

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: Launch of Indian Rupee Currency Futures Contracts

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Reference is made to the circular dated 3 September 2019 (Ref. No.: [MKD/FIC/003/19](#)) regarding the introduction of Indian Rupee Currency Futures contracts (“INR Currency Futures contracts”), i.e. INR/USD Futures and INR/CNH Futures contracts, Hong Kong Futures Exchange Limited (“the Exchange”) is pleased to announce the introduction of the INR Currency Futures contracts, following regulatory approval. The trading of the INR Currency Futures contracts will commence from T session on **Monday, 4 November 2019** (“the Commencement Date”).

To facilitate smooth operation and enhance market understanding of the INR Currency Futures contracts, Exchange Participants (“EPs”) are requested to note the following arrangements and initiatives introduced by the Exchange:

Trading Arrangements

Pre-Launch Arrangements

To facilitate market participants in trading and clearing of the INR Currency Futures contracts, the following pre-launch arrangements will be made available on **1 November 2019** (i.e. one business day before the Commencement Date):

1. Trading codes of the INR Currency Futures contracts will be displayed on HKATS, but will not be tradable on that day; and
2. Information relating to the INR Currency Futures contracts will be generated in the risk parameter files (“RPFs”), clearing and open interest reports.

The purpose of generating RPFs one business day before the Commencement Date is to assist EPs to estimate the margin requirements for trading on the Commencement Date. Please note that the margin requirements estimated by using the RPFs available on the business day before the Commencement Date may not be equal to the actual amounts required on the Commencement

Date. The HKEX and its subsidiaries accept no liability whatsoever for any loss or damage arising from or in connection with the use of the information contained in such RPFs. EPs who wish to use the above-mentioned RPFs are reminded to update the PC-SPAN Organisation Master File.

Trading Month Arrangement at Launch

On the Commencement Date, the following contract months will be available for trading:

1. INR/USD Futures contract: November 2019, December 2019, March 2020 and June 2020
2. INR/CNH Futures contract: November 2019, December 2019, March 2020 and June 2020

System Readiness

The Exchange encourages EPs to prepare their operations ahead of the launch of the INR Currency Futures contracts. The Exchange wishes to work closely with EPs to ensure the readiness of:

1. Front-end systems – Trading platform is ready for clients to execute orders; and
2. Middle and Back-end systems – Systems are capable of supporting the clearing and settlement of the INR Currency Futures contracts.

To enhance transparency for the public and assist EPs' promotional efforts, a list of EPs who offer trading services for INR Currency Futures contracts, to be updated from time to time, will be published on the HKEX's website.

EPs should complete and return the attached questionnaire (Attachment I) before Friday, 1 November 2019 to confirm system readiness and consent to have their contact details published on the HKEX's website.

Trading Information

The latest information vendor access codes of the INR Currency Futures contracts are listed in Attachment II for reference. The list will be updated from time to time on the HKEX's website (www.hkex.com.hk/FX).

Incentive Programs

The Exchange is pleased to announce the following incentive programs for the INR Currency Futures contracts:

Items	Effective period
1. Bundled Liquidity Providing Incentive Program ¹	From the Commencement Date, i.e. 4 November 2019 (T session) to 31 December 2020 ² .

¹ The Bundled Liquidity Providing Incentive Program until 31 December 2020 is only available for INR Currency Futures contracts

² There shall be no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. – 12:30 p.m.

Items	Effective period
	The details of the Bundled Liquidity Providing Incentive Program are provided below.
2. Cash Incentive Program	From the Commencement Date, i.e. 4 November 2019 (T session) to 31 December 2020 ³ The details of the Cash Incentive Program will be announced via a separate circular in due course.
3. Exchange Fee waiver	From the Commencement Date, i.e. 4 November 2019 (T session) to 29 April 2020 (T session)
4. Joint Promotional Program	From the Commencement Date, i.e. 4 November 2019 to 31 December 2020

Bundled Liquidity Providing Incentive Program

Further to the circular dated 28 November 2018 (Ref. No.: [MKD/FIC/006/18](#)), regarding the Bundled Liquidity Providing Incentive Program for Currency Derivatives Products in 2019, the Exchange will include the INR Currency Futures contracts into the scope of the Eligible Products. The Bundled Liquidity Providing Incentive Program for INR Currency Futures contracts will be terminated on 31 December 2020.

