

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: Introduction of Indian Rupee Currency Futures Contracts
Enquiry: Mr. Dominic Che (Email: DominicChe@hkex.com.hk; Tel: 2211-6123)
Ms. Iris Hui (Email: IrisHui@hkex.com.hk; Tel: 2840-3726)
Mr. Ray Yen (Email: RayYen@hkex.com.hk; Tel: 2211-6122)

Hong Kong Futures Exchange Limited (“the Exchange”) is pleased to announce the launch of the Indian Rupee (“INR”) Currency Futures contracts, i.e. INR/USD Futures and INR/CNH Futures contracts. The trading of INR Currency Futures contracts is targeted to commence in the fourth quarter of 2019, subject to approval from the Securities and Futures Commission (“SFC”). The launch date will be announced in due course.

Amid fast growing trading and economic relations between China and India and their importance in the Asia Pacific region, the launch of the INR Currency Futures contracts offers risk management tools to market participants who are engaged or planning to be engaged in these markets.

Contract Specifications

The key features of the INR Currency Futures contracts are as follows.

	INR/USD Futures	INR/CNH Futures
Trading Code	UIN	CIN
Contract Size	INR 2,000,000	
Price Quotation	US cents per 100 INR	RMB cents per 100 INR
Minimum Fluctuation	0.01 US cents	0.01 RMB cents
Tick Value	USD 2	RMB 2
Final Settlement Price	The reciprocal of the INR per USD (INR/1USD) reference rate published by FBIL ¹ at 1:30 pm (Mumbai time) on the Last Trading Day multiplied by 10,000 and rounded to 2 decimal places	The reciprocal of the INR per USD (INR/1USD) reference rate published by FBIL at 1:30 pm (Mumbai time) multiplied by 10,000 and the WM/Reuters Intraday Spot Rate for USD/CNH at 3:00 pm

¹ Financial Benchmarks India Private Limited (“FBIL”)

	INR/USD Futures	INR/CNH Futures
		(Hong Kong time) on the Last Trading Day, rounded to 2 decimal places
Settlement Method	Cash settled in USD	Cash settled in RMB
Contract Months	Spot month, the next calendar month and the next two calendar quarter months	
Last Trading Day (LTD)	Two Mumbai Business Days prior to the last Mumbai Business Day of the Contract Month. If it is not a Hong Kong Business Day, the LTD shall be the immediately preceding Mumbai Business Day that is also a Hong Kong Business Day	Two Hong Kong Business Days prior to the third Wednesday of the Contract Month. If it is not a Mumbai Business Day, the LTD shall be the immediately preceding Mumbai Business Day that is also a Hong Kong Business Day
Final Settlement Day	The first Hong Kong Business Day after the LTD	
Trading Hours ²	8:30 am – 4:30 pm (day trading session) 5:15 pm – 3:00 am (after-hours trading session)	
Trading Hours on the LTD ²	8:30 am – 3:00 pm	
Exchange Fee (per contract per side)	USD 0.60	RMB 2.50
Settlement Fee (per contract per side)	USD 0.60	RMB 2.50
SFC Commission Levy	Nil	
Position Limits	30,000 net contracts in all Contract Months combined	
Large Open Positions	500 open contracts in any one Contract Month	
Holiday Schedule	Hong Kong holiday schedule	

Details of the contracts specifications are set forth in Attachment I for reference. Relevant rule amendments relating to the INR Currency Futures contracts will be announced via a separate circular.

Trading Arrangements

Pre-Launch Arrangements

Pre-launch arrangements for the INR Currency Futures contracts will be announced in due course.

² There shall be no trading after 12:30 pm on the eves of Christmas, New Year and Lunar New Year.

Trading Eligibility

Exchange Participants (“EPs”) are required to have USD and RMB settlement capabilities in order to be granted trading access to the corresponding INR Currency Futures contracts.

Maximum Order Size

Please note that the INR Currency Futures contracts will have a maximum order size limit on HKATS of 1,000 contracts. EPs are required to submit their request to HKEX 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 block trade minimum volume threshold for each of the INR Currency Futures contract will be 50 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 Parameters and Procedures

The error trade price parameter for the INR Currency Futures contracts is 1% from the notation price. More details are set forth in Attachment II.

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

AHT session price limit for the INR Currency Futures contracts is $\pm 3\%$ of the reference price³ 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 INR Currency Futures contracts in the day trading session;
- 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;

³ 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.

