



Briefings for Enhancements to Block Trade Facility in Derivatives Market

(Subject to Regulatory Approval)

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Agenda

- 01 | Lower Minimum Volume Threshold (“MVT”) for HSI and HSCEI Back Month Contracts
- 02 | Enhanced Block Trade Price Precision by Average Pricing
- 03 | Block Trade Order Entry after the Close of T Session
- 04 | Reporting of Overnight Block Trades for MSCI Futures
- 05 | Summary



Block Trade Order Entry and the Enhancements

Minimum Volume Threshold (“MVT”)	Permissible Price Range (“PPR”)	Reporting Time	Block Trade Order Aggregation
<ul style="list-style-type: none">• Lower MVT for HSI and HSCEI Back Month Contracts• Enhanced Block Trade Price Precision by Average Pricing	<ul style="list-style-type: none">• Block Trade Order Entry after the Close of T Session• Reporting of Overnight Block Trades for MSCI Futures	Not applicable	



Lower Minimum Volume Threshold ("MVT") for HSI and HSCEI Back Month Contracts



01 | Current Arrangement on Block Trade Minimum Volume Threshold (“MVT”)

HKFE Rule 815A (2)(a):

Subject to Rule 815A(2A), an Exchange Participant (“EP”) shall not execute any order as a Block Trade unless that order meets the applicable Minimum Volume Threshold set forth below and the Exchange Participant has received instructions or has been specifically authorized to execute the order as a Block Trade:

Exchange Contracts	MVT (no. of contracts)
Stock Index Futures <small>Note 3</small> (HSI, HHI Futures)	100
Stock Index Options <small>Note 2</small> (HSI, HHI Options)	100

Note 1: For a single order involving a spread or a strategy combination except HIBOR strips, at least one of the legs of the spread or strategy combination must meet the Minimum Volume Threshold.

Note 2: For any order of Stock Index Options Contracts, all legs of a spread or a strategy combination that relate to Flexible Options must meet the Minimum Volume Threshold.

Note 3: Unless otherwise specified in the table.

(For MVT of the rest specific Exchange Contracts, please refer to HKFE Rule 815A (2)(a))



01 | Current Arrangement on Block Trade Minimum Volume Threshold (“MVT”)

Block Trade Types	Contracts	No. of Contracts	Remarks
Single Leg	HSI Futures Jul 23	125 lots	<ul style="list-style-type: none"> For one single leg, it <u>MUST</u> meet the MVT
Multiple Legs	HSI Futures Jul 23	32 lots	<ul style="list-style-type: none"> For multiple legs, at least one of the legs must meet the MVT In order for the Exchange to recognize these multiple legs as one single spread or strategy combination, EP must input <u>same</u> free text in the “Info” field² for each individual legs In case of T4 block trades, <u>each EPs</u> must input <u>same</u> free text in the “Info” field of each of the respective legs If EP fails to input consistent free text or the “Info” field is left as blank, the Exchange will evaluate the legs as separate single leg block trade. Any leg that does not meet the MVT will be cancelled.
	HSI Call Options Jul 23	100 lots	



01 | Lower Minimum Volume Threshold (“MVT”) for HSI and HSCEI Back Month Contracts

HKFE Rule 815A (2)(a):

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Exchange Contracts	MVT ^{Note 3} (no. of contracts)
Stock Index Futures <u>(unless otherwise specified in this table)</u> ^{Note 3}	100
<u>Hang Seng Index (HSI) Futures</u> - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
<u>Hang Seng China Enterprises Index (HSCEI) Futures</u> - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
Stock Index Options <u>(unless otherwise specified in this table)</u> ^{Note 3}	100
<u>Hang Seng Index (HSI) Options</u> ^{Note 2} - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
<u>Hang Seng China Enterprises Index (HSCEI) Options</u> ^{Note 2} - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
<u>Hang Seng Index Futures (HSIF) Options</u> ^{Note 2} - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
<u>Hang Seng China Enterprises Index Futures (HSCEIF) Options</u> ^{Note 2} - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>

