

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 Mini USD/CNH Futures Contract on 26 April 2021

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Reference is made to the circular dated 21 January 2021 (Ref. No.: [MKD/FIC/001/21](#)) regarding the introduction of the Mini USD/CNH Futures Contract (“the Contract”). Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) is pleased to announce the start of trading of the Contract from T session on **Monday, 26 April 2021** (“the Commencement Date”).

Contract Specifications

The key terms of the Contract are summarised below:

HKATS Code	MCS
Price Quotation	RMB per USD
Contract Size	USD 20,000
Contract Months	Spot, next 3 calendar months and next 6 calendar quarter months
Settlement Method	Cash settled in RMB
Trading Hours	8:30 a.m. – 4:30 p.m. (T Session)

¹ All calls to the HKATS hotline are recorded. Please refer to the following link for HKEX privacy policy statement: http://www.hkex.com.hk/eng/global/privacy_policy.htm

	5:15 p.m. – 3:00 a.m. (T+1 Session)
Last Trading Day (“LTD”)	Two Hong Kong Business Days prior to the third Wednesday of the Contract Month
LTD Trading Hours	8:30 a.m. – 11:00 a.m.
Final Settlement Price	USD/CNY(HK) Spot Rate published by the Hong Kong Treasury Markets Association (“TMA”) ² at or around 11:30 a.m. on the LTD
Final Settlement Day	The first Hong Kong Business Day after the LTD
Position Limits under HKFE Rules	Position delta for USD/CNH Futures, Mini USD/CNH Futures, CNH/USD Futures and USD/CNH Options combined of 8,000 long or short in all Contract Months combined
Large Open Position	2,500 open contracts, in any one Contract Month
Trading Fee (per contract per side)	RMB 1.60
Settlement Fee (per contract per side)	RMB 1.60
Commission Levy	Not applicable

Exchange Participants (“EPs”) are reminded to note and have their clients attention to the Position Limits treatment and calculation under HKFE Rules and the Securities and Futures Ordinance³ as explained in the Position Limits section of the circular dated 21 January 2021 (Ref. No.: [MKD/FIC/001/21](#)) regarding the introduction of the Mini USD/CNH Futures Contract.

Relevant rule amendments related to the Contract will be announced in a separate circular in due course.

To facilitate smooth operation and enhance market understanding of the Contract, EPs are requested to note the following arrangements introduced by the Exchange:

² EPs are reminded to have their client’s attention to the disclaimer set forth in Attachment III regarding information provided by TMA, before facilitating any trades in the contract.

³ [Cap. 571Y - Securities and Futures \(Contracts Limits and Reportable Positions\) Rules.](#)

Trading Arrangements

Pre-launch Arrangements

To facilitate market participants in trading and clearing of the Contract, the following pre-launch arrangements will be made available on **23 April 2021** (i.e. one business day before the Commencement Date):

1. Trading code of the Contract will be displayed on HKATS, but will not be tradeable on that day; and
2. Information relating to the Contract will be generated in the risk parameter files (“RPFs”), clearing and open interest reports.

The purpose of the generation of RPF one business day before the Commencement Date is to assist market participants to estimate the margin requirements for trading on the Commencement Date. Please note that the margin requirements estimated using the RPF available on the business day before the Commencement Date may not be the same as the actual amounts required on the Commencement Date. Hong Kong Exchanges and Clearing Limited 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 RPF. Market participants who wish to use the above-mentioned RPF are reminded to update the PC-SPAN Organisation Master File.

Trading Months Arrangement on the Commencement Date

The contract months to be available for trading on the Commencement Date are as below:

Contract Month	Last Trading Date
Spot month	17 May 2021
Next month	11 June 2021
Third calendar month	19 July 2021
Fourth calendar month	16 August 2021
First quarter month	13 September 2021
Second quarter month	13 December 2021
Third quarter month	14 March 2022
Fourth quarter month	13 June 2022
Fifth quarter month	19 September 2022
Sixth quarter month	19 December 2022

Trading Eligibility

EPs are required to have RMB settlement capability in order to be granted trading access to the Contract.

Maximum Order Size

The maximum HKATS order size limit is 1,000 contracts. EPs are required to submit their request to HKFE for setting up their own order size limits based on their business needs and risk management requirements.

Block Trade Volume Threshold and Permissible Price Range

Reference is made to the HKFE Rule 815 regarding the execution of block trades. The minimum volume threshold for the Contract will be 100 contracts. A block trade must be executed within a permissible price range, which is determined in the following manners:

- a. At or within the range of highest traded price, lowest traded price, bid and ask price of the contract; or
- b. At or within the $\pm 3\%$ price range of a reference price obtained through prevailing market prices, or if necessary, determined as theoretical values based on prevailing underlying values.

Any block trade that not satisfying all the above criteria will be deleted pursuant to HKFE Rule 819D.

Error Trade Price Parameter and Procedures

The error trade price parameter for the Contract is $\pm 1\%$ from the notation price. More details are set forth in Attachment I.

