

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 Weekly Hang Seng Index Options and Weekly Hang Seng China Enterprises Index Options Contracts

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Reference is made to the circular dated 15 November 2018 (Ref: [MKD/EQD/48/18](#)). Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) will introduce Weekly Hang Seng Index (“Weekly HSI”) Options and Weekly Hang Seng China Enterprises Index (“Weekly HSCEI”) Options contracts (collectively the “Weekly Index Options”) for trading commencing from 16 September 2019 (“Launch Date”), subject to regulatory approval.

Weekly Index Options are plain vanilla options contracts that expire every week. The introduction of the Weekly Index Options aims to meet the trading and risk management needs of investors who wish to manage their positions in response to short-term or specific events, such as economic figure announcements, interest rate adjustments or political events using an option contract with short time to maturity and relatively low option premium.

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

Contract Specifications

Below are the key contract specifications:

	Weekly Hang Seng Index ("HSI") Options	Weekly Hang Seng China Enterprises Index ("HSCEI") Options
Underlying Index	HSI	HSCEI
HKATS Code	HSI	HHI
Contract Multiplier	HK\$50 per Index point	
Minimum Fluctuation	1 index point	
Contract Weeks	Spot week and next week Notes: <ul style="list-style-type: none"> ● Generally, each Weekly Index Options contract will be available for trading starting from the first business day of the week and expire on the last business day of the following week. ● There will be two Weekly Index Options contracts at any time (i.e. spot week contract that will expire on the last business day of the current week and next week contract that will expire on the last business day of next week), except that no Weekly Index Options contract will be introduced if its Expiry Day is the same as the Expiry Day of the Spot Month HSI Options Contract and Spot Month HSCEI Options Contract. 	
Exercise Style	European Style	
Option Premium	Quoted in whole index points	
Strike Prices	<u>Index points</u> Below 5,000 At or above 5,000 but below 20,000 At or above 20,000	<u>Intervals</u> 50 100 200
Trading Hours (Hong Kong time)	<u>T Session</u> 9:15 a.m. - 12:00 noon (morning trading session) 1:00 p.m. - 4:30 p.m. (afternoon trading session) (Expiring contract closes at 4:00 pm on the Expiry Day) <u>T+1 Session</u> 5:15 pm – 3:00 am (after-hours trading session) Notes: <ul style="list-style-type: none"> ● There shall be no afternoon session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m. ● There shall be no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States. 	
Expiry Day	The last Business Day of the Contract Week	
Official Settlement Price	5-minute average of the underlying index on the Expiry Day	
Final Settlement Day	The Business Day immediately following the Expiry Day	

	Weekly Hang Seng Index ("HSI") Options	Weekly Hang Seng China Enterprises Index ("HSCEI") Options
Large Open Position	500 open contracts in any one series	
Position Limit	<p>Position delta for HSI (Gross Total Return Index) ("HSIGTRI") Futures, HSI (Net Total Return Index) ("HSINTRI") Futures, HSI Futures, HSI Options, Mini-HSI Futures and Mini-HSI Options, and Weekly HSI Options combined of 10,000 long or short in all Contract Months and Contract Weeks (where applicable) combined.</p> <p>For this purpose,</p> <p>(i) the position delta of one Mini-HSI Futures Contract will have a value of 0.2 and the position delta of one Mini-HSI Option Contract will be one-fifth of the position delta of the corresponding series in the HSI Option Contract; and</p> <p>(ii) the position delta of one HSIGTRI Futures Contract and one HSINTRI Futures Contract will be based on their contract value ratios versus HSI Futures and the Exchange will announce the number on an annual basis. Currently, the position delta of one HSIGTRI Futures or HSINTRI Futures contract is 3.</p>	<p>Position delta for HSCEI (Gross Total Return Index) ("HSCEIGTRI") Futures, HSCEI (Net Total Return Index) ("HSCEINTRI") Futures, HSCEI Futures, HSCEI Options, Mini-HSCEI Futures, Mini-HSCEI Options and Weekly HSCEI Options combined of 12,000 long or short in all Contract Months and Contract Weeks (where applicable) combined.</p> <p>For this purpose,</p> <p>(i) the position delta of one Mini-HSCEI Futures Contract will have a value of 0.2 and the position delta of one Mini-HSCEI Option Contract will be one-fifth of the position delta of the corresponding series in the HSCEI Option Contract; and</p> <p>(ii) the position delta of one HSCEIGTRI Futures Contract and one HSCEINTRI Futures Contract will be based on their contract value ratios versus HSCEI Futures and the Exchange will announce the number on an annual basis. Currently, the position delta of one HSCEIGTRI Futures or HSCEINTRI Futures contract is 2.</p>
Exchange Fee	HK\$10	HK\$3.5
Settlement Fee	HK\$10	HK\$3.5

