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: Risk Management Arrangements in respect of the Ching Ming Festival and Easter Holidays

Enquiry: 2211-6901

All markets operated by the Hong Kong Futures Exchange will be closed for business on 5 April 2023 and from 7 April to 10 April 2023, except MSCI Futures and Options[1]. In order to assure that safeguards are in place against potential market risks that may arise during the aforesaid periods when some of the major markets are open, Participants are kindly reminded to adopt the following risk management measures:

1. Mandatory intra-day variation adjustment calls on Clearing Participants in the Hang Seng Index ("HSI"), Mini-Hang Seng Index ("MHI"), Hang Seng China Enterprises Index ("HHI"), Mini-Hang Seng China Enterprises Index ("MCH"), Hang Seng TECH Index ("HTI"), HSCEI Dividend Point Index ("DHH"), HSI Dividend Point Index ("DHS"), MSCI China Net Total Return (USD) Index ("CHN"), MSCI China A 50 Connect (USD) Index ("MCA"), MSCI Taiwan (USD) Index ("MTW"), MSCI Taiwan Net Total Return (USD) Index ("MWN"), USD/CNH ("CUS") and CNH/USD ("UCN") futures markets will be made on **4 April** and **6 April 2023** respectively. The intra-day variation adjustment calls will be calculated based on open positions existing in the above-mentioned markets at around 3:00 p.m. on 4 April and 6 April 2023 respectively. You are required to ensure completion of payments within one hour after receiving notification of details on the variation adjustment requirements, if any.

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[1] Holiday Trading Participants are eligible to trade Holiday Trading Products (i.e. MSCI Futures and Options) during Holiday Trading Day(s).

香港交易及結算所有限公司
香港中環康樂廣場8號交易廣場2期8樓
Hong Kong Exchanges and Clearing Limited
8/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

info@hkex.com.hk
(t) +852 2522 1122   (f) +852 2295 3106
hkexgroup.com | hkex.com.hk

2. In respect of the Ching Ming Festival, the margin levels of CHN and MWN futures contracts will be increased temporarily[2] after the close of business of T session on **3 April 2023** (i.e. the adjusted margin requirement must be settled on or before 9:15 a.m., 4 April 2023). <u>Details of the temporary margin levels will be announced on 29 March 2023 via a separate circular</u>. The margin levels will be further adjusted in respect of the Easter holidays after the close of business of T session on **5 April 2023**. Please refer to point 3 below for details.

3. In respect of the Easter holidays, the margin levels of HSI, MHI, HHI, MCH, HTI, DHH, DHS, CUS and UCN futures contracts will be increased temporarily[2] after the close of business of T session on **4 April 2023** (i.e. the adjusted margin requirement must be settled on or before 9:15 a.m., 5 April 2023 for Holiday Trading Participants and 9:15 a.m., 6 April 2023 for Non-Holiday Trading Participants). For CHN and MWN futures contracts, the margin levels will be increased temporarily[2] after the close of business of T session on **5 April 2023** (i.e. the adjusted margin requirement must be settled on or before 9:15 a.m., 6 April 2023). <u>Details of the temporary margin levels will be announced on 30 March 2023 via a separate circular</u>. The margin levels of HSI, MHI, HHI, MCH, HTI, DHS, DHH, CHN, MWN, CUS and UCN futures contracts will be restored to normal levels after the close of business of T session on **10 April 2023** (i.e. after settling the day-end requirements as of 10 April 2023, Participants may withdraw their margin surplus, if any, in the morning of 11 April 2023 by submitting withdrawal requests via CCMS by 11:00 a.m.).

Please note that the temporary increase in the margin levels will generally increase the margin requirements for contracts in the above-mentioned markets as at the market close of aforesaid periods. While the degree of increase may vary from portfolio to portfolio, the impact on the margin requirements could be greater for certain index options series, especially those out-the-money series which are most sensitive to an increase in the underlying futures' margin levels. A simulated Risk Parameter File ("RPF") with temporarily increased margin levels to assist Participants for margin estimation will be provided upon request by email to RMinquiry@hkex.com.hk. Detailed arrangement will be included in the margin circular to be released on 30 March 2023.

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[2] The spread margin rates will remain unchanged during this period.

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Please ensure that your staffs are fully aware of both the mandatory intra-day variation adjustment calls and the temporary increase in the margin levels and make necessary arrangement with your designated bank. You are also strongly advised to give advanced notice to your clients regarding these arrangements where appropriate and ensure that adequate margin deposits from your clients are maintained during the holiday periods.

Despite the mandatory intra-day variation adjustment calls mentioned above, the Clearing House may make additional intra-day variation adjustment calls on 4 April and 6 April 2023, respectively, should market conditions warrant.

The Clearing House considers it appropriate to remind you the importance of having proper arrangement in place before and after the holiday period as those days are normal settlement days. In case of any key staffs on vacation before and after the holiday period, please ensure that your backup staffs are familiar with the operational and monitoring procedures to adequately monitor your exposure and fulfill the payment obligations to the Clearing House on time. Any failure in meeting the settlement timelines is an event of default under HKCC Rule 509. Please refer to the circular issued on 5 December 2022 (Reference No: CD/CDCRM/300/2022) for more details on the payment obligations of the Participant and the consequence of the delay or failure in meeting the obligations.

For and on behalf of
HKFE Clearing Corporation Limited

Sally Tai
Authorized Signatory