

September 2018

OVERVIEW

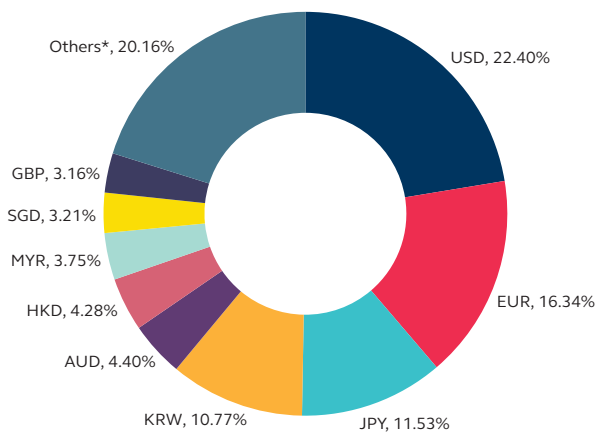
Economic interdependence of China and major economies, reflected in their large trade volumes, has created strong demand for cross-border payments between RMB and other major currencies and demand for capital-efficient risk management tools to hedge currency risk. Hong Kong Exchanges and Clearing Limited's (HKEX) EUR/CNH, JPY/CNH, AUD/CNH and CNH/USD futures together provide transparency in price discovery, reflecting exchange rate expectations driven by market forces.

TRADING BENEFITS OF HKEX'S FX DERIVATIVES

-  Transparent pricing in a centralised trading environment
-  Narrow bid-ask spreads provided by dedicated liquidity providers
-  Capital efficiency of exchange-traded futures
-  Block trades offer OTC flexibility with minimal counterparty risk

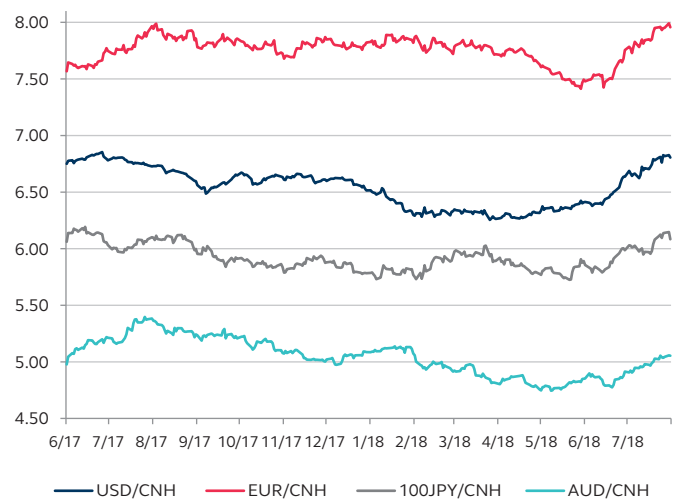
MARKET ANALYSIS

CFETS RMB Index Weights

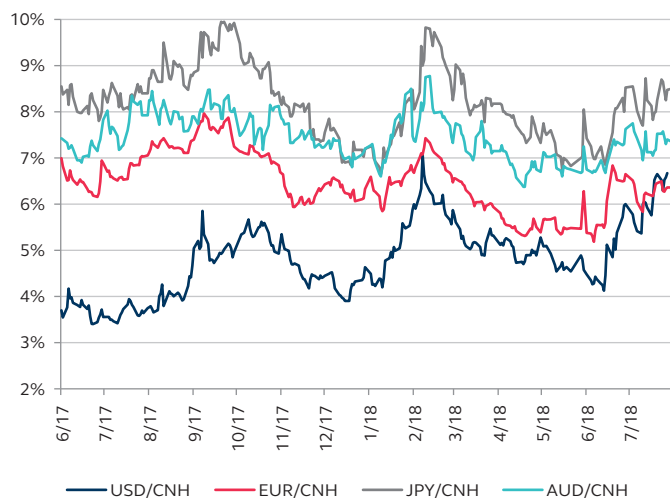


* Others include THB, RUB, CAD, SAR, AED, ZAR, CHF, MXN, TRY, PLN, SEK, NZD, DKK, HUF and NOK.

