

香港期貨結算有限公司

(香港交易及結算所有限公司全資附屬公司)

HKFE CLEARING CORPORATION LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Margin Parameters and Other Risk Management Arrangements for the Hang Seng
TECH Index Futures Options Contracts
Enquiry: 2211-6901

Reference is made to the circular (Ref: [MKS/EQD/14/22](#)) dated 22 November 2022 regarding the introduction of Physically Settled Hang Seng TECH Index Futures Options (“HS TECH OOF”) (collectively as “the Contracts”) on 28 November 2022.

Margin Parameters

Please be advised that the Clearing House has determined that with effect from the commencement of trading on **Monday, 28 November 2022**, the margin parameters of HS TECH OOF shall be as follows:

	<u>Volatility Scanning</u> <u>Range</u>	<u>Short Option Minimum</u> <u>Charge</u>
HS TECH OOF	11%	10% of Clearing House Margin Rate

PC-SPAN Organisation Master File

For Participants who decide to use PC-SPAN¹ to calculate the margin requirements of the Contracts, please be reminded to update the Organisation Master File **on or before Monday, 28 November 2022**. Participants may choose to update the Organisation Master File via one of the following alternatives:

1. Replace the existing Organisation Master File with the latest one available on the HKEX website.

Hyperlink of the file:

http://www.hkex.com.hk/eng/market/rm/rm_dcrm/riskdata/orgmast/orgmast.zip

This file contains up-to-date parameters of all HKEX products cleared by the HKCC and SEOCH only and does not carry parameters of other exchanges and clearing houses; or

2. Replace the existing Organisation Master File with the one posted on the Chicago Mercantile Exchange (CME) website.

The file available on the CME website is maintained by the CME. Please refer to advisory notices published by the CME from time to time for the update time of the file; or

3. Manual input via the PC-SPAN interface.

Participants should use this alternative only as a last resort to avoid potential human errors during the manual process.

Should Participants choose to update the Organisation Master File via alternatives 2 and 3, you are strongly advised to ensure the accuracy of the Organisation Master File before making any margin calculations by checking it against the one available on the HKEX website which is accessible through the hyperlink provided in alternative 1 above.

¹ SPAN (Standard Portfolio Analysis of Risk) is a registered trademark of the Chicago Mercantile Exchange

Margin Offset Arrangement

As the underlying index of HS TECH OOF is Hang Seng TECH Index Futures, they are assigned in the same Combined Commodity as prescribed in [PRiME Margining Guide](#) with the same margin offset arrangements being offered in the same net margining clearing account. For the avoidance of doubt,

- a) Intracommodity Spread Charge will be imposed for offsetting positions between HS TECH OOF and Hang Seng TECH Index Futures & Options; and
- b) Any margin offset arrangement currently offered to Hang Seng TECH Index Futures & Options via Inter-commodity Spread functionality in PRiME² will be offered to HS TECH OOF.

Concentration Risk

Upon the launch of the Contracts, the following products will be combined into the same product group for the purpose of Participant's concentration risk assessment:

Hang Seng Index (HSI) Futures & Hang Seng China Enterprises Index (HSCEI) Futures Product Group:

- HSI Futures and Options
- HSI Futures Options
- Mini-HSI Futures and Options
- HSCEI Futures and Options
- HSCEI Futures Options
- Mini-HSCEI Futures and Options
- HSI (Net Total Return Index) Futures
- HSCEI (Net Total Return Index) Futures
- HSI (Gross Total Return Index) Futures
- HSCEI (Gross Total Return Index) Futures
- MSCI Asia ex Japan Net Total Return Index Futures

² Please refer to section 2.7 of PRiME Margining Guide for details.

- MSCI Taiwan (USD) Index Futures and Options
- MSCI Taiwan Net Total Return (USD) Index Futures
- MSCI Japan Net Total Return (USD) Index Futures
- MSCI India Net Total Return (USD) Index Futures
- MSCI China Free Net Total Return (USD) Index Futures
- MSCI Australia Net Total Return (USD) Index Futures
- MSCI EM Asia Net Total Return (USD) Index Futures
- MSCI Singapore Net Total Return (USD) Index Futures
- MSCI Hong Kong Net Total Return (USD) Index Futures
- MSCI Emerging Markets Net Total Return (USD) Index Futures
- MSCI Emerging Markets (USD) Index Futures
- MSCI India (USD) Index Futures
- MSCI Singapore Free Net Total Return (USD) Index Futures
- MSCI EM ex China Net Total Return (USD) Index Futures
- MSCI EM ex Korea Net Total Return (USD) Index Futures
- MSCI EM Asia ex China Net Total Return (USD) Index Futures
- MSCI EM Asia ex Korea Net Total Return (USD) Index Futures
- MSCI EM EMEA Net Total Return (USD) Index Futures
- MSCI Pacific Net Total Return (USD) Index Futures
- MSCI Pacific ex Japan Net Total Return (USD) Index Futures
- MSCI Taiwan 25/50 (USD) Index Futures
- MSCI Taiwan 25/50 Net Total Return (USD) Index Futures
- MSCI Singapore Free (SGD) Index Futures
- MSCI China (USD) Index Futures
- MSCI China Net Total Return (USD) Index Futures
- Hang Seng TECH Index Futures and Options
- **Hang Seng TECH Index Futures Options**

Participants are advised to make necessary funding arrangement to meet the additional margin call in relation to concentration risk, if any, arising from the above change. Further details of the concentration risk policy and a list of the product groups can be found on the HKEX website³.

³ https://www.hkex.com.hk/Services/Clearing/Listed-Derivatives/Risk-Management/The-Safeguards?sc_lang=en

Mandatory Intra-day Variation Adjustment and Margin Call (MMC)

The positions and prices snapshots of the Contracts being used for such call are tabulated below:

Position	Price
8:45 a.m.	Market prices at 9:15 a.m.

Participants are reminded that all positions, including those traded in the T+1 session of the previous business day and those traded in the T session of the business day, on or before the position snapshot will be included in the MMC.

For and on behalf of
HKFE Clearing Corporation Limited

Sally Tai
Authorized Signatory