

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 the Physically Settled USD and CNH Silver Futures

Enquiry: Ms Flora Poon (Email: FloraPoon@hkex.com.hk; Tel: +852 2840 3486)

Ms Catherine Zhang (Email: CatherineZhang@hkex.com.hk; Tel: +852 2840 3261)

Hong Kong Futures Exchange Limited (“HKFE” or “Exchange”) is pleased to announce that the Securities and Futures Commission (“SFC”) has approved the introduction of the physically settled USD and CNH Silver Futures (“Silver Futures Contracts”). The trading of the Silver Futures Contracts will commence on **Monday 8 June 2020** (“Commencement Date”).

The Silver Futures Contracts are introduced as the second pair of physically settled dual-currency commodities futures products after the Gold Futures Contracts, and aim to provide more tools to address investors’ trading, hedging and risk management needs for asset allocation and portfolio management in precious metals.

A. Contract Specifications

Key features of the Silver Futures Contracts are as follows:

Contracts	USD Silver Futures	CNH Silver Futures
HKATS Code	SIU	SIR
Underlying	30 kilogram silver, with weight tolerance of $\pm 10\%$, no less than 0.9999 fineness, and bearing a serial number and identifying stamp of a Recognized Refiner	
Contract Size	30 kilogram	
Trading Currency	USD	RMB
Price Quotation	USD/kg	RMB/kg
Contract Months	Spot Month and the next eleven calendar months	

Contracts	USD Silver Futures	CNH Silver Futures
Minimum Fluctuation	USD 0.05/kg	RMB 0.25/kg
Maximum Fluctuation	Nil	
Trading Fee	USD 1 per contract per side	RMB 6 per contract per side
Settlement Fee	USD 2 per contract per side	RMB 12 per contract per side
Commission Levy ¹	USD 0.07 per contract per side	RMB 0.45 per contract per side
Trading Hours (Hong Kong Time)	8:30 a.m. to 4:30 p.m. (day trading session (T Session)) and 5:15 p.m. to 3:00 a.m. (after-hours trading session (T+1 Session))	
Last Trading Day ("LTD")	The third Monday of the Contract Month, and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day	
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day	
Final Settlement Price ("FSP")	<p>Volume weighted average price ("VWAP") of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the LTD, rounded to the nearest tick.</p> <p>If there is no valid traded price during the last thirty minutes of trading on the LTD,</p> <p>a) the FSP of the USD Silver Futures Contract shall be determined, rounded to the nearest tick, with reference to the following in the order as they appear: (i) the FSP of the CNH Silver Futures Contract (converted to USD equivalent); (ii) the mid point of the best bid and corresponding offer prices of the Spot Month Contract during the last thirty minutes of trading on the LTD; or (iii) any such relevant market indicators quoted or published at or immediately before the close of trading on the LTD, as the Exchange considers appropriate; and</p> <p>b) the FSP of the CNH Silver Futures Contract shall be determined based on the FSP of the USD Silver Futures Contract (converted to CNH equivalent), rounded to the nearest tick.</p> <p>In addition, the Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the FSP under certain circumstances.</p>	
Settlement Method	Physical settlement	
Position Limits	USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short	

¹ Levies are payable at the rate or of the amount prescribed from time to time pursuant to the Securities and Futures Ordinance (Cap.571). The current rate is set at HK\$ 0.54 per contract, for which the RMB /USD equivalent will be determined by the HKFE from time to time.

Contracts	USD Silver Futures	CNH Silver Futures
	contracts in other months per Exchange Participant's own behalf and per Client	
Large Open Positions	500 open contracts in any one Contract Month per Exchange Participant's own behalf, and per Client	
Delivery Site	An Approved Depository in Hong Kong	

Details of the Contract Specifications are set forth in **Attachment I** for reference. Relevant rule amendments relating to the Silver Futures Contracts have been announced in circulars Ref no.: [LSD/28/2020](#) and [LSD/29/2020](#) dated 18 March 2020.

B. Trading Arrangements

Pre-Launch Arrangements

To facilitate market participants in the trading and clearing of the Silver Futures Contracts, the following pre-launch arrangements will be made available on **Friday 5 June 2020** (i.e. one business day before the Commencement Date):

- a. Trading codes of the Silver Futures Contracts will be displayed on HKATS, but the Silver Futures Contracts will not be tradable on that day; and
- b. Information relating to the Silver Futures Contracts 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 Commencement Date is to assist Exchange Participants ("EPs") to estimate the margin requirements for trading on the Commencement Date. Please note that the margin requirements estimated using the RPF available on the business day before the Commencement Date may not be the same as the actual amounts required on the Commencement Date. Hong Kong Exchanges and Clearing Ltd. ("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, details of which will be announced in a separate HKFE Clearing Corporation Limited ("HKCC") circular in due course.