Details of the contract specifications are set forth in **Attachment I**. Relevant rule amendments will be announced via a separate circular. Exchange Participants (EPs) should notify their staff and all interested clients of the disclaimers of Hang Seng Indexes Company Limited ("HSIL") set forth in **Attachment II**.

Commission Levy Exemption

The Commission Levy will be exempted for the first six months of trading from 16 September 2019 to 13 March 2020, both dates inclusive, excluding the T+1 Session on 13 March 2020. EPs are advised to inform their clients of the exemption of Commission Levy.

Position Limit Monitoring

Before the sub-legislation of the Securities and Futures Ordinance (“SFO”) is to be amended in the future to include the combined position limit for the Weekly Index Options Contracts, EPs and their clients are required to observe **both** the existing statutory position limit under the SFO and the exchange position limit stipulated in the Contract Specifications under the HKFE Rules as follows:

- a. Statutory position limit as stipulated in the SFO:
 - i. 10,000 position delta for HSI Futures, HSI Options, Mini HSI Futures and Mini HSI Options in all Contract Months combined;
 - ii. 12,000 position delta for HSCEI Futures, HSCEI Options, Mini HSCEI Futures and Mini HSCEI Options in all Contract Months combined.

- b. Exchange position limit as stipulated in the Contract Specifications under the HKFE Rules:
 - i. 10,000 position delta for HSI Futures, HSI Options, HSIGTRI Futures, HSINTRI Futures, Mini HSI Futures, Mini HSI Options and Weekly HSI Options in all Contract Months and Contract Weeks combined;
 - ii. 12,000 position delta for HSCEI Futures, HSCEI Options, HSCEIGTRI Futures, HSCEINTRI Futures, Mini HSCEI Futures, Mini HSCEI Options and Weekly HSCEI Options in all Contract Months and Contract Weeks combined.

If the SFC approves an EP and/or its client to hold excess positions in HSI Products² or HSCEI³ Products, HKFE will adopt the same position delta for HSI Products, HSI TRI Products⁴ and Weekly HSI Options in all Contract Months and Contract Weeks combined or HSCEI Products, HSCEI TRI Products⁵ and Weekly HSCEI Options in all Contract Months and Contract Weeks combined. An EP and/or its clients can hold TRI Products⁶ and Weekly Index Options exceeding the exchange position limit level of 10,000 delta or 12,000 delta, as the case may be provided that the aggregate positions (taking into account the different directions in offsetting the position limit) for HSI Products,

² HSI Products: HSI Futures, HSI Options, Mini HSI Futures and Mini HSI Options

³ HSCEI Products: HSCEI Futures, HSCEI Options, Mini HSCEI Futures and Mini HSCEI Options

⁴ HSI TRI Products: HSIGTRI Futures and HSINTRI Futures

⁵ HSCEI TRI Products: HSCEIGTRI Futures and HSCEINTRI Futures

⁶ TRI Products: HSI TRI Products and HSCEI TRI Products

HSI TRI Products and Weekly Index Options in all Contract Months and Contract Weeks combined or HSCEI Products, HSCEI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined are within the exchange position limit or the revised higher exchange position limit which has reflected the excess positions approved by the SFC.

The principles are illustrated as follows:

a. Compliance with the statutory position limit

Scenario	In compliance with the statutory position limit	Breaching the statutory position limit
Statutory position limit prescribed by the SFC	$\leq 10,000$ position delta in HSI Products in all Contract Months combined; or $\leq 12,000$ position delta in HSCEI Products in all Contract Months combined	$> 10,000$ position delta in HSI Products in all Contract Months combined; or $> 12,000$ position delta in HSCEI Products in all Contract Months combined
Statutory position limit with SFC's approval of excess positions of up to 10,000 position delta in HSI Products or 12,000 position delta in HSCEI Products	$\leq 20,000$ position delta in HSI Products in all Contract Months combined; or $\leq 24,000$ position delta in HSCEI Products in all Contract Months combined	$> 20,000$ position delta in HSI Products in all Contract Months combined; or $> 24,000$ position delta in HSCEI Products in all Contract Months combined