(For MVT of the rest specific Exchange Contracts, please refer to HKFE Rule 815A (2)(a))



01 | Lower Minimum Volume Threshold (“MVT”) for HSI and HSCEI Back Month Contracts

Determination of Front Month and Back Month Contract (July 2023)

Contract	Normal Trading Day		T+1 Session on Last Trading Day	
HSIN3 (July 23)	Short-dated Contracts	Front Month Contracts	Expired at 4 PM on Last Trading Day	
HSIQ3 (Aug 23)			Short-dated Contracts	Front Month Contracts
HSIU3 (Sep 23)				
HSIV3 (Oct 23)				
HSIZ3 (Dec 23)		Back Month Contracts		Back Month Contracts
HSIH4 (Mar 24)				
HSIM4 (Jun 24)				
HSIZ4 (Dec 24)	Long-dated Contracts	Long-dated Contracts	Long-dated Contracts	
HSIM5 (Jun 25) and onwards				



Enhanced Block Trade Price Precision by Average Pricing



02 | Enhanced Block Trade Price Precision by Average Pricing

Current Operational Model in Achieving Different Block Trade Execution Price

- Currently, Block Trade must be executed at prices at the product's respective minimum tick size, the system is not accepting a higher precision than the minimum tick size.
- To achieve an average price with higher precision than the tick size, Exchange Participants will have to split a single trade into two and report them at different prices to achieve a targeted average price with the precision desired
- If both legs of the splitted Block Trade do not meet the MVT requirement, the Block Trade will be rejected by the Exchange

Enhanced Block Trade Price Precision by Average Pricing

- A refinement to the operational model by allowing the execution of a Block Trade as two separate legs in different prices if the summation of two legs fulfills the product's respective MVT



02 | Enhanced Block Trade Price Precision by Average Pricing

HKFE Rule 815A (2)(a):

Subject to Rule 815A(2A), an Exchange Participant (“EP”) shall not execute any order as a Block Trade unless that order meets the applicable Minimum Volume Threshold set forth below and the Exchange Participant has received instructions or has been specifically authorized to execute the order as a Block Trade:

Exchange Contracts	MVT ^{Note 3} (no. of contracts)
Stock Index Futures (unless otherwise specified in this table) ^{Note-3}	100
<u>Hang Seng Index (HSI) Futures</u> - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>
<u>Hang Seng China Enterprises Index (HSCEI) Futures</u> - <u>first 4 Contract Months</u> - <u>after the first 4 Contract Months</u>	<u>100</u> <u>50</u>

(For MVT of the rest specific Exchange Contracts, please refer to HKFE Rule 815A (2)(a))

Note 1: For a single order involving a spread or a strategy combination except HIBOR strips, at least one of the legs of the spread or strategy combination must meet the Minimum Volume Threshold.

Note 2: For any order of Stock Index Options Contracts, all legs of a spread or a strategy combination that relate to Flexible Options must meet the Minimum Volume Threshold.

Note 3: Unless otherwise specified in the table, Notwithstanding the provisions of Rule 815A(2A), for the purposes of determining whether the Minimum Volume Threshold is satisfied, two separate orders belonging to the Exchange Participant or the same Client relating to the same contract month or option series that are executed at two different prices via two separate legs under a strategy combination Block Trade will be considered as having satisfied the Minimum Volume Threshold if the aggregate of the two orders meets the Minimum Volume Threshold.



02 | Enhanced Block Trade Price Precision by Average Pricing

Regulation 2.2 of Third Schedule of Options Trading Rules of SEHK

Subject to Regulation 2.3-2.2A of this Third Schedule, an Options Trading Exchange Participant shall not execute any order as a Block Trade unless that order meets the applicable Minimum Volume Threshold and the Options Trading Exchange Participant has received instructions or has been specifically authorized to execute the order as a Block Trade. Notwithstanding the provisions of Regulation 2.2A, for the purposes of determining whether the Minimum Volume Threshold is satisfied, two separate orders belonging to the Options Trading Exchange Participant or the same client relating to the same option series that are executed at two different prices via two separate legs under a strategy combination Block Trade will be considered as having satisfied the Minimum Volume Threshold if the aggregate of the two orders meets the Minimum Volume Threshold.