Trading Months Arrangement at Launch

On the Commencement Date, the Contract Months of the Silver Futures Contracts available for trading are from July 2020 to June 2021. This means that any trading from the Commencement Date up to and including 20 July 2020 will have July 2020 as Spot Month in order to allow participants more time to prepare for physical settlement as required.

Trading Eligibility

EPs are required to have RMB and/or USD settlement capability in order to be granted trading access to the corresponding Silver Futures Contracts. Non-Clearing Participants (“NCPs”) should contact their General Clearing Participants (“GCPs”) to ensure their eligibility for clearing and/or physical settlement of the Silver Futures Contracts.

A list of HKFE EPs offering physical delivery services for the Silver Futures Contracts will be published on the product website in due course.

Maximum Order Size

Please note that the Silver Futures Contracts will have a maximum order size limit on HKATS of 1,000 contracts. EPs are required to submit their requests to the Exchange for setting up their own order size limits based on their business needs and risk management requirements.

Error Trade Price Parameters and Procedures

The price parameter for the purpose of the error trade rules under the HKFE Rule 819B is 3% from notation price. Details of error trade parameters are set forth in **Attachment II** for reference.

Block Trade Volume Threshold and Permissible Price Range

The block trade volume threshold for the Silver Futures Contracts will be 30 contracts. The block trade permissible price range is 3%. Details of block trade permissible price range are set forth in **Attachment II** for reference.

C. Clearing and Settlement Arrangements

Clearing Participants (“CPs”) are required to have RMB and/or USD bank accounts with any of the Settlement Banks appointed by HKCC to clear the Silver Futures Contracts.

To be eligible to physically settle the Silver Futures Contracts, CPs should also have physical settlement capability (i.e. be a “Physical Delivery Participant”) by either: i) maintaining an account with each of the depositor(ies) approved by HKCC for physical silver delivery (“Approved Depository”); or ii) having an arrangement in place for physical delivery with another CP who itself has an account with each of the Approved Depositor(ies).

HKCC has appointed Brink’s Hong Kong Limited as the first Approved Depository for the Silver Futures Contracts. CPs who plan to physically settle the Silver Futures Contracts are required to make the necessary arrangements, where appropriate, to meet the physical settlement capability requirement of the Silver Futures Contracts.

CPs without such physical settlement capability (“Non-delivery HKCC Participants”) will not be permitted to hold any open positions of Spot Month Silver Futures Contracts after the System Input Cutoff time (i.e. 6:45 p.m.) of the business day prior to the Last Trading Day, or to trade (and where applicable, shall procure that its NCP will not trade) or accept any trade or positions transfer in any Spot Month Silver Futures Contracts after the T Session of the business day prior to the Last Trading Day unless such trade or position serves to close out an existing open position of the Non-delivery HKCC Participant.

For more information in relation to clearing and settlement arrangement, please contact DCASS Hotline at (852) 2979 7222 from 9:00 a.m. to 6:45 p.m., Monday to Friday, excluding public holidays.

D. Approved Depositories, and Recognized Depositories /Forwarders /Assayers /Refiners

Apart from the Approved Depositories, in order to maintain the chain of integrity for physical settlement of the Silver Futures Contracts, the Exchange has designated a list of Recognized Depositories, Recognized Forwarders, Recognized Assayers, and Recognized Refiners. Please refer to the current lists in **Attachment III**. The Exchange will publish updated lists on the product website from time to time.

E. Risk Management Arrangements

Physical delivery contract charge² in the amount of ~10% of the contract value will be imposed on all open Spot Month Silver Futures Contracts from the third business day prior to the Last Trading Day (i.e. LTD-3)³ until the open Spot Month Silver Futures Contracts are closed out / settled.

Margin offset will be offered between the USD and CNH Silver Futures, via intra-commodity spread functionality in PRiME⁴ respectively. CPs could allocate the eligible positions to relevant account(s)⁵ in accordance with the Clearing House Procedures for margin offset claim purpose.

Margin levels and margin offset parameters⁶ for the Silver Futures Contracts will be announced and the updated PC-SPAN Organization Master File will be made available in due course.

F. Trading Information

The access codes of information vendors of the Silver Futures Contracts will be available on HKEX's website in due course.

G. Incentive Programs for the Silver Futures Contracts

Summary

Items	Eligibility and effective period	Incentives
Trading Fee Holiday	- for the whole market	Trading Fee
Settlement Fee Holiday	- from the Commencement Date to the close of T Session on 4 December 2020	Settlement Fee
SFC Commission Levy exemption		SFC Commission Levy
Bundled Liquidity Providing Incentive Program	- for Liquidity Provider ("LP") and Proprietary Trader ("PT") only - from the Commencement Date to the close of T Session on 31 December 2020	Upon fulfillment of respective obligations - - cross-product trading fee rebates; - market data fee rebates; - hosting services fee rebates; and - OAPI Sub-licence fee waiver, where applicable

² Type "4" Record in the Risk Parameter File (RPF).

