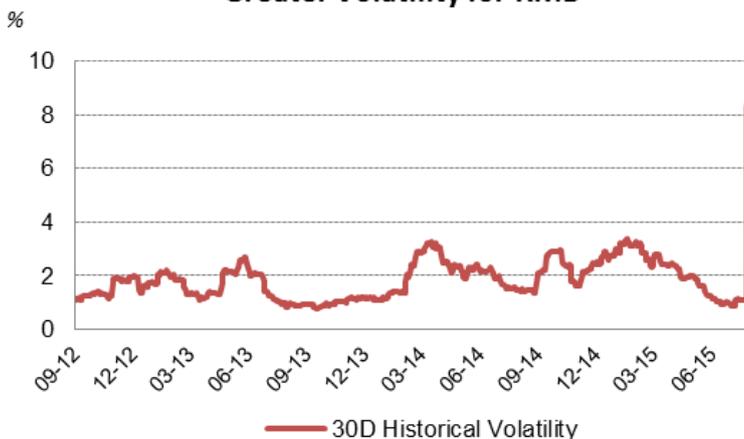


Highlights

- On 11 August, the People’s Bank of China (PBOC) introduced a new daily fixing mechanism for USD/CNY exchange rate, resulting in the onshore RMB reference rate weakening by 1.9 per cent.
- This might kick-start a “new normal” for the RMB, one that is more flexible and market-driven.
- In response to such unexpected RMB volatility, we observed that HKE_x’s USD/CNH futures market continued to provide best liquidity and strong market depth:
 - All-time monthly turnover of 42,412 contracts (US\$4.241 billion notional) in August 2015
 - All-time daily turnover of 8,061 contracts (US\$806 million notional) on 12 August 2015
 - All-time after-hours daily turnover of 1,080 contracts (US\$108 million notional) on 24 August 2015
- The market’s reception and participant diversification in HKE_x’s USD/CNH futures have increased steadily since inception. Trading in HKE_x’s USD/CNH futures provides a number of benefits.

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Greater Volatility for RMB



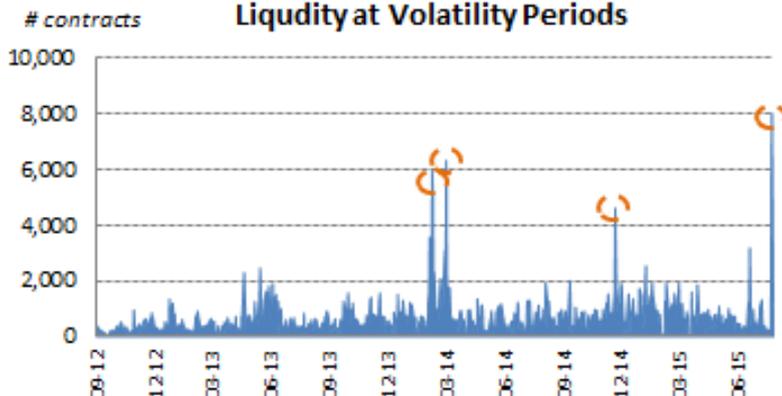
As Chinese leaders made clear their desire for the market play a decisive role in China’s future, we expect the RMB’s internationalisation to pick up steam in the months and years ahead.

The **RMB is on a path to greater internationalisation and increasing volatility – and greater risk.**

The recent volatility in the currency means the market requires an instrument to manage exchange rate risk, and HKE_x’s RMB currency futures contract is a key tool.

As HKE_x’s first RMB currency futures, USD/CNH futures is based on the underlying exchange rate of RMB circulated in Hong Kong (CNH) per one US dollar (USD). It is the world’s first listed deliverable RMB currency futures in the global marketplace.