<u>Exchange Contracts</u>	<u>MVT (no. of contracts)</u>
Stock Options	500



Enhanced Block Trade Price Precision by Average Pricing - Examples



03 | Example 1

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Futures Jul 23 (First 4 Months)	50 Lots	19,000	19,000.50	aaa	Not Fulfill	Fulfill
HSI Futures Jul 23 (First 4 Months)	50 Lots	19,001		aaa		
<u>Rules Explanations</u>						
	<p>The aggregated number of contracts of two legs of the same Futures Contract have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at <u>two different prices</u> via <u>two separate legs</u>. The “Info” field of input is the same for both legs.</p> <p>Therefore, the Block Trade above have met the MVT requirement at execution after enhancement</p>					



03 | Example 2

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
TWP Futures Jul 23	11 Lots	1995.60	1995.519	aaa	Not Fulfill	Fulfill
TWP Futures Jul 23	46 Lots	1995.50		aaa		
<u>Rules Explanations</u>						
	<p>The aggregated number of contracts of two legs of the same Futures Contract have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at <u>two different prices</u> via <u>two separate legs</u>. The “Info” field of input is the same for both legs.</p> <p>Therefore, the Block Trade above have met the MVT requirement at execution after enhancement</p>					



03 | Example 3

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HHI Futures Jun 24 (after first 4 Months)	25 Lots	6,200	6,200.50	aaa	Not Fulfill	Fulfill
HHI Futures Jun 24 (after first 4 Months)	25 Lots	6,201		aaa		

Rules Explanations

The aggregated number of contracts of two legs of the same Futures Contract have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at two different prices via two separate legs. The “Info” field of input is the same for both legs.
Therefore, the Block Trade above have **met** the MVT requirement at execution after enhancement



03 | Example 4

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Options 20,000 Sep 23 call (First 4 Months)	50 Lots	18	18.50	aaa	Not Fulfill	Fulfill
HSI Options 20,000 Sep 23 call (First 4 Months)	50 Lots	19		aaa		
HSI Futures Jul 23 (First 4 Months)	25 Lots	19,230	19,230	aaa		

Rules Explanations

The aggregated number of contracts of two legs of the same Options Contract have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at two different prices via two separate legs. The "Info" field of input is the same all three legs as a strategy.
Therefore, the Block Trade above have met the MVT requirement at execution after enhancement



03 | Example 5

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HHI Futures Jul 23 (first 4 Months)	50 Lots	6,200	N/A	aaa	Not Fulfill	Fulfill
HHI Futures Jun 24 (after first 4 Months)	50 Lots	6,401		aaa		
<u>Rules Explanations</u>						
/	<p>The number of contracts of <u>the Back Month HHI Futures</u> have met MVT requirement of its respective product under Rule 815A(2)(a). The "Info" field of input is the same for both legs. Therefore, the Block Trade above have met the MVT requirement at execution after enhancement.</p>					



02 | Example 6

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Futures Sep 23 (First 4 Months)	25 Lots	19,000	19,000.67	aaa	Not Fulfill	Not Fulfill
HSI Futures Sep 23 (First 4 Months)	50 Lots	19,001		aaa		
<u>Rules Explanations</u>						
	<p>The aggregated number of contracts of <u>two legs of the same Futures Contract have not</u> met MVT requirement of its respective product under Rule 815A(2)(a) Therefore, the Block Trade above <u>did not meet</u> the MVT requirement at execution</p>					



02 | Example 7

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Futures Sep 23 (First 4 Months)	50 Lots	19,000	19,000.86	aaa	Not Fulfill	Not Fulfill
HSI Futures Sep 23 (First 4 Months)	20 Lots	19,001		aaa		
HSI Futures Sep 23 (First 4 Months)	35 Lots	19,002		aaa		

Rules Explanations

The aggregated number of contracts of same Futures Contract have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at three different prices, however the Block Trade is executed via three separate legs instead of two. Therefore, the Block Trade above **did not meet** the MVT requirement at execution.