³ To be settled by 9:15 a.m. of LTD-2.

⁴ Please refer to section 2.7 of PRiME margining guide for details (<https://www.hkex.com.hk/-/media/HKEX-Market/Services/Clearing/Listed-Derivatives/Risk-Management/Margin/Clearing-House-Margining-Methodology-PRiME/PRiME-Margining-Guide.pdf>).

⁵ Client Offset Claim Account

⁶ Delta/Spread Ratio and Spread Credit Rate

Items	Eligibility and effective period	Incentives
Trading Fee Rebate	- for LPs and PTs only - from the start of T+1 Session on 4 December 2020 to the close of T Session on 31 December 2020	Upon fulfillment of respective obligations - Trading Fee
Joint Promotional Program	- for eligible applicants only - from the Commencement Date to 4 September 2020	a maximum amount of HK\$50,000

Six-month Fees Holiday and Commission Levy Exemption

For all Participants and their clients, the Exchange will offer a waiver of Exchange Trading Fee and Settlement Fee⁷ for the initial six months from the Commencement Date to Friday 4 December 2020, both dates inclusive, excluding the T+1 Session on 4 December 2020, for the trading of the Silver Futures Contracts.

The Commission Levy for the Silver Futures Contracts will be exempted for the first six months of trading from the Commencement Date to 4 December 2020, both dates inclusive, excluding the T+1 Session on 4 December 2020.

Participants are advised to inform their clients of the Exchange Trading Fee and Settlement Fee holiday and Commission Levy exemption accordingly.

Bundled Liquidity Providing Incentive Program

The Exchange invites applications of LPs and PTs for the Silver Futures Contracts. Incentives include: 1) cross-product trading fee rebates; 2) market data fee rebates; 3) hosting services fee rebates; and 4) OAPI Sub-licence fee waiver. Please refer to **Attachment IV** for further details.

Interested parties should contact Ms Emily Huang (EmilyHuang@hkex.com.hk), Mr Alan Feng (AlanFeng@hkex.com.hk) or Ms Flora Poon (FloraPoon@hkex.com.hk) for further information.

Joint Promotional Program

The Exchange is launching a Joint Promotion Program (“Program”) on the Silver Futures Contracts from the Commencement Date to 4 September 2020, both dates inclusive, (“Program Period”) with the objective of enhancing investors’ knowledge of the Silver Futures Contracts through a series of

⁷ Settlement Fee for December 2020 contract will be incurred on 21 December 2020.

joint marketing and educational activities, including but not limited to promotion events, advertisements, and etc.

Eligible applicants include EPs, information vendors, other financial institutions and financial industry associations. A maximum of 10 eligible applicants will be selected for the Program. Each of them will receive the following support from the Exchange:

- Sponsorship - a maximum amount of HK\$50,000 will be sponsored for each selected applicant to cover the cost of the marketing activities as outlined in a marketing proposal that must be submitted by the applicant;
- Promotional Materials - Free copies of promotional materials will be provided for distribution during public seminar(s) and marketing event(s); and
- Speaker – The Exchange representative will participate in the public seminar(s) and in-house training to introduce the Silver Futures Contracts.

The criteria for granting the cost sponsorship are as follows:

- Applicant must submit a detailed marketing proposal, including the target number of attendees, venue and date, for review;
- Silver Futures Contracts must be the primary theme in any marketing activity; and
- The marketing activities have to be organised during the Program Period.

Application Procedure:

The Program is now open for application. Interested applicants should complete and return the application form at **Attachment V** by **Friday 29 May 2020**. The approval of applications will be subject to the evaluation of each proposal. Please note that the sponsorship arrangement of this Program and the selection of applicants are subject to the final decision of the Exchange; and the Exchange reserves the right to make necessary modifications to the Program in order to achieve the desired results in promoting Silver Futures Contracts to the market.

Interested parties should contact Mr Alan Feng (AlanFeng@hkex.com.hk) or Mr Luming Zhao (LumingZhao@hkex.com.hk) for further information.

H. Briefing Sessions on the Silver Futures Contracts

For all participants to better understand the Silver Futures Contracts, participants are cordially invited to the briefing sessions to be held in Q2 2020, details of which will be announced via a separate circular.

I. Participants' Readiness

Participants are required to notify their staff and all interested clients of the details of the Silver Futures Contracts. Please ensure that their trading, clearing, back office systems and other operational arrangements are ready in order for a smooth operation upon the introduction of the Silver Futures Contracts. In addition, staff