- 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

To be eligible for clearing and settlement of the INR Currency Futures contracts, Clearing Participants (“CPs”) of HKFE Clearing Corporation Limited (“HKCC”) need to set up USD and RMB accounts 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 accounts are in active status and ready for cash settlement. Non-Clearing Participants should contact their General Clearing Participants to ascertain their eligibility of clearing the INR Currency Futures contracts.

Risk Management Arrangements

Margin levels of PC-SPAN Organization Master File for the INR Currency Futures contracts will be made available in due course.

EPs’ and CPs’ Readiness

EPs and CPs should notify their staff and all interested clients of the INR Currency Futures contracts and ensure that their trading and back office systems are ready in order for a smooth operation upon commencement of trading of the INR Currency Futures contracts.

Incentive and Joint Promotional Programs

Highlights

Items	Brief Information
Exchange Fee waiver	Exchange Fee will be waived for the first six months from the launch of INR Currency Futures contracts
Bundled Liquidity Providing Incentive Program	Upon fulfilment of its obligations, each Liquidity Provider (“LP”) / Proprietary Trader (“PT”) will be entitled to receive incentives in accordance with their categories
Joint Promotional Program	Eligible applicants can receive Marketing Activities Cost Sponsorship

Exchange Fee Waiver

The Exchange Fee of the INR Currency Futures contracts will be waived for all EPs and their clients for the first six months from the launch of INR Currency Futures contracts, further details will be announced in due course. EPs should notify their staff and clients about the Exchange Fee waiver.

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.

Upon joining the Bundled Liquidity Providing Incentive Program and fulfilling its obligations, each LP and PT will be entitled to receive incentives in accordance with their categories. Details of the LP's and PT's obligations and incentives will be announced in due course.

Joint Promotional Program

Further to the circular dated 26 November 2018 (Ref. No.: [MKD/FIC/005/18](#)) regarding the Extension of the Incentive Programs and Joint Promotional Program ("JPP") for RMB Currency Futures and Options in 2019, the Exchange will include the INR Currency Futures contracts in the scope of the JPP. Eligible Applicants ("EAs") include EPs, information / system vendors, financial industry associations and media.

The Exchange will select a number of EAs to receive the following support from the Exchange for:

- a. Marketing Activities Cost Sponsorship - A maximum amount of HK\$60,000 will be sponsored for each selected EA to conduct marketing activities outlined in a marketing proposal submitted by the EA;
- b. Promotional Materials – Free copies of printed promotional materials and, electronic banners, will be provided to the EAs for promoting the INR Currency Futures contracts and distributing the materials during public seminar(s) and marketing event(s); and
- c. Speaker – The Exchange will provide a representative to speak at a public seminar(s) and in-house training organised by the EAs.

The criteria for granting the Marketing Activities Cost Sponsorship to EAs are as follows:

- a. An EA should submit a detailed marketing proposal to the Exchange for reviewing; the proposal should specify the target number of attendees / participants, venue and date;
- b. The INR Currency Futures contracts must be the primary theme of marketing activities;
- c. The marketing activities should be organised in 2019; and
- d. The actual expenses of each marketing item should be outlined in the marketing proposal and declared by a Responsible Officer of the EP / senior management⁴ of the EA.

⁴ A senior manager, who has authorization to approve expenses of a similar amount (HK\$ 60,000) or above.

Interested parties should contact Mr. Dominic Che (DominicChe@hkex.com.hk), Ms. Iris Hui (IrisHui@hkex.com.hk) and Mr. Ray Yen (RayYen@hkex.com.hk) for further information.

Disclaimer

EPs are required to have their client's attention to the disclaimer set forth in Attachment III regarding information provided by WM/Reuters, before facilitating any trades in the INR Currency Futures contracts.