After-Hours Trading (“AHT”) Session Price Limit

AHT session price limit for the Contract is $\pm 3\%$ of the reference price⁴ of AHT session price limit. The reference price of AHT session price limit is determined in the following manners:

- a. Last traded price of the respective Contracts in the day trading session;

⁴ For the avoidance of doubt, the reference price mentioned in the “Block Trade Volume Threshold and Permissible Price Range” section is not related to the reference price in this section.

- b. For a non-newly listed contract month, if there is no last traded price during the day trading session, the previous day's daily settlement price of the same contract month will be used as the reference price;
- c. For a newly listed contract month, if there is no last traded price during the day trading session, the reference price of the preceding contract month, as determined by a or b above, will apply.

Clearing and Settlement Arrangements

In order to be eligible for clearing and settlement of the Contract, Clearing Participants ("CPs") of HKFE Clearing Corporation Limited ("HKCC") need to set up an RMB account with any one of the Settlement Banks appointed by HKCC and maintain relevant mandates in such form as prescribed by HKCC from time to time.

CPs should ensure that the bank account is in active status and ready for cash settlement. Non-Clearing Participants should contact their General Clearing Participants to ascertain their eligibility of clearing the Contract.

Risk Management Arrangements

Margin offset will be offered in PRiME⁵. CPs can allocate the eligible positions to relevant account(s) in accordance with the Clearing House Procedures for margin offset claim purpose. Margin offset will be available for the following contract pairs at the launch:

- a. the existing physically delivered USD/CNH Futures and Options contracts and
- b. the existing cash-settled CNH/USD Futures contract.

Margin levels and margin offset parameters⁶ will be announced and an update of PC-SPAN Organisation Master File will be made available in due course. More details of the risk management arrangements will be provided in a separate HKCC circular in due course.

HKCC CPs can satisfy the RMB margin requirement by any acceptable cash (i.e. HKD/EUR/JPY/USD/SGD) and/or non-cash collateral subject to a fixed limit (where non-cash

⁵ Please refer to section 2.7 of PRiME Margining Guide for details.

⁶ Delta/Spread Ratio and Spread Credit Rate.

collateral could satisfy up to 50% of the RMB margin requirement only)⁷, beyond which the RMB margin requirement shall be satisfied by RMB cash.

System Readiness

The Exchange encourages EPs to prepare their operations ahead of the commencement of the Contract. 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 Contract.

Information Vendor Access Code

The latest information vendor access codes of the Contract are listed in Attachment II for reference.

The access codes of information vendors of the Contract will be available on HKEX's [Derivatives Market Access Codes webpage](#) in due course.

Julien Martin

Head of FIC Development

Markets 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.

⁷ The list of acceptable collaterals for margin coverage is available on HKEX website:
https://www.hkex.com.hk/Services/Clearing/Listed-Derivatives/Overview/Collateral-Management?sc_lang=en

Attachment I

Error Trade Price Parameter and Procedures for the Contract

The error trade price parameter is $\pm 1\%$ from the notation price of the Contract.

Note:

The notation price of the Contract will be determined as follows:

1. The average of the prices of the previous match and the next match in that contract month occurring reasonably close to the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item 2. below.
2. The reasonable bid and offer prices available around the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item 3. below.
3. The prices obtained by the Exchange from consulting up to three independent market practitioners who have no interest in the trade in order to arrive at a valid notation price.

Notwithstanding the foregoing, the Exchange shall have absolute discretion in determining the notation price.

Attachment II

Information Vendor Access Codes for the Mini USD/CNH Futures contract

(the list will be updated from time to time on HKEX's [Derivatives Market Access Codes](#) webpage)

Information Vendor	Access Code
AAStocks.com Ltd	221745
ACTIV Financial Systems, Inc.	MCS/<yy><m>.HF
Bartech (Int'l) Information Network Limited	MCS
Bloomberg Finance L.P.	UMCA Currency
Colt Technology Service Ltd	MCSmy
CQG, Inc.	MCS
DB Power Online Ltd	MCS
ET Net Ltd	MCS
Infocast Ltd	MCS
Interactive Brokers LLC	CNH
N2N-AFE (Hong Kong) Ltd	870841
Refinitiv	0#HMCS:
SIX Financial Information Ltd	MCSmy

Attachment III

Disclaimer of the Treasury Markets Association (“TMA”)

The following disclaimers and copyright notice regarding information provided on the Treasury Markets Association's website:

- a. The benchmark and reference rates in this website are provided with delays for general information purposes. While the TMA will make all reasonable efforts to ensure a continuous, accurate and timely service, the TMA and other data providers make no warranties, representations or undertakings, expressed or implied by law or otherwise, in relation to the benchmark and reference rates and are not responsible for any errors or omissions, or losses caused by disruptions in the service or late publication of the daily rates or inaccuracy of the daily rates or otherwise arising from the use of or reliance on the benchmark and reference rates. By viewing or downloading these rates, you implicitly accept this disclaimer and agree to its terms.
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