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日期

Date: 14 February 2013

香港期貨交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

Hong Kong Futures Exchange Limited

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

通告 CIRCULAR

事項

Subject: **Introduction of After-Hours Futures Trading**

查詢

Enquiry: **HKATS Hotline 2211 6360**

Reference is made to the circular (ref: DMD/160/12) dated 14 December 2012 regarding After-Hours Futures Trading (AHFT). Exchange Participants are requested to note that the Securities and Futures Commission (SFC) has approved the related rule amendments for the introduction of AHFT and the launch date for AHFT will be on **Monday, 8 April 2013**.

Please note that the Exchange has adjusted the product roll out plan for AHFT to ensure a smooth implementation. Hang Seng Index (HSI) futures and H-shares Index (HHI) futures will be introduced for AHFT on 8 April 2013, but after-hours trading of gold futures will be deferred to a later stage and the closing time for gold futures will remain at 5:00 pm. In the second stage, HKEx will consider adding other products like mini futures contracts and gold futures for AHFT. HKEx's long term vision is to diversify product offering in AHFT, including global asset classes such as foreign exchange and commodities. For Participants' easy reference, a summary of the arrangements for AHFT is set forth in the Attachment I. The Exchange will monitor the development of AHFT and review the trading and clearing operations and risk management measures 6 months after the implementation.

Regarding regulatory requirements on brokers in relation to AHFT, Participants are advised to refer to the FAQs on SFC's website (www.sfc.hk) in due course.

For Participants' better understanding of the arrangements in trading, clearing and risk management regarding the AHFT, HKEx has organized four briefing sessions in March. EPs are invited to attend one of the briefings session as follows:

Date:	Monday	4 March 2013	(Cantonese)
	Tuesday	5 March 2013	(Cantonese)
	Wednesday	6 March 2013	(Cantonese)
	Thursday	7 March 2013	(English)

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Time: Registration 4:45pm – 5:00pm
Presentation 5:00pm – 5:45pm

Venue: The Viewing Gallery, The Exchange Hall, 1/F, One and Two Exchange Square, Central

Kindly fill in the attached enrolment form in Attachment II and fax to 2509 0724 or 2877 0017 or email to ClickSupport@hkex.com.hk **on or before 25 February 2013** to reserve for the seats.

In addition, HKEx will distribute marketing materials such as flyers and information sheets to facilitate Participants in their promotional activities. More details will be announced in due course.

Please be reminded that the eligibility of trading and clearing during the AHFT will only be granted to those Participants who have successfully completed all related system tests for trading and clearing systems, as prescribed by the Exchange. Participants who have ascertained the readiness of their systems for the AHFT and plan to start participating in the AHFT at launch are required to complete and return the form as set forth in Attachment III to the Exchange by fax to 2509 0724 or 2877 0017 or email to ClickSupport@hkex.com.hk **on or before 25 February 2013**.

The rule amendments relating to AHFT will be issued under a separate circular in due course.

Sanly Ho
Head, Derivatives Trading
Global Markets Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

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Arrangements for After-hours Futures Trading

After-hours futures trading with regard to products, trading, clearing and risk management will be implemented as follows:

a) **Products**

Hang Seng Index (HSI) futures and H-shares Index (HHI) futures would be introduced for after-hours trading. Trading arrangements of the stock market will not be affected.

b) **Trading**

i. Trading Hours

A new trading session (T+1 Session) will be introduced in the futures market. The opening time of the T+1 Session will be 45 minutes after the close of the regular trading session (T Session), i.e. 5:00 p.m. for stock index futures. Trades executed during the T+1 Session (T+1 Trades) will be registered as the following day's trades.

The T+1 Session will end at 11:00 p.m.

ii. Holiday Arrangements

If it is a Hong Kong public holiday or there is half-day trading in the HKEx securities market or it is a bank holiday in both the UK and United States, there would be no T+1 Session on that day.

iii. Typhoon or Black Rainstorm Arrangements

If a Typhoon Signal No. 8 or above or a Black Rainstorm Warning is hoisted and is not lowered before 12:00 noon, there would be no T+1 Session on that day.

iv. Order Types

All rest of day orders, until expiry orders and specified date orders, by default, will be effective only in T Session and outstanding orders will be carried forward to the next T Session and so on whilst outstanding.

For Exchange Participants (EPs) and their clients participating in after-hours trading need to select the order attribute "T+1" when entering their rest of day orders, until expiry orders and specified date orders for those orders that should be effective for both T Session and the T+1 Session. These orders with "T+1" attribute will be carried forward from T+1 Session and back into T Session and so on whilst outstanding.

Fill-or-kill orders and fill-and-kill orders which are to be executed (or not) immediately, the order attribute "T+1" will not be applicable and will be ignored.

v. Price Limit Up/Down Mechanism

The percentage for the price limit up/down will be 5%. After implementation, HKEx may review the percentage for the price limit according to how often the limit is triggered and other experience with the limit in practice.

No sell order of price below 95% and no buy order of price above 105% of the last traded price of the spot month contract in the T Session will be allowed. Trading (for all contract months) will be allowed only within the price limit range during the T+1 Session.

Notes: Trading in the T Session will not be subject to this price limit up/down mechanism.

vi. Handling of Error Trades

Existing error trade rules will apply in the T+1 Session.

vii. Block Trade Facility Not Applicable

The Block Trade Facility will not be available in the T+1 Session.

viii. Application for Erroneous Trade (Form 7)

Application for erroneous trade (Form 7) will not be applicable to AHFT Products.

c) **Clearing**

i. Clearing of Trades Executed in T+1 Session

Trades executed in the T+1 Session will be registered as the following business day's trades. Together with trades executed in the following business day's T Session, these trades will undergo the standard clearing process during the standard clearing session. With after-hours futures trading, the DCASS services will start at 7:30 a.m. for respective futures products. The existing System Input Cutoff Time will remain unchanged at 6:45 p.m.