b. Compliance with the exchange position limit

Scenario	In compliance with the exchange position limit	Breaching the exchange position limit
Exchange position limit prescribed by HKFE	$\leq 10,000$ position delta in HSI Products, HSI TRI Products and Weekly HSI Options in all Contract Months and Contract Weeks combined; or $\leq 12,000$ position delta in HSCEI Products, HSCEI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined	$> 10,000$ position delta in HSI Products, HSI TRI Products and Weekly HSI Options in all Contract Months and Contract Weeks combined; or $> 12,000$ position delta in HSCEI Products, HSI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined
The revised higher exchange position limit which has reflected the excess positions (10,000 delta for HSI Products / 12,000 delta for HSCEI Products) approved by the SFC	$\leq 20,000$ position delta in HSI Products, HSI TRI Products and Weekly HSI Options in all Contract Months and Contract Weeks combined; or $\leq 24,000$ position delta in HSCEI Products, HSCEI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined	$> 20,000$ position delta in HSI Products, HSCEI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined; or $> 24,000$ position delta in HSCEI Products, HSCEI TRI Products and Weekly HSCEI Options in all Contract Months and Contract Weeks combined

More illustrations of Position Limit Calculation are set forth in **Attachment III**.

Pre-Launch Arrangements

To facilitate the trading and clearing of the Weekly Index Options, the following pre-launch arrangements will be made available one business day before the Launch Date:

- a. Trading codes will be displayed on HKATS, but the contracts will not be tradable on that day;
and
- b. Information relating to the Weekly Index Options will be generated in the risk parameter files (“RPF”), clearing and open interest reports.

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

Trading Arrangements

The trading arrangements on the HKATS are as follows:

- a. Differentiation between Weekly Index Options and monthly index options
New market codes “39” and “87” shall be assigned to the Weekly HSI Options and Weekly HSCEI Options respectively. Trading applications could make use of the field in the OMnet Application Programme Interface (“OAPI”) library namely “market_c” for the identification of Weekly Index Options, if necessary.

b. Naming convention of Weekly Index Options series:

	Weekly HSI Options	Weekly HSCEI Options
Example	HSI27000I9W20	HHI10400I9W20
	Where: <ul style="list-style-type: none"> • “HSI” means HKATS underlying code; • “27000” means strike price; • “I” means Sep Call - contract month; • “9” means year 2019 contract; • “W20” means weekly product with the 20th day of the month as the expiry day 	Where: <ul style="list-style-type: none"> • “HHI” means HKATS underlying code; • “10400” means strike price; • “I” means Sep Call - contract month; • “9” means year 2019 contract; • “W20” means weekly product with the 20th day of the month as the expiry day

c. Addition of new contracts:

A new Weekly Index Options contract will be available for trading on the business day immediately following the Expiry Day of the spot week (i.e. generally the first business day of the week), except that no Weekly Index Options contract will be added if its Expiry Day will be the same as the Expiry Day of the monthly index options contract.

Please note that there will only be spot week contract with expiry day on 20 September 2019 introduced for trading on the Launch Date. The next week contract with expiry day on 27 September 2019 will not be introduced as it will overlap with the expiry day of the spot month contract of their respective monthly index options.

Other operational arrangements including block trade, error trade and trading halt arrangements will follow the same arrangements for the monthly index options.

Risk Management Arrangements

As Weekly HSI Options share the same underlying index with HSI Futures & Options, all these contracts are assigned in the same Combined Commodity as prescribed in PRiME Margining Guide⁷ with the same margin offset arrangements being offered in the same eligible net margining clearing account. For the avoidance of doubt,

⁷ Link to PRiME Margining Guide: <https://www.hkex.com.hk/-/media/HKEX-Market/Services/Clearing/Listed-Derivatives/Risk-Management/Margin/Clearing-House-Margining-Methodology-PRiME/PRiME-Margining-Guide.pdf>

- a. Intracommodity Spread Charge will be imposed for offsetting positions between Weekly HSI Options and HSI Futures & Options; and
- b. Any margin offset arrangement currently offered to HSI Futures & Options via Inter-commodity Spread functionality in PRIME⁸ will be offered to Weekly HSI Options.

