

REGULATIONS FOR TRADING ONE-MONTH AND THREE-MONTH HONG KONG INTERBANK OFFERED RATE FUTURES (“HIBOR FUTURES”) CONTRACTS

INTERPRETATION

001 These Regulations may be cited as the Regulations for trading One-Month and Three-Month Hong Kong Interbank Offered Rate Futures (“HIBOR Futures”) Contracts (hereinafter referred to as the "Regulations").

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.

“Cash Settlement Value” the Final Settlement Price multiplied by the value of a Minimum Fluctuation multiplied by 100;

“Contracted Price” the price at which a HIBOR Futures Contract is registered by the Clearing House;

“Contracted Value” the Contracted Price multiplied by the value of a Minimum Fluctuation multiplied by 100;

“HIBOR Futures Contract” an Exchange Contract subject to these Regulations;

“HIBOR Futures Market” a Market subject to these Regulations; and

“Minimum Fluctuation” the minimum allowable movement in the price of any HIBOR Futures Contract as specified in the Contract Specifications.

CONTRACT SPECIFICATIONS

- 003 The terms and conditions for each HIBOR Futures Contract shall include, among other things:
- (a) Contract Size;
 - (b) Contract Months;
 - (c) Final Settlement Day;
 - (d) Final Settlement Price;
 - (e) Large Open Positions;
 - (f) Last Trading Day;
 - (g) Minimum Fluctuation;
 - (h) Price Quotation;
 - (i) Settlement Method;
 - (j) Special Trading Session;
 - (k) Trading Hours;
 - (l) Trading Method; and
 - (m) Commission Rate.

- 004 Contract Specifications for HIBOR Futures Contracts may be changed from time to time by the Exchange Board in consultation with the Commission. Exchange Participants shall be given notice of a change in the Contract Specifications prior to implementation of the change. If the change involves an increase or reduction of the Contract Size of a HIBOR Futures Contract, the Exchange may require open positions of an Exchange Participant in such contract to be converted to the new Contract Size or closed out regardless of whether these positions can be so converted.

TRADING

- 005 Bids and offers for HIBOR Futures Contracts shall be expressed in terms of a number in multiples of 0.01 of a percentage point (one basis point) and shall be quoted in terms of 100.00 minus the interest rate.
- 006 Trading in HIBOR Futures Contracts shall be carried out through HKATS in accordance with the Rules, these Regulations and the applicable Procedures.
- 007 The HIBOR Futures Market shall be open for trading in HIBOR Futures Contracts on every Trading Day subject to the Exchange Rules. Trading hours shall be as prescribed by the Board from time to time. Special Trading Session may be declared by the Chief Executive to coincide with potential significant market events.

- 008 Subject to the Exchange Rules, trading in HIBOR Futures Contracts shall cease at the close of trading hours on the applicable Last Trading Day or at such other times as specified by the Board.
- 009 All disputes as to bids, offers, acceptances or withdrawals during trading sessions shall be governed by the Exchange Rules.

FINAL SETTLEMENT PRICE

- 010 The Exchange shall disseminate the Final Settlement Prices for HIBOR Futures Contracts through HKATS after its determination.
- 011 Subject to Regulation 013, the Final Settlement Prices for HIBOR Futures Contracts shall be based on the corresponding HKD (Hong Kong Dollar) Interest Settlement Rate fixed and published by the HKAB (The Hong Kong Association of Banks) on the Last Trading Day pursuant to procedures established by the HKAB.
- 012 Subject to Regulation 013, the Final Settlement Prices for HIBOR Futures Contracts shall be determined by the Clearing House in accordance with the Contract Specifications.
- 013 If any HKAB HKD Interest Settlement Rate is unobtainable or, in the opinion of the Chief Executive, circumstances have arisen or are threatened which will prevent the calculation of a Final Settlement Price, then the Chief Executive, after consultation with the Commission, may on his own or in conjunction with the Clearing House, take such steps as he deems appropriate to enable a Final Settlement Price to be calculated.

CASH SETTLEMENT

- 014 Trading in HIBOR Futures Contracts shall be conducted in and confined to Exchange Contracts for the delivery, by cash settlement on the Final Settlement Day, of an amount equal to the difference between the Cash Settlement Value and the Contracted Value of such respective HIBOR Futures Contracts.
- 015 (a) The obligations of the Buyer and the Seller under a HIBOR Futures Contract are as follows:-
- (i) If the Contracted Value is less than the Cash Settlement Value, the Seller shall be liable to pay to the Clearing House the difference between that Contracted Value and the Cash Settlement Value;
 - (ii) If the Contracted Value is greater than the Cash Settlement Value, the Buyer shall be liable to pay to the

Clearing House the difference between that Contracted Value and the Cash Settlement Value.

- (b) The rights of the Buyer and the Seller under a HIBOR Futures Contract are as follows:-
- (i) If the Contracted Value is less than the Cash Settlement Value, the Buyer shall be entitled to receive from the Clearing House the difference between that Contracted Value and the Cash Settlement Value;
 - (ii) If the Contracted Value is greater than the Cash Settlement Value, the Seller shall be entitled to receive from the Clearing House the difference between that Contracted Value and the Cash Settlement Value.

016 The obligations and rights of the Buyer and the Seller shall be satisfied by cash settlement by or with the Clearing House on the Final Settlement Day in accordance with the Clearing House Rules.

REGISTRATION

017 All Exchange Participants trading in HIBOR Futures Contracts shall comply with applicable Procedures. The Clearing House Rules shall govern the registration and clearing of HIBOR Futures Contracts.

MARGIN AND VARIATION ADJUSTMENTS

018 Clearing House margin, additional margin and variation adjustments shall be set, collected or distributed in respect of HIBOR Futures Contracts in accordance with the Rules.

COMMISSION AND LEVIES

- 019
- (i) The rate of commission for each HIBOR Futures Contract shall be negotiable between an Exchange Participant and its Client.
 - (ii) Trading of HIBOR Futures Contracts shall be subject to an Exchange fee which shall become immediately payable to the Exchange upon registration of each Contract with the Clearing House. The Exchange fee shall be paid to the Exchange through the Clearing House and shall be set by the Board from time to time.
 - (iii) Any levies required to be paid pursuant to the Ordinance in consequence of trading in HIBOR Futures Contracts shall be paid to the Exchange through the Clearing House in such

manner as the Exchange shall, in consultation with the Commission, prescribe from time to time.

020 (deleted)

NON-COMPLIANCE

021 An Exchange Participant which does not comply with these Regulations, the Rules and the applicable Procedures in any respect (including, without limitation, cash settlement with the Clearing House on the Final Settlement Day) shall be liable to disciplinary proceedings under the Exchange Rules.

LARGE OPEN POSITION

- 022
- (a) The Exchange Board shall specify Large Open Positions in the Contract Specifications as provided for in the Exchange Rules.
 - (b) Exchange Participants shall report Large Open Positions to the Chief Executive or the designated HKEX staff as required by the Rules and the applicable Procedures.