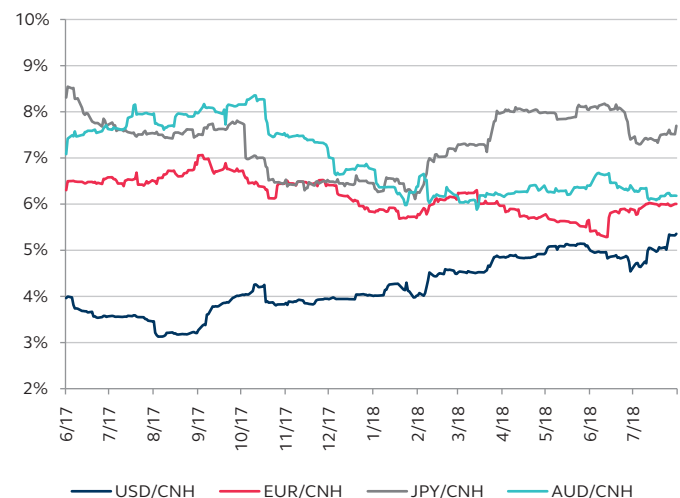
Exchange Rates



3M Implied Volatility (%)



Historical Volatility (%)



Source: Bloomberg, July 2018
Information as of 31 July 2018. For latest information, please visit the product page at www.hkex.com.hk/fx.

HIGHLIGHTS

<p>EUR/CNH There is a growing importance and mutual recognition of the European Union (EU) and China as major trading partners. China's RMB managed float regime makes reference to a basket of currencies with the EUR as the second largest weight.</p>	<p>JPY/CNH Economic interdependence of Japan and China, reflected in the large trade volumes between the two countries, has created strong demand for cross-border payments between Renminbi (RMB) and Japanese yen (JPY).</p>
<p>AUD/CNH Australia is one of China's largest trade partners in commodities, and the AUD is the fifth most traded currency in the world. In addition, given Australia's vast mining and mineral operations, the AUD offers diversification benefits through its strong link with commodities' prices.</p>	<p>CNH/USD HKEX's CNH/USD futures, denominated, margined and cash-settled in the USD, complement its physically-delivered USD/CNH futures product and support the expanding offshore RMB market.</p>

PRODUCT SPECIFICATIONS

Product Name	EUR/CNH Futures	AUD/CNH Futures	JPY/CNH Futures	CNH/USD Futures	
Price Quotation	RMB per EUR	RMB per AUD	RMB per 100 JPY	USD per 10 RMB	
Contract Size	EUR 50,000	AUD 80,000	JPY 6,000,000	RMB 300,000	
Contract Months	Spot month, the next calendar month and the next two calendar quarter months			Spot month, the next three calendar months and the next four calendar quarter months	
Min. Fluctuation	RMB 0.0001 (4 decimal places)			USD 0.0001 (4 decimal places)	
Settlement Method	Cash settled in RMB			Cash settled in USD	
Trading Hours	8:30 am - 4:30 pm (Day Session) 5:15 pm - 1:00 am (AHFT Session) (Expiring contract month closes at 11:00 am on the Last Trading Day)				
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month				
Final Settlement Day	First business day after the Last Trading Day				
Final Settlement Price	WM/Reuters Intra-Day Spot Rate at 11:00 am, multiplied by the USD/CNY(HK) Spot Rate published by the Treasury Markets Association (TMA) of Hong Kong at or around 11:30 am on the Last Trading Day	Reciprocal of WM/Reuters Intra-Day Spot Rate for USD/JPY at 11:00 am, multiplied by 100 and the USD/CNY(HK) Spot Rate published by the Treasury Markets Association (TMA) of Hong Kong at or around 11:30 am on the Last Trading Day	Reciprocal of the USD/CNY (HK) Spot Rate published by the Treasury Markets Association (TMA) of Hong Kong at or around 11:30 am on the Last Trading Day, multiplied by 10		
Block Trade Threshold	50 contracts				
Vendor Tickers	Bloomberg	CUEA Curncy	CUAA Curncy	JPCA Curncy	UNCA Curncy
	Reuters	0#HCEU:	0#HCAU:	0#HCJP:	0#HUCN:

Note: Hong Kong time and business day unless stated otherwise

Should Participants have enquiries about operational setup or block trading, please contact FICD@hkex.com.hk, or visit www.hkex.com.hk/fx.

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Futures involve a high degree of risk. Losses from futures trading can exceed your initial margin funds and you may be required to pay additional margin funds on short notice. Failure to do so may result in your position being liquidated and you being liable for any resulting deficit. You must therefore understand the risks of trading in futures and should assess whether they are right for you. You are encouraged to consult a broker or financial advisers on your suitability for futures trading in light of your financial positions and investment objectives before trading.

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