

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

Subject: Introduction of the Liquidity Provider Protection Function for the RMB Currency Options Contracts

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Hong Kong Futures Exchange Limited is pleased to announce the introduction of the Liquidity Provider ("LP") Protection Function for LPs of the USD/CNH Options contracts effective from 3 June 2019.

With the LP Protection Function, HKATS will cancel LP's quotes in the USD/CNH Options contracts should such quotes be taken by the market exceeding a pre-defined volume threshold within a pre-defined period of time. HKATS will also prevent such LP from entering new quotes for a pre-defined period of time after such order cancellation function has been triggered.

The LP Protection Function is available for LPs of the USD/CNH Options contracts who provide continuous quotes with obligations specified in table 1 below.

Table 1: LP Obligations of the USD/CNH Options contracts

Minimum number of option series for which quotes are provided*	Maximum bid / offer spread (pips)	Minimum Quote size (number of contracts)	Minimum % of trading hours
100 series for all contract months	<ul style="list-style-type: none">spot and next calendar months: 50;second and third calendar months and first calendar quarter month: 70;second quarter month: 100;third calendar quarter month: 120;fourth calendar quarter month: 140	5 contracts	50%

*The available USD/CNH option series in the selection pool are as follows:

Contract Month	Option series	
	Call	Put
Spot month	5	5
1 st calendar month	5	5
2 nd calendar month	7	7
3 rd calendar month	9	9
1 st quarter month	9	9
2 nd quarter month	13	13
3 rd quarter month	17	17
4 th quarter month	20	20
Subtotal	85	85
Total	170	

LPs of the USD/CNH Options contracts shall contact Ms. Iris Hui (IrisHui@hkex.com.hk) or Mr. Ray Yen (RayYen@hkex.com.hk) for applying for the LP Protection Function.

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This circular has been prepared in English with a Chinese translation. If there is any inconsistency between the two versions, the English version shall prevail.