As such, margin levels and margin offset parameters⁹ of Weekly HSI Options will be announced together with HSI Futures & Options. The abovementioned arrangements will also be applied to Weekly HSCEI Options and HSCEI Futures & Options. The updated PC-SPAN Organisation Master File will be made available in due course.

In addition, please be reminded that with the introduction of the Weekly Index Options, the format of the RPF and relevant enhanced reports will be updated starting from one business day before the Launch Date (Please refer to the Appendix D – List of Files and Reports to be enhanced and Appendix E – Functional enhancement of “Contracts with flexible expiry dates” in [Information Paper on HKATS & DCASS Upgrade \(Sep 2018\)](#) for details of the updates. The sample RPF can be downloaded in [HKEX Website](#)). Participants should be reminded to ensure the system readiness for the RPF changes even do not intend to participate in the trading/clearing of the Weekly Index Options.

Market Making Program

The Exchange is inviting interested parties to apply for Market Making Permits for Weekly Index Options. Please refer to Attachment IV for the Market Making program details.

Price Information

The information vendor access codes for Weekly Index Options will be updated on HKEX’s website (<http://www.hkex.com.hk>) from time to time.

Promotional Support for EPs

The Exchange will provide promotional items to support EPs in promoting Weekly Index Options business. Interested EPs can contact Mr. Justyn Ip by email (JustynIp@hkex.com.hk).

⁸ Please refer to section 2.7 of PRIME margining guide for details.

⁹ Delta/Spread Ratio and Spread Credit Rate

EPs' and Clearing Participants' ("CPs") Readiness

EPs and CPs are required to notify their staff and all interested clients of the details. Please ensure that their trading and back office systems are ready in order for a smooth operation, including but not limited to the OAPI programs, clearing and settlement systems (including enhancements to the Risk Parameter File¹⁰), market data systems and other front-end or back-end operational systems.

Additional Readiness Test

Only participants that have confirmed their system readiness after the market rehearsal for Weekly Index Options will be allowed to access the Weekly Index Options market during the two-week period from the Launch Date. EPs and CPs who plan to participate in the trading and clearing of Weekly Index Options but have not confirmed their system readiness after the market rehearsal of HKATS & DCASS Upgrade ("MR") on 16 March 2019 are encouraged to participate in the additional Readiness Test ("RT") **scheduled on 7 September 2019** to confirm their system readiness. EPs and CPs that have already participated and successfully satisfied in the MR are not required to participate in this RT. EPs and CPs are required to confirm whether they plan to participate in the Weekly Index Options market and RT by completing the online registration form at <https://www.hkex.com.hk/eng/org/Form.asp?Q=&FormType=R&GroupCode=EQUITIESAC&EvtCode=EQD201903> **on or before 13 August 2019**.

More details on the technical information for Weekly Index Options are set forth in the [Frequently Asked Questions](#) and [Information Paper](#) for HKATS and DCASS Upgrade.

Wong Pak Chung
Co-Head
Equities Product Development, Markets Division

This circular has been prepared in English with a Chinese translation. If there is any inconsistencies between the two versions, the English version shall prevail.

¹⁰ Details, sample file and updated Clearing House Margining Methodology – PRIME can be found in the "[Risk Parameter File \(RPF\) / SPAN](#)" section.

Attachment I

Contract Specifications of Weekly HSI Options and Weekly HSCEI Options

<p>Contract Specifications For Weekly Hang Seng Index (HSI) Options</p>

The following Contract Specifications shall apply to the Weekly Hang Seng Index Option Contract:

Underlying Index/Index	Hang Seng Index (the share price index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited).*
Contract Multiplier	HK\$50 per Index point.*
Contract Weeks	Spot Week and the next week, except where the Expiry Day of the Weekly Contract is the same as the Expiry Day of the Spot Month Hang Seng Index Option Contract.
Trading Hours (Hong Kong time)	9:15 a.m. - 12:00 noon (morning trading session) and 1:00 p.m. - 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)
	There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.
	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.
Trading Hours on Expiry Day (Hong Kong time)	9:15 a.m. - 12:00 noon (morning trading session) and 1:00 p.m. - 4:00 p.m. (afternoon trading session) There shall be no afternoon or after-hours trading session if the Expiry Day falls on Christmas Eve, New Year’s Eve or Lunar New Year’s Eve.
Trading Method	The Exchange’s Automated Trading System (HKATS).
Expiry Day	The last Business Day of the Contract Week.
Option Premium	Quoted in whole Index points.
Contracted Value	Option Premium multiplied by the Contract Multiplier.