HKE_x RMB Futures Contract Provides Best Liquidity at Volatility Periods



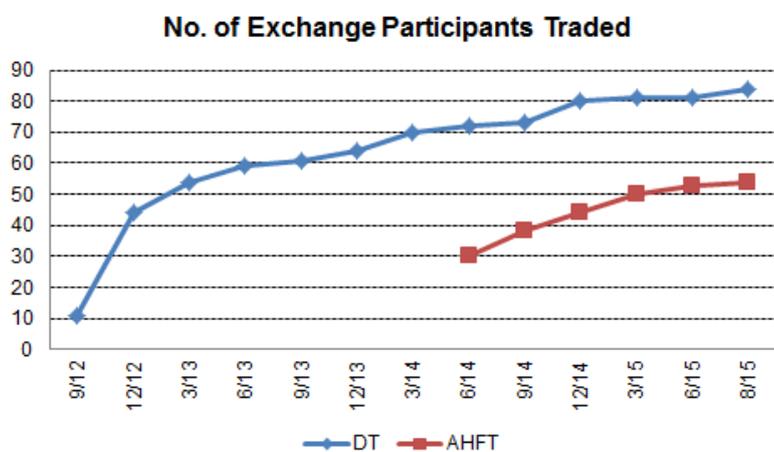
Record single-day turnover. HKE_x’s USD/CNH futures contracts provide the best liquidity for past volatility spikes amid RMB depreciation concerns and unexpected policy adjustments.

The USD/CNH futures recorded an all-time high of 8,061 contracts (US\$806 million notional) on 12 August.

With increased price volatility in RMB, which factors in near-term policy and depreciation risks, HKE_x’s USD/CNH futures contract continued to serve as an efficient risk management tool to the market

Benefits of Trading HKEx's USD/CNH Futures:

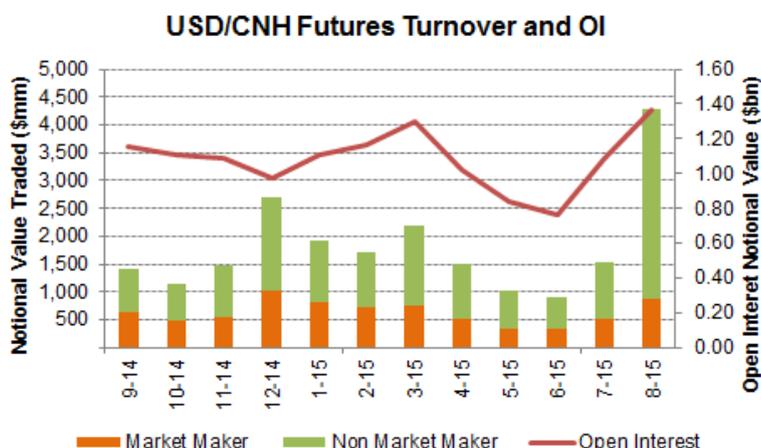
- ✓ Hedge or take on RMB exchange rate risk flexibly
- ✓ Principal exchange at expiry facilitating currency payment arrangement
- ✓ Transparent pricing in a fully transparent and centralised trading environment
- ✓ Level playing field in an open trading platform
- ✓ Counterparty risk minimised by clearing and settlement
- ✓ Continuous two way liquidity provided by market makers
- ✓ Traded on a margin basis, requiring only a fraction of total exposure upfront



Market participation has increased steadily since inception. The number of exchange participants trading the HKEx's USD/CNH futures contract in the day-session has increased from 10 to 84, while in the AHFT session, the number has increased from 30 to 54.

Users of HKEX's USD/CNH futures include:

- Large corporations and SMEs with RMB exposure;
- Financial institutions, such as banks, insurance companies and brokers;
- Fund managers;
- Investors of offshore RMB-denominated products; and
- Professional investors



Record monthly turnover with wide participation. HKEx's USD/CNH futures contract recorded monthly turnover of 42,412 contracts (US\$4.241 billion notional) in August 2015, with an average daily notional value of US\$202 million, both all-time highs.

The turnover was attributable to a diversified and wide participation from the market, with non-market makers contributing 79.3 per cent of contract volume, up from 67.2 per cent in June 2015.

For more information about the USD/CNH futures Contract Specifications,
please visit: <http://www.hkex.com.hk/rmbcurrencyfutures>

If you have any question, please contact us at:

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1 Harbour View Street, Central, Hong Kong

Email: FICD@hkex.com.hk



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