

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: Reintroduction of HKFE/LME Reciprocal Membership Arrangement
Enquiry: Mr. Aston Lim (Email: AstonLim@hkex.com.hk; Tel: 2211 6815)
Ms. Jennifer Tang (Email: JenniferTang@hkex.com.hk; Tel: 2840 2025)

Hong Kong Futures Exchange Limited (“HKFE”) is pleased to announce the reintroduction of a reciprocal membership arrangement in conjunction with the London Metal Exchange (LME). Under this reciprocal arrangement, the LME and HKFE plan to waive their respective first year’s annual subscription and application processing fees for new applicants who already hold a membership/participantship at either one of the Exchanges. This arrangement will operate between 29 July 2019 to 29 July 2022 (both dates inclusive)¹.

Background

The LME and HKFE reciprocal membership arrangement (“RMA”) first operated between November 2014 and 31 December 2016 to encourage LME Members to join HKFE in support of the launch the CNH London Metal Mini Futures. Further information can be found in Circulars [[ACD/008/14](#)], [[ACD/010/14](#)] and [[MLD/010/15](#)].

In order to encourage participation from LME members and their clients with the launch of the new USD London Metal Mini Futures, thus broadening access, providing liquidity, and growing international participation, HKFE will waive its membership fees for LME members or affiliates² of LME members wishing to join HKFE. In conjunction with this initiative, the LME is planning to introduce a reciprocal membership arrangement during the same period by waiving the membership fees for HKFE or affiliates of HKFE Participants wishing to join the LME.

¹ HKFE and LME reserves the right to amend the period at its discretion.

² For the purposes of this RMA, an “affiliate” shall mean, in relation to an entity, any subsidiary or ultimate holding company of that entity and any other subsidiary of that ultimate holding company. A company is a “subsidiary” of another company, its “holding company”, if that other company holds directly or indirectly 50% or more of the voting rights in the company and/or exercises effective control over it.

Application of the Participantship Fee Waiver

The RMA will cover HKFE and LME Exchange Participant fees only, not HKFE and LME Clearing Participant fees. With respect to HKFE Participantship applications, the fee waiver will be applied to applications received that are deemed complete by the HKFE (i.e. submitted with all relevant supporting documentation) and accompanied by evidence, where applicable, that an application for HKFE Participantship and SFC's approval for Type 2 licence are in progress. All other current participantship criteria and costs remain unchanged.

Reciprocal Membership Arrangement Summary

Exchange	Effective Period	Membership Fee Waiver	Eligible Applicants
HKFE	29 July 2019 to 29 July 2022 (both dates inclusive)	<ul style="list-style-type: none"> Futures Exchange Trading Right (one-off): HK\$ 500,000³, and 1st year's Exchange Participantship subscription fee (annual): HK\$6,000 	Any LME Member or affiliate of an LME Member
LME		<ul style="list-style-type: none"> LME membership applicants⁴ for the following services: (i) LME Categories 1 – 5, (ii) LMEprecious General Clearing Members, Individual Clearing Members and Non-Clearing Members, and (iii) Registered Intermediating Brokers – 1st year's (annual) subscription fee (inclusive of the application processing fee – as applicable for each service) 	Any HKFE Participant or affiliate of an HKFE Participant

For any further enquiries, please email: Aston.Lim@hkex.com.hk or Lucky.Yang@hkex.com.hk

Dennis Zhang
Head
Commodities 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.

³ For the HKFE one-off trading rights fee, eligible applicants will pay a nominal fee of HK\$1 instead of HK\$500,000.

⁴ LME membership information is available from <http://www.lme.com/en-gb/trading/membership/>