Strike Prices

Strike Prices shall be set as follows:

HSI (Index points)	Intervals
Below 5,000	50
At or above 5,000 but below 20,000	100
At or above 20,000	200

On any Business Day, new consecutive Strike Prices may be set for, or added to, each Weekly HSI Option Contract such that at all times there will be Strike Prices representing not less than 10% above, and not less than 10% below the at-the-money Strike Price of the Weekly HSI Option Contract. On any Business Day in a given week, the at-the-money Strike Price of each Weekly HSI Option Contract shall be the previous Business Day's official closing value of the Hang Seng Index, rounded off to the nearest Strike Price, unless the official closing value of the Hang Seng Index is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price.

Strike Prices shall be set on a temporary basis at other intervals as may from time to time be determined by the Chief Executive in consultation with the Commission or at other intervals as may from time to time be determined by the Board in consultation with the Commission. The Exchange reserves the right to introduce new or delete existing Strike Prices at any time.

Exercise Style

European Style options which may only be exercised on Expiry Day.

Settlement on Exercise

Cash settlement of the Final Settlement Value.

Final Settlement Day

The Business Day immediately following the Expiry Day.

Official Settlement Price

The Official Settlement Price for Weekly HSI Options shall be a number, rounded down to the nearest whole number, determined by the Clearing House and shall be the average of the quotations of the Hang Seng Index compiled, computed and disseminated by Hang Seng Indexes Company Limited* taken at (i) five (5)-minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Expiry Day. The Chief Executive of the Exchange has the power under the Regulations for Trading Stock Index Options Contracts to

determine the Official Settlement Price under certain circumstances.

Position Limits

Position delta for Weekly Hang Seng Index Options, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures, Mini-Hang Seng Index Options, Hang Seng Index (Gross Total Return Index) Futures and Hang Seng Index (Net Total Return Index) Futures combined of 10,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) the position delta of one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time; and

Position delta for Weekly Hang Seng Index Options, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures, Mini-Hang Seng Index Options, Hang Seng Index (Gross Total Return Index) Futures and Hang Seng Index (Net Total Return Index) Futures combined of 10,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time.

Large Open Positions

500 open contracts in any one series per Exchange Participant for the Exchange Participant's own behalf; and

	500 open contracts in any one series per Client.
Minimum Fluctuation	One Index point.
Trading Fees (per contract per side)	Exchange Fee HK\$ 10.00 The amount indicated above is subject to change from time to time.
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.
Cabinet Trade	No Exchange Fee is payable. Commission Levy and Investor Compensation Levy are applicable.
Exercise Fee	A fee of HK\$10.00 will be charged by the Exchange for each Weekly HSI Option Contract exercised. Weekly HSI Option Contracts not exercised shall be deemed to have expired worthless and will not attract any Exercise Fee.
Commission Rate	Negotiable.

* Same as the Hang Seng Index Futures Contract and Hang Seng Index Option Contract.

Contract Specifications
For
Weekly Hang Seng China Enterprises Index (HSCEI) Options

The following Contract Specifications shall apply to the Weekly Hang Seng China Enterprises Index Option Contract:

Underlying Index/Index	Hang Seng China Enterprises Index (the share price index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited).*		
Contract Multiplier	HK\$50 per Index point.*		
Contract Weeks	Spot Week and the next week, except where the Expiry Day of the Weekly Contract is the same as the Expiry Day of the Spot Month HSCEI Option Contract.		
Trading Hours (Hong Kong time)	9:15 a.m. - 12:00 noon (morning trading session) and 1:00 p.m. - 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)		
	There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.		
	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.		
Trading Hours on Expiry Day (Hong Kong time)	9:15 a.m. - 12:00 noon (morning trading session) and 1:00 p.m. - 4:00 p.m. (afternoon trading session)		
	There shall be no afternoon or after-hours trading session if the Expiry Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve.		
Trading Method	The Exchange's Automated Trading System (HKATS).		
Expiry Day	The last Business Day of the Contract Week.		
Option Premium	Quoted in whole Index points.		
Contracted Value	Option Premium multiplied by the Contract Multiplier.		
Strike Prices	Strike Prices shall be set as follows:		
	<table border="0" style="width: 100%;"> <tr> <td style="width: 60%;">HSCEI (Index points)</td> <td style="width: 40%;">Intervals</td> </tr> </table>	HSCEI (Index points)	Intervals
HSCEI (Index points)	Intervals		