Julien Martin

Head

Fixed Income and Currency 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**Contract Specifications (subject to regulatory approval)**

Contract Specifications For Indian Rupee vs US Dollar (“INR/USD”) Futures
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The following Contract Specifications shall apply to the INR/USD Futures Contract:

Contract Size	INR 2,000,000
Contract Months	Spot month, the next calendar month and the next two calendar quarter months (where the quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	US cents per 100 INR (e.g. 155.44 US cents per 100 INR)
Minimum Fluctuation	0.01 US cents (2 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	USD 2
Contracted Price	The price at which an INR/USD Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price divided by 100 and multiplied by the Contract Size (e.g. 155.44 US cents /100 x 2,000,000)
Trading Hours (Hong Kong time)	8:30 a.m. – 4:30 p.m. (day trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session) 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.
Trading Hours on the Last Trading Day (Hong Kong time)	8:30 a.m. – 3:00 p.m. 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.
Trading Method	The Exchange’s Automated Trading System (HKATS)

Position Limit	30,000 net contracts, in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and 30,000 net contracts, in all Contract Months combined per Client
Large Open Positions	500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 500 open contracts, in any one Contract Month, per Client
Settlement Method	Cash settled contract for difference
Settlement Currency	USD
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day
Last Trading Day	Two Mumbai Business Days prior to the Last Mumbai Business Day of the Contract Month. If it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately preceding Mumbai Business Day that is also a Hong Kong Business Day
Final Settlement Price	The Final Settlement Price for INR/USD Futures Contracts shall be a number, rounded up to the nearest 2 decimal places, if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House, and shall be the reciprocal of the Indian Rupee per USD (INR/1USD) reference rate published by Financial Benchmarks India Private Limited at 1:30 p.m. (Mumbai time) on the Last Trading Day multiplied by 10,000. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances
Final Settlement Value	Final Settlement Price divided by 100 and multiplied by the Contract Size (e.g. 155.44 US cents /100 x 2,000,000)
Trading Fee (per contract per side)	Exchange Fee USD 0.60 The amount indicated above is subject to change from time to time
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable

**Contract Specifications
For
Indian Rupee vs Renminbi (Hong Kong) (“INR/CNH”) Futures**

The following Contract Specifications shall apply to the INR/CNH Futures Contract:

Contract Size	INR 2,000,000
Contract Months	Spot month, the next calendar month and the next two calendar quarter months (where the quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	RMB cents per 100 INR (e.g. 975.31 RMB cents per 100 INR)
Minimum Fluctuation	0.01 RMB cents (2 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	RMB 2
Contracted Price	The price at which an INR/CNH Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price divided by 100 and multiplied by the Contract Size (e.g. 975.31 RMB cents /100 x 2,000,000)
Trading Hours (Hong Kong time)	8:30 a.m. – 4:30 p.m. (day trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session) 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.
Trading Hours on the Last Trading Day (Hong Kong time)	8:30 a.m. – 3:00 p.m. 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.
Trading Method	The Exchange’s Automated Trading System (HKATS)
Position Limit	30,000 net contracts, in all Contract Months combined per Exchange Participant for the Exchange Participant’s own behalf; and 30,000 net contracts, in all Contract Months combined per Client

Large Open Positions	500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 500 open contracts, in any one Contract Month, per Client
Settlement Method	Cash settled contract for difference
Settlement Currency	RMB
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day
Last Trading Day	Two Hong Kong Business Days prior to the third Wednesday of the Contract Month. If it is not a Mumbai Business Day, the Last Trading Day shall be the immediately preceding Mumbai Business Day that is also a Hong Kong Business Day
Final Settlement Price	The Final Settlement Price for INR/CNH Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House, and shall be the reciprocal of the Indian Rupee per USD (INR/1USD) reference rate published by Financial Benchmarks India Private Limited at 1:30 p.m. (Mumbai time) multiplied by 10,000 and the WM/Reuters Intraday Spot Rate for USD/CNH at 3:00 p.m. (Hong Kong time) on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances
Final Settlement Value	Final Settlement Price divided by 100 and multiplied by the Contract Size (e.g. 975.31 RMB cents /100 x 2,000,000)
Trading Fee (per contract per side)	Exchange Fee RMB 2.50 The amount indicated above is subject to change from time to time
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable

Attachment II

Error Trade Price Parameter and Procedures for the INR Currency Futures Contracts

The error trade price parameters for the INR Currency Futures are as follows:

Contract	From notation price
INR/USD Futures	1%
INR/CNH Futures	1%

Note:

The notation price of the INR Currency Futures contracts 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 III

The following disclaimers and copyright notice regarding information provided by WM/Reuters

The WM/Reuters Intraday Spot Rates are provided by The World Markets Company plc (“WM”) in conjunction with Reuters. WM shall not be liable for any errors in or delays in providing or making available the data contained within this service or for any actions taken in reliance on the same, except to the extent that the same is directly caused by its or its employees’ negligence.