The program is designed for market participants to support the liquidity development of INR Currency Futures contracts through participation as either a Liquidity Provider (“LP”) or as a proprietary trader (“PT”). LPs and PTs are defined as follows:

- LP – the person performing the liquidity providing activities (i.e. an EP or an entity or individual who has entered into a liquidity providing arrangement with an EP) and commits to meeting the quoting obligations assigned by the Exchange; and
- PT – an EP trading through its House Account or any entity or individual represented by an EP trading through an Individual Client Account⁴ and commits to meeting the minimum monthly clearing volume in the Eligible Products assigned.

³ There shall be no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 8:30 a.m. – 12:30 p.m.

⁴ Or other account as assigned by the Exchange.

For the avoidance of doubt, the LPs who participate in the Cash Incentive Program are not allowed to participate in the Bundled Liquidity Providing Incentive Program.

Incentives

Upon fulfilment of its obligations set forth in the table below, each LP / PT will be offered rebates (up to a maximum amount per month) in the following items:

- cross-product trading fees in Hang Seng Index Futures (“HSIF”), Hang Seng China Enterprises Index Futures (“HSCEIF”) and USD/CNH Futures (“CNHF”);
- market data (securities/derivatives) fee; and
- hosting services fee.

Upon fulfilment of its obligations set forth in the table below, each LP Type 1 and Type 2 and PT Type 1a and Type 1b will be granted a waiver for OMnet Application Programming Interface (“OAPI”) sub-licence fees for up to a maximum amount per month.

Category	Maximum Incentive per month per trading session, HK\$			
	Combinations of:			
	HSIF/ HSCEIF/ CNHF Trading Fee Rebate	Market Data Fee Rebate ⁵ (Derivatives/ Securities)	Hosting Services Fee Rebate	No. of OAPI Sub-licence Fee Waiver ⁶
Type of LP				
Type 1	\$200,000 subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$83,200 (i.e. 32 OAPIs)
Type 2	\$100,000 subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$ 41,600 (i.e. 16 OAPIs)
Type of PT				
Type 1a ⁷	Up to \$100,000 subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$15,600 (i.e. 6 OAPIs)
Type 1b ⁷	Up to \$70,000 subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$10,400 (i.e. 4 OAPIs)

Obligations

Each LP of INR Currency Futures contracts will be required to meet the following obligations:

⁵ Market data fee rebate includes relevant licence fees, connection fees and usage fees.

⁶ The Exchange may assign different caps on the number of OAPI for waiver for different products (for example, the maximum number of OAPI for LP Type 1 or LP Type 2 could be less than 10 OAPIs). Currently HK\$2,600 per month for each OAPI with 5 transactions per second (TPS).

⁷ PT Type 1a and Type 1b apply to PTs of the INR Currency Futures contracts only.

Type of LP	Type 1	Type 2
Trading requirements	CQ	
Contract Months	spot and the next calendar months	
Max. Bid / Offer Spread (ticks)	INR/USD: 7 INR/CNH: 12	INR/USD: 9 INR/CNH: 17
Quote Size (number of contracts)	INR/USD: 10 INR/CNH: 7	INR/USD: 15 INR/CNH: 9
% of trading hours	INR/USD: 70% (T or T+1 session) INR/CNH: 65% (T or T+1 session)	INR/USD: 60% (T or T+1 session) INR/CNH: 55% (T or T+1 session)
Max. no. of OAPI fee waiver	32	16

Each PT of the INR Currency Futures contracts will be required to meet the monthly clearing volume commitments⁸ as follows:

Type of PT	Type 1a	Type 1b
Clearing volume commitment ⁹ (number of contracts)	500	250

Details of cross-product trading fee rebate are as follows:

Product	HSIF*	HSCEIF*	CNHF ¹⁰
Trading Fee Rebate Per Contract	HK\$6.50 (i.e. 65% rebate)	HK\$2.50 (i.e. 71% rebate)	RMB 3.00 (i.e. 37% rebate)

Notes: * HSIF / HSCEIF contracts that have been used by HSI/HSCEI options market makers in claiming trading fee discount are not entitled to further trading fee rebate.

An LP / PT can apply to participate in either INR/USD Futures contracts or INR/CNH Futures contracts or both, but the aggregate incentives to which an LP / PT is entitled will be subject to an overall cap¹¹. For the avoidance of doubt, the maximum amount of the incentives for LPs, who wish

⁸ The Exchange will determine a PT's clearing volume solely based on the clearing volume in the House Account of the EP, the Individual Client Account of the client trading through the EP or other accounts as assigned by the Exchange.