Below 5,000	50
At or above 5,000 but below 20,000	100
At or above 20,000	200

On any Business Day, new consecutive Strike Prices may be set for, or added to, each Weekly HSCEI Option Contract such that at all times there will be Strike Prices representing not less than 10% above, at, and not less than 10% below the at-the-money Strike Price of the Weekly HSCEI Option Contract. On any Business Day in a given week, the at-the-money Strike Price of each Weekly HSCEI Option Contract shall be the previous Business Day's official closing value of the Hang Seng China Enterprises Index, rounded off to the nearest Strike Price, unless the official closing value of the Hang Seng China Enterprises Index is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price.

Strike Prices shall be set on a temporary basis at other intervals as may from time to time be determined by the Chief Executive in consultation with the Commission or at other intervals as may from time to time be determined by the Board in consultation with the Commission. The Exchange reserves the right to introduce new or delete existing Strike Prices at any time.

Exercise Style	European Style options which may only be exercised on Expiry Day.
Settlement on Exercise	Cash settlement of the Final Settlement Value.
Final Settlement Day	The Business Day immediately following the Expiry Day.
Official Settlement Price	The Official Settlement Price for Weekly HSCEI Options shall be a number, rounded down to the nearest whole number, determined by the Clearing House and shall be the average of the quotations of the Hang Seng China Enterprises Index compiled, computed and disseminated by Hang Seng Indexes Company Limited* taken at (i) five (5)-minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Expiry Day. The Chief Executive of the Exchange has the power under the Regulations for Trading Stock Index Options Contracts to determine the Official Settlement Price under certain circumstances.

Position Limits

Position delta for Weekly Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures, Hang Seng China Enterprises Index Options, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index (Gross Total Return Index) Futures and Hang Seng China Enterprises Index (Net Total Return Index) Futures combined of 12,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng China Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time; and

Position delta for Weekly Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures, Hang Seng China Enterprises Index Options, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index (Gross Total Return Index) Futures and Hang Seng China Enterprises Index (Net Total Return Index) Futures combined of 12,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng China Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang

Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time.

Large Open Positions 500 open contracts in any one series per Exchange Participant for the Exchange Participant's own behalf; and

500 open contracts in any one series per Client.

Minimum Fluctuation One Index point.

Trading Fees Exchange Fee HK\$ 3.50
(per contract per side)

The amount indicated above is subject to change from time to time.

Levies
(per contract per side)

Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.

Cabinet Trade

No Exchange Fee is payable. Commission Levy and Investor Compensation Levy are applicable.

Exercise Fee

A fee of HK\$3.50 will be charged by the Exchange for each Weekly HSCEI Option Contract exercised. Weekly HSCEI Option Contracts not exercised shall be deemed to have expired worthless and will not attract any Exercise Fee.

Commission Rate Negotiable.

* Same as the Hang Seng China Enterprises Index Futures Contract and Hang Seng China Enterprises Index Option Contract.

Attachment II

Disclaimer of Hang Seng Indexes Company Limited

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “Futures Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

Attachment III

Illustrations of Position Limit Calculation

The following examples illustrate different scenarios which may or may not breach the position limit of HSI Products, HSI TRI Products and Weekly HSI Options. Similar treatments will be applied to HSCEI Products, HSCEI TRI Products and Weekly HSCEI Options.

Given:

- Statutory position limit under SFO: 10,000 position delta for HSI Products
- Exchange position limit under HKFE Rules: 10,000 position delta for HSI Products, HSI TRI Products and Weekly HSI Options combined

Scenario 1: An EP without any excess position limit approved by the SFC

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of Weekly HSI Options in All Contract Weeks Combined (B)	Open Position Delta of HSI TRI Products in all Contract Months Combined ¹¹ (C)	Aggregate Position Delta in all Contract Months and Contract Weeks Combined (A) + (B) + (C)	Within Statutory Position Limit of HSI Products	Within Exchange Position Limit of HSI Products, HSI TRI Products and Weekly HSI Options Combined
a. Long or Short HSI Products Only						
1	+9,900	0	0	+9,900	Yes	Yes
2	-9,900	0	0	-9,900	Yes	Yes
3	+10,200	0	0	+10,200	No	No
4	-10,200	0	0	-10,200	No	No
b. Long or Short Weekly HSI Options Only						
1	0	+9,900	0	+9,900	Yes	Yes
2	0	-9,900	0	-9,900	Yes	Yes
3	0	+10,200	0	+10,200	Yes	No
4	0	-10,200	0	-10,200	Yes	No
c. Long or Short HSI TRI Products Only						
1	0	0	+9,900	+9,900	Yes	Yes
2	0	0	-9,900	-9,900	Yes	Yes
3	0	0	+10,200	+10,200	Yes	No
4	0	0	-10,200	-10,200	Yes	No
d. Same Direction						
1	+9,600	+200	+100	+9,900	Yes	Yes

