Report - Cash	At the beginning of each business day and Saturday from 9:00am (for previous day's activity) **(No change)**
CCMAT02	Collateral Account Transfer Instruction Activity Report - Non-Cash	At the beginning of each business day and Saturday from 9:00am (for previous day's activity) **(No change)**
CCMDW01	Cash Collateral Deposit / Withdrawal Order Activity Report	At the beginning of each business day and Saturday from 9:00am (for previous day's activity) **(No change)**
CCMDW02	Non-Cash Collateral Deposit / Withdrawal Order Activity Report	At the beginning of each business day and Saturday from 9:00am (for previous day's activity) **(No change)**
CCMDS01	Statement of Collateral Account	At the beginning of each business day and Saturday from 9:00am (for previous day's collateral balances and movement activities) **(No change)**
CCMSC01	Specific Cash Collateral Instruction Activity Report	From the time when the report download function is available on each business day and Saturday (for previous day's specific cash collateral instruction activities) **(No change)**
CCMPS01	Maintain Preferred Single Settlement Currency Activity Report	From the time when the report download function is available on each business day and Saturday (for previous day's specific cash collateral instruction activities) **(No change)**
CCMSS05	Collateral Security Batch Input Control Report	Shortly after completion of each SSC batch validation run scheduled at around 10:00 a.m., 12:45p.m., 5:00p.m. and 6:00p.m. (for status of SSC batch file uploads, if any) **(No change)**
CCMIA12	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shanghai)	After 9:00 a.m. on the first business day of each quarter **(No change)**
CCMIA14	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shenzhen)	After 9:00 a.m. on the first business day of each quarter **(No change)**

Thank you

Contact us:

- **hkatssupport@hkex.com.hk**
- **clearingpsd@hkex.com.hk**