⁹ INR/USD Futures contract or INR/CNH Futures contract, but not combined.

¹⁰ The fee rebate for USD/CNH Futures will be converted to HK dollars based on the foreign exchange rate at the time of the payment calculation.

Clearing volumes of USD/CNH Futures contracts that have been used by USD/CNH Futures Active Traders and USD/CNH Futures Market Makers/LPs in claiming trading fee discounts are not entitled to further trading fee rebates. In addition, 100% of trading fee rebate (i.e. RMB 8) will be offered to USD/CNH Futures LPs if they meet the obligations and the trading fee rebate will not be counted in the rebate amount in cross-product trading fees.

¹¹ The Bundled Liquidity Providing Incentive Program includes 2 LP quotas for INR/USD Futures (i.e. Type 1 - 1 quota and Type 2 - 1 quota), 2 LP quotas for INR/CNH Futures (i.e. Type 1 - 1 quota and Type 2 - 1 quota), 6 PT quotas for INR/USD Futures (i.e. Type 1a - 3 quotas and Type 1b - 3 quotas) and 4 PT quotas for INR/CNH Futures (i.e. Type 1a - 2 quotas and Type 1b - 2 quotas); the Exchange has the absolute discretion to change the overall cap and quotas allocation between the products.

to participate in both INR/USD Futures contracts and INR/CNH Futures contracts, is HK\$400,000 (i.e. 2 LP Type 1 quotas); and the maximum amount of the incentives for PTs, who wish to participate in both INR/USD Futures contracts and INR/CNH Futures contracts, is HK\$200,000 (i.e. 2 PT Type 1a quotas).

Quota

As the quota is limited, the Exchange may allocate and / or re-assign the quota depending on the Exchange's business plan at the time of selection and the applicant's indication of commitment. If the same level of commitment is indicated by more than one applicant, the Exchange will consider the applicants' past performance.

Application Procedure

The Bundled Liquidity Providing Incentive Program for INR Currency Futures contracts is now open for application. Those who are interested to become an LP or PT of INR Currency Futures contracts are required to submit the application.

Julien Martin

Head

FIC Development

Market Development Division

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.

Attachment I

**Questionnaire on Exchange Participant's Readiness for
INR Currency Futures contracts
(INR/USD Futures contract and INR/CNH Futures contract)**

To: *HKEX Market Development Division – FIC Development*
Email: *FICD@hkex.com.hk*
From: _____ (*Name of Exchange Participant*)
_____ (*Contact Details (Email and Phone)*)
_____ (*Date*)

1. Are you operationally ready for the commencement of the INR Currency Futures contracts?

- Yes. Front-end system readiness – trading platform is ready for clients to execute orders.
- Yes. Middle/Back-end system readiness – system are capable of supporting the clearing and settlement of the INR Currency Futures contracts.
- No. Not ready on both front-end and back-end at launch

2. We acknowledge and agree that HKEX shall have the right to publish our company name and the contact details on the website of HKEX Group (<http://www.hkex.com.hk/FX>) in relation to the list of EPs offering trading services for INR Currency Futures contracts.

- Contact number: _____
- Contact email: _____
- Company website: _____

Authorised Signature: _____

Full Name: _____

Attachment II

Information Vendor Access Codes for INR Currency Futures
(the list will be updated from time to time on www.hkex.com.hk/FX)

	Information Vendor	INR/USD Currency Futures contract	INR/CNH Currency Futures contract
1	AASTOCKS.com Ltd	221530	221525
2	Activ Financial	UIN/<yy><m>.HF	CIN/<yy><m>.HF
3	Bloomberg	INRA Curncy	INDA Curncy
4	Colt Technology Service Ltd	UINmy	CINmy
5	DB POWER ONLINE Ltd	UIN	CIN
6	ICE Data Services	F:UIN\MY	F:CIN\MY
7	Infocast Ltd	UIN	CIN
8	N2N-AFE (Hong Kong) Ltd	870811	870812
9	Quotepower International Ltd	P11032	P11030
10	Refinitiv	0#HUIN:	0#HCIN:
11	SIX Financial Information Ltd	UINmy	CINmy
12	Tele-Trend Ltd	UIFC, UImyy, XUIFC, XUImyy	CIFC, CImyy, XCIFC, XCImyy