02 | Example 8

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Futures Sep 23 (First 4 Months)	50 Lots	19,000	N/A	aaa	Not Fulfill	Not Fulfill
HSI Futures Oct 23 (First 4 Months)	50 Lots	19,020		aaa		
<u>Rules Explanations</u>						
	<p>The aggregated number of contracts of <u>two orders</u> have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at <u>two different prices</u> via <u>two separate legs</u> but the Block Trades are not executed as the same Futures contracts Therefore, the Block Trade above <u>did not meet</u> the MVT requirement at execution</p>					



02 | Example 9

Contracts	Trade Execution (No. of contracts)	Executed Price	Average Price	Info	Current MVT Requirement	Enhanced MVT Requirement
HSI Futures Sep 23 (First 4 Months)	50 Lots	18,000	18,000.50	aaa	Not Fulfill	Not Fulfill
HSI Futures Sep 23 (First 4 Months)	50 Lots	18,001		AAa		
<u>Rules Explanations</u>						
	<p>The aggregated number of contracts of <u>two orders</u> have met MVT requirement of its respective product under Rule 815A(2)(a) and are executed at <u>two different prices</u> via <u>two separate legs</u> but both legs <u>are not considered as the same strategy</u> since the input in the 'Info' is not the same</p> <p>Therefore, the Block Trade above <u>did not meet</u> the MVT requirement at execution</p>					



Block Trade Order Entry after the Close of T Session



03 | Block Trade Order Entry after the Close of T Session

Introduction of Block Trade Order Entry Period after the Close of T Session

- Introduced for all Equity Futures and Options to facilitate Block Trade order entries referencing, for example, volume-weighted average price (“VWAP”) or underlying index closes

After the close of T session

- Applicable markets will immediately move to a new session state when only Block Trades order entries are allowed
- The following table shows the Block Trade Order Entry Period of applicable markets:

Markets	Close of T Session	Proposed Block Trade Order Entry Period	Start of T+1 Session
Stock Futures & Stock Options	16:00	16:00 – 16:25	N/A
Index Futures & Options	16:30	16:30 – 16:45	17:15
Early Close MSCI Index Contracts	13:45	13:45 – 14:00	14:30 (No T+1 for Options)
MSCI Index Suite	16:30	16:30 – 16:45	17:15
Late Close MSCI Index Contracts	18:30	18:30 – 18:45	19:15

- Block Trades executed during the Block Trade Order Entry Period are subject to all Block Trade criteria as stipulated in relevant rules and procedures



03 | Block Trade Order Entry after the Close of T Session – Early Close Timeline

<p>MSCI Taiwan related Price Return (USD) Index Futures and Options</p> <p>(Before Introduction of Block Trade Order Entry Period)</p>	<ul style="list-style-type: none"> Outright Order: Allowed Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> End of Continuous Trading Session Open Order/Block Trade Order Entry: Not Allowed T Session only orders are inactivated at 13:47 Pre-Market Activities for T+1 Session starts at 13:49 	<ul style="list-style-type: none"> Open Order/Block Trade Order Entry: Not Allowed Clear of T Session trading information and change of Clearing Date at 14:29 T+1 Continuous Trading Session opens after 14:30
<p>~ 13:45</p>		<p>13:45 ~ 14:00</p>	<p>14:00 ~ 14:30</p>
<p>MSCI Taiwan related Price Return (USD) Index Futures and Options</p> <p>(After Introduction of Block Trade Order Entry Period)</p>	<ul style="list-style-type: none"> Outright Order: Allowed Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> End of Continuous Trading Session Start of Block Trade Order Entry Period Outright Order: Not Allowed Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> Open Order: Not Allowed End of Block Trade Order Entry Period Block Trade Order Entry: Not Allowed T Session only orders are inactivated at 14:02 Pre-Market Activities for T+1 Session starts at 14:04 Clear of T Session trading information and change of Clearing Date at 14:29 T+1 Continuous Trading Session opens after 14:30