¹¹ The position delta of one HSI TRI Futures or HSI TRI Futures equivalent to 3 and the position delta of one HSI Futures equivalent to 1.

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of Weekly HSI Options in All Contract Weeks Combined (B)	Open Position Delta of HSI TRI Products in all Contract Months Combined ¹¹ (C)	Aggregate Position Delta in all Contract Months and Contract Weeks Combined (A) + (B) + (C)	Within Statutory Position Limit of HSI Products	Within Exchange Position Limit of HSI Products, HSI TRI Products and Weekly HSI Options Combined
2	-300	-8,600	-1,000	-9,900	Yes	Yes
3	+10,200	+200	+100	+10,500	No	No
4	-300	-9,200	-1,000	-10,500	Yes	No
e. Different Directions to Offset the Position Limit						
1	+9,900	-200	-100	+9,600	Yes	Yes
2	+300	-8,900	-1,000	-9,600	Yes	Yes
3	-300	+10,000	+200	+9,900	Yes	Yes
4	+300	-10,000	-200	-9,900	Yes	Yes
5	+10,500	-200	-100	+10,200	No	No
6	-300	+10,300	+200	+10,200	Yes	No

Scenario 2: The SFC has approved ABC Ltd. (EP) to hold excess positions (increasing the position delta from 10,000 to 20,000) in HSI Products. Accordingly, HKFE will adopt the same position delta (i.e. 20,000) for HSI Products, HSI TRI Products and Weekly HSI Options in all Contract Months and Contract Weeks combined.

- Statutory position limit under SFO: 20,000 position delta for HSI Products
- Exchange position limit under HKFE Rules: 20,000 position delta for HSI Products, HSI TRI Products and Weekly HSI Options combined

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of Weekly HSI Options in All Contract Weeks Combined (B)	Open Position Delta of HSI TRI Products in all Contract Months Combined ¹² (C)	Aggregate Position Delta in all Contract Months and Contract Weeks Combined (A) + (B) + (C)	Within Statutory Position Limit of HSI Products	Within Exchange Position Limit of HSI Products, HSI TRI Products and Weekly HSI Options Combined
a. Long or Short HSI Products Only						
1	+19,900	0	0	+19,900	Yes	Yes
2	-19,900	0	0	-19,900	Yes	Yes
3	+20,100	0	0	+20,100	No	No
4	-20,100	0	0	-20,100	No	No
b. Long or Short Weekly HSI Options Only						
1	0	+19,900	0	+19,900	Yes	Yes

¹² The position delta of one HSI TRI Futures or HSI TRI Futures equivalent to 3 and the position delta of one HSI Futures equivalent to 1.

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of Weekly HSI Options in All Contract Weeks Combined (B)	Open Position Delta of HSI TRI Products in all Contract Months Combined ¹² (C)	Aggregate Position Delta in all Contract Months and Contract Weeks Combined (A) + (B) + (C)	Within Statutory Position Limit of HSI Products	Within Exchange Position Limit of HSI Products, HSI TRI Products and Weekly HSI Options Combined
2	0	-19,900	0	-19,900	Yes	Yes
3	0	+20,100	0	+20,100	Yes	No
4	0	-20,100	0	-20,100	Yes	No
c. Long or Short HSI TRI Products Only						
1	0	0	+19,900	+19,900	Yes	Yes
2	0	0	-19,900	-19,900	Yes	Yes
3	0	0	+20,100	+20,100	Yes	No
4	0	0	-20,100	-20,100	Yes	No
d. Same Direction						
1	+19,600	+200	+100	+19,900	Yes	Yes
2	-300	-19,400	-200	-19,900	Yes	Yes
3	+20,100	+200	+100	+20,400	No	No
4	-300	-19,900	-200	-20,400	Yes	No
e. Different Directions to Offset the Position Limit						
1	+19,900	-200	-100	+19,600	Yes	Yes
2	+300	-19,700	-200	-19,600	Yes	Yes
3	+20,400	-100	-200	+20,100	No	No
4	+300	-20,000	-400	-20,100	Yes	No