A new T+1 Clearing Session Cutoff Time will be introduced for Clearing Participants to perform post-trades adjustments for trades and position created during T+1 Session that ends 45 minutes after the close of the T+1 Session (i.e. 11:45 p.m.).

A comparison of time windows for existing and proposed clearing sessions is as follows:

Product	Time Window	T Clearing Session	T+1 Clearing Session
AHFT products	Existing Time Window	8:45 a.m. – 6:45 p.m.	N/A
	Proposed Time Window	7:30 a.m. – 6:45 p.m.	5:00 p.m. – 11:45 p.m.

ii. Position Recording

Positions will be maintained according to clearing dates and separate records are held at all times for T day and T+1 day positions. T day positions will be finalized at System Cutoff Time i.e. 6:45 p.m. and subject to day-end margin calculation. T+1 day positions will be finalized at T+1 Clearing Session Cutoff Time i.e. 11:45 p.m. These T+1 day positions will become T day's opening positions on the following business day, i.e. the T day's positions are made up of positions created during the T Session on that business day plus trades / post-trades executed during the T+1 Session of the previous business day.

d) **Risk Management**

In the absence of a level of banking support to facilitate intra-day call capability during the T+1 Session similar to that during the T Session, the following additional risk management measures will be implemented to mitigate the counterparty risks associated with after-hours futures trading.

- i. Perform monitoring of CPs' capital-based position limit (CBPL) based on both the current market prices and positions at regular intervals during the T+1 Session, supplemented by ad-hoc CBPL monitoring. CPs breaching their CBPL may be requested to reduce their exposures to re-establish compliance with their CBPL and risk being disconnected from the HKEx trading system and closing out action should they fail to comply with such request or further increase their exposure.
- ii. A mandatory variation adjustment (VA) and margin call to markets (based on the morning Calculated Opening Prices¹) with T+1 Session will be introduced following the market open of each T Session to collect by 12:00 noon both mark-to-market loss and margin of all positions including that created by trades in T+1 Session. The Calculated Opening Price is the equilibrium market price derived from the price discovery period of thirty minutes before the opening of the morning trading session.
- iii. There will be no intra-day VA or margin call during the T+1 Session.

¹ If the Calculated Opening Price is not available, market price shortly after the market open will be used.

**Briefing Sessions on After-Hours Futures Trading (AHFT) Launch
Enrolment Form**

To: Hong Kong Exchanges and Clearing Limited

Email: ClickSupport@hkex.com.hk

Fax No: 2509 0724 / 2877 0017

From: Participant Name: _____

We nominate the following person(s) to attend the briefing session(s).

	Name in English	Date – 1 st Choice	Date – 2 nd Choice
1			
2			
3			
4			

**Please arrange staffs from Trading, Clearing, Risk Management and IT if possible*

Date	Time	Venue
4,5,6 March 2013 (Cantonese)	Registration 4:45pm – 5:00pm Presentation 5:00pm – 5:40pm	The Viewing Gallery, The Exchange Hall, 1/F, One and Two Exchange Square, Central
7 March 2013 (English)		

Contact Person: _____

Telephone No.: _____

Email Address: _____

- Completed Enrolment Form should be returned to HKEx by fax at 2509 0724 or 2877 0017 or email to ClickSupport@hkex.com.hk on or before **25 February 2013**.
- Confirmation will be sent to the contact person by e-mail.
- Participants are advised to keep the completed enrolment form for record.

AHFT Launch Participation Registration Form

(Completed form should be returned to HKEx by fax to 2509 0724 or 2877 0017 or by email to ClickSupport@hkex.com.hk **on or before 25 February 2013**)

Part 1 - Participant Information	
Participant Name: _____	Customer Code: _____
Responsible Officer: _____	
Contact Person for Trading: _____	
Contact Phone No: _____	Email: _____
Contact Person for Clearing: _____	
Contact Phone No: _____	Email: _____

Part 2 - Confirmation of Readiness		
A. Trading Readiness (applicable to Exchange Participants only)		
<input type="checkbox"/> We confirm that all our front office systems and operational procedures have passed the related system testing(s), including simulation tests and OAPI certification, prescribed by HKEx and are ready for conducting AHFT business starting from the first day of launch.		
<i>Trading Application(s) for AHFT</i>		
Click <input type="checkbox"/>	OAPI(s) <input type="checkbox"/>	OAPI program(s) that have been modified for handling AHFT Program Name(s): 1) _____ 2) _____ 3) _____ 4) _____ Date to complete Simulation Test: _____
B. Clearing Readiness (applicable to Clearing Participants only)		
<input type="checkbox"/> We confirm that all our clearing and operational procedures have passed the related system testing(s), including the simulation tests and OAPI certifications, prescribed by HKEx and are ready for AHFT business starting from the first day of launch.		
<i>Clearing Application(s) for AHFT</i>		
DCASS Terminal <input type="checkbox"/>	OAPI(s) <input type="checkbox"/>	OAPI program(s) that have been modified to handle AHFT Program Name(s): 1) _____ 2) _____ 3) _____ 4) _____ Date to complete Simulation Test: _____

Part 3 - Declaration

We, _____
(Name of Exchange / Clearing Participant)

- understand that we will only be permitted to trade / clear in the AHFT upon this registration, subject to our system and operational readiness, as prescribed by HKFE/HKCC.
- agree to disclose our readiness of AHFT trading / clearing to the investing public.

Signature of Exchange Participant
With Company Chop : _____

Name of Signatory : _____

Signature of Clearing Participant
With Company Chop : _____

Name of Signatory : _____