03 | Block Trade Order Entry after the Close of T Session– Normal Close Timeline

BEFORE INTRODUCTION OF BLOCK TRADE ORDER ENTRY PEIORD

Stock Index Futures and Options	<ul style="list-style-type: none"> Outright Order: Allowed Block Trade Order Entry: Allowed 		<ul style="list-style-type: none"> End of Continuous Trading Session Order Entry/Block Trade Order Entry: Not Allowed
Stock Futures & Stock Options	<ul style="list-style-type: none"> Outright Order: Allowed Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> End of Continuous Trading Session Order Entry/Block Trade Order Entry: Not Allowed 	
Cash Market	Continuous Trading Session	<ul style="list-style-type: none"> End of Continuous Trading Session Start of Closing Auction Session (Random Closing between 16:08 and 16:10) 	<ul style="list-style-type: none"> End of Closing Auction Session Official closing price of the underlying stock will be available latest at 16:10

~ 16:00

16:00 ~ 16:10

16:10 ~ 16:25

16:25 ~ 16:30

16:30 ~ 16:45

16:45 ~ 17:15

Stock Index Futures and Options	<ul style="list-style-type: none"> Outright order: Allowed Block Trade Order Entry: Allowed 		<ul style="list-style-type: none"> End of Continuous Trading Session Outright Order: Not Allowed Start of Block Trade Order Entry Period Block Trade Order Reporting: Allowed 	<ul style="list-style-type: none"> Outright Orders/Block Trade Order Entry: Not Allowed End of Block Trade Order Entry Period T Session only orders are inactivated at 16:47 Pre-Market Activities for T+1 Session starts at 16:49 Clear of T Session trading information and change of Clearing Date at 17:14 T+1 Continuous Trading Session opens after 17:15
Stock Futures & Stock Options	<ul style="list-style-type: none"> Outright Order: Allowed Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> End of Continuous Trading Session Outright Order: Not Allowed Start of Block Trade Order Entry Period Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> Outright Order: Not Allowed End of Block Trade Order Entry Period Block Trade Reporting: Not Allowed 	
Cash Market	Continuous Trading Session	<ul style="list-style-type: none"> End of Continuous Trading Session Start of Closing Auction Session (Random Closing between 16:08 and 16:10) 	<ul style="list-style-type: none"> End of Closing Auction Session Official closing price of the underlying stock will be available latest at 16:10 	



AFTER INTRODUCTION OF BLOCK TRADE ORDER ENTRY PERIOD

03 | Block Trade Order Entry after the Close of T Session – Late Close Timeline

<p>Late Close MSCI Index Futures</p> <p>(Before Introduction of Block Trade Order Entry Period)</p>	<ul style="list-style-type: none"> • Outright Trade: Allowed • Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> • End of Continuous Trading Session • Outright Order/Block Trade Order Entry: Not Allowed • T Session only orders are inactivated at 18:32 • Pre-Market Activities for T+1 Session starts at 18:34 	<ul style="list-style-type: none"> • Outright Order/Block Trade Order Entry: Not Allowed • Clear of T Session trading information and change of Clearing Date at 19:14 • T+1 Continuous Trading Session opens after 19:15
~ 18:30		18:30 ~ 18:45	18:45 ~ 19:15
<p>Late Close MSCI Index Futures</p> <p>(After Introduction of Block Trade Order Entry Period)</p>	<ul style="list-style-type: none"> • Outright Trade: Allowed • Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> • End of Continuous Trading Session • Outright Order: Not Allowed • Start of Block Trade Order Entry Period • Block Trade Order Entry: Allowed 	<ul style="list-style-type: none"> • Outright Order: Not Allowed • End of Block Trade Order Entry Period • Block Trade Order Entry: Not Allowed • T Session only orders are inactivated at 18:47 • Pre-Market Activities for T+1 Session starts at 18:49 • Clear of T Session trading information and change of Clearing Date at 19:14 • T+1 Continuous Trading Session opens after 19:15



03 | Block Trade Order Entry after the Close of T Session

Technical Details for the New Session State with Block Trades Order Entry Period

State Name	BLK_TRADE_ONLY
State Number	30
Allowed OAPI Transaction	<ul style="list-style-type: none">• MO76 (T1 Internal Trade Report)• MO77 (T2 Combo Trade Report)• MO75 (T4 Interbank Trade Report)• MO74 (Delete Pending T4 Interbank Trade Report)



Reporting of Overnight Block Trades for MSCI Futures



04 | Reporting Overnight Block Trades for MSCI Futures

Facilitates Booking of Overnight Block Trades on MSCI Index Futures

- Basis Trades at Index Close (“BTIC”) Block Trades for MSCI Futures are often executed in the next T Session as the Official Index Closes of the MSCI Indexes are only available either at late night Hong Kong time or after the close of T+1 session
- Creates an execution risk as the agreed price may fall outside the Permissible Price Range (“PPR”) at the time of execution

Applicable Contracts	Applicable Time	Reference Price	PPR	“Info” Field Requirement	Minimum Volume Threshold
MSCI Index Futures Only	First 30 minutes of the respective T Session of the MSCI Futures	Previous day Official Index Closes of the MSCI Indexes	+/- 3% of the Reference Price	“ppr2” as the prefix with a self-defined free text following*	No change


*Where other normal Block Trades (Trades that are not labeled with “ppr2” as the prefix in the “Info” field) and/or Block Trades submitted outside of the first 30 minutes of the respective T session will follow the existing PPR



04 | Reporting Overnight Block Trades for MSCI Futures

- Block Trade Order Entry for MSCI Futures negotiated at a price determined by reference to the Official Index Close of the underlying MSCI Index may be executed within 30 minutes of the commencement of the next available trading session

MSCI Futures Contracts	Market Open	Period for Execution	Reference Price	Permissible Price Range
MSCI Taiwan Index Futures ¹	8:45 AM	8:45 AM to 9:15 AM	Latest Official Index Close of the MSCI Index	+/- 3% of the latest Official Index Close of the MSCI Index
Other MSCI Index Futures	9:00 AM	9:00 AM to 9:30 AM		

 1. Including MSCI Taiwan (USD) Index Futures, MSCI Taiwan 25/50 (USD) Index Futures, MSCI Taiwan Net Total Return (USD) Index D) Index Futures, MSCI Taiwan Net Total Return (USD) Index Futures and MSCI Taiwan 25/50 Net Total Return (USD) Index Futures

Reporting of Overnight Block Trades for MSCI Futures - Examples



04 | Example 1

Contracts	Trade Execution (No. of contracts)	Period for Overnight Block Trade Execution	Executed Time	Executed Price	Latest Official MSCI Index Close	Prevailing Market Price	Free text	New BTIC Block Trade PPR Requirement
MSCI A50 Futures Jul 23	50 Lots	9:00 AM to 9:30 AM	9:20 AM	2,010.20	2,010.20	2,080.00	ppr2a	Fulfill

Measures Explanation

The executed price is **within 3% of the MSCI Index Close**, the executed number of contracts **fulfills the MVT** of the product, executed time is **within 30 minutes of the T Session** of the market and the Free Text field is **inputted with the designated prefix of "ppr2"**

Therefore, the Block Trade have **met** the new Reporting Overnight Block Trades for MSCI Futures requirements

1. (Arial Regular 8pt, sentence case) Lorem ipsum dolor sit amet, consectetur adipiscing elit.



04 | Example 2

Contracts	Trade Execution (No. of contracts)	Period for Overnight Block Trade Execution	Executed Time	Executed Price	MSCI Index Close	Prevailing Market Price	Free text	New BTIC Block Trade PPR Requirement
MSCI Taiwan (USD) Index Futures Jul 23	50 Lots	8:45 AM to 9:15 AM	9:00 AM	645.20	620.11	659.40	AAA	Fulfill
<u>Measures Explanation</u>								
	<p>This Block Trade is not reported with the prefix “ppr2”, thereby it will not be treated as a Overnight MSCI Block Trade and is not subject to the PPR referencing MSCI Index Close</p> <p>The executed price is within 3% of the prevailing market price, the executed number of contracts fulfills the MVT of the product</p> <p>Therefore, the Block Trade have met with the normal Block Trade PPR Requirements</p>							



04 | Example 3

Contracts	Trade Execution (No. of contracts)	Period for Overnight Block Trade Execution	Executed Time	Executed Price	MSCI Index Close	Prevailing Market Price	Free text	New BTIC Block Trade PPR Requirement
MSCI A50 Futures Jul 23	50 Lots	9:00 AM to 9:30 AM	9:20 AM	2,011.00	2,010.11	2,080.00	AAA	Do not Fulfill

Measures Explanation

This Block Trade is **not reported with the prefix “ppr2”**, thereby it will not be treated as an Overnight MSCI Block Trade and is not subject to the PPR referencing MSCI Index Close

The executed price is **within 3% of the MSCI Index Close**, the executed number of contracts **fulfills the MVT** of the product, executed time is **within 30 minutes of the T Session** of the market however the Free Text field is **not inputted with the designated prefix of “ppr2”**

Therefore, the Block Trade have **not met** the new Reporting Overnight Block Trades for MSCI Futures requirement



04 | Example 4

Contracts	Trade Execution (No. of contracts)	Period for Overnight Block Trade Execution	Executed Time	Executed Price	MSCI Index Close	Prevailing Market Price	Free text	New BTIC Block Trade PPR Requirement
MSCI A50 Futures Jul 23	50 Lots	9:00 AM to 9:30 AM	9:40 AM	2,000.00	2,050.11	2,080.00	ppr2aaa	Do not Fulfill

Measures Explanation

The executed price is **within 3% of the MSCI Index Close**, the executed number of contracts **fulfills the MVT** of the product, the "Info" field is **inputted with the designated prefix of "ppr2"** however the executed time is **outside of 30 minutes of the T Session** of the market, and will **not be treated as an Overnight MSCI Block Trade** and is not subject to the PPR referencing MSCI Index Close

Therefore, the Block Trade have **not met** the new Reporting Overnight Block Trades for MSCI Futures requirement



05 | Summary

Enhancements to the Block Trade Facility in the Derivatives Market

- The proposal comprises four enhancements which aims to improve the Block Trade Facility workflow
- The enhancements will be implemented in August 2023 tentatively, subject to regulatory approval and market readiness
- Summary of the four Block Trade Facility Enhancements:

Enhancements	Measures
Lower MVT for HSI and HSCEI Back Month Contracts	<ul style="list-style-type: none">• MVTs for back month contracts of HSI and HSCEI Futures and Options will be lowered from 100 lots to 50 lots• This enhancement is only applicable to HSI and HSCEI Futures and Options
Enhanced Block Trade Price Precision by Average Pricing	<ul style="list-style-type: none">• The enhancement will allow the MVT requirements be satisfied by the summation of the volumes of two legs to achieve an average price for Block Trade Reporting
Block Trade Order Entry after the Close of T Session	<ul style="list-style-type: none">• A Block Trade Only Session after the close of T sessions will be introduced for all Equity Futures and Options• Only Block Trade reporting will be allowed during the Block Trade Only Session• This enhancement is only applicable to all Equity Futures and Options (including Stock Futures & Stock Options)
Reporting Overnight Block Trades for MSCI Futures	<ul style="list-style-type: none">• A new PPR that makes reference to the latest Official Index Closes of the MSCI Indexes will be introduced for the first 30 minutes of the next available trading session for MSCI Futures• This enhancement is only applicable to MSCI Futures



Q&A