Attachment IV

Market Making Program for Weekly Index Options

Market Making Obligations:

- The market making obligations for Weekly Index Options are as follows:

		MM for T Session	MM for T+1 Session
For Market Maker (“MM”) that provides continuous quote (“CQ”):			
Min. % of trading hours coverage		70% of T Session	70% of T+1 Session
Min. Quote series (selected from the pool*)		30 series in total for spot week and next week contracts (or 15 series if only one contract is available**)	30 series in total for spot week and next week contracts (or 15 series if only one contract is available**)
Min. Quote Size		5 contracts	5 contracts
Max. bid/offer spread	Price 1-750 points >750 points	Max. bid/offer spread Max (30 points, 10% of bid) 75 points	Max. bid/offer spread Max (40 points, 20% of bid) 150 points
For MM that responds to quote request (“QR”):			
Min. % of QR responses		70% of QR issued in T Session	70% of QR issued in T+1 Session
Max. Time to respond to QR and Min. Display time		20 sec	20 sec
Min. Quote Size		5 contracts	5 contracts
Max. bid/offer spread	Price 1-750 points >750 points	Max. bid/offer spread Max (30 points, 10% of bid) 75 points	Max. bid/offer spread Max (40 points, 20% of bid) 150 points

Notes: * MM that provides CQ can select options series from the following CQ series selection pool:

Contract Week	Option Series	Call	Put
Spot Week	Nearest OTM	14	14
	Nearest ITM	2	2
Next Week	Nearest OTM	14	14
	Nearest ITM	2	2
Total		64	

** New Weekly Index Options contract will not be added if its Expiry Day will be the same as the Expiry Day of the monthly index options.

- The performance measurement for MM in the Weekly Index Options will be separated from that of the monthly index options.

Market Making Incentives:

3. Discounted Exchange Fee for MM in Weekly Index Options

MM of Weekly Index Options will be entitled to pay a discounted Exchange Fee:

Exchange Fee per Lot	MM in Weekly Index Options	Standard
Weekly HSI Options	HK\$2.0 (i.e. 80% discount)	HK\$10
Weekly HSCEI Options	HK\$0.5 (i.e. 86% discount)	HK\$3.5

4. Cross-product discounted Exchange Fee for MM in other futures and options with the same underlying

MM shall be entitled to pay a discounted Exchange Fee of an amount specified in the table below on transactions effected in other futures and options with the same underlying index, provided that the total number of other futures and options eligible for discounted Exchange Fees in any calendar month shall not exceed the volume of the futures or options traded by the MM in that calendar month (in contract size adjusted equivalent based on contract multiplier).

Exchange Fee per Lot	MM in Weekly Index Options	MM in other futures and options with same underlying index (e.g. MM of Monthly HSI Options, MM of Monthly HSCEI Options, etc.)
Futures and options with HSI as underlying	HK\$3.50 in HSI Futures / Options HK\$1 in Mini-HSI Futures HK\$0.70 in Mini-HSI Options	HK\$3.50 in Weekly HSI Options
Futures and options with HSCEI as underlying	HK\$1 in HSCEI Futures / Options HK\$0.70 in Mini-HSCEI Futures HK\$0.35 in Mini-HSCEI Options	HK\$1 in Weekly HSCEI Options

5. (For MM that provides CQ) Waiver of monthly sub-licence fee for OAPI:

Product	MM for T Session	MM for T+1 Session
Weekly HSI Options	1 OAPI (HK\$2,600 per month)	4 OAPIs (HK\$10,400 per month)
Weekly HSCEI Options	1 OAPI (HK\$2,600 per month)	4 OAPIs (HK\$10,400 per month)

6. MM will be allowed to use the Market Maker Protection function to facilitate their risk control. Market Maker Protection is a function built in the HKATS that could trigger bulk order cancellations for MM at the host level if a pre-defined number of contracts are executed within a pre-defined time interval. This could reduce the latency for MM to send in order cancellation messages.

7. The Exchange is inviting applications for the Market Making Permits for Weekly Index Options. Interested parties should contact Mr. Charles Kwan (CharlesKwan@hkex.com.hk) or Ms. Emily Huang (EmilyHuang@hkex.com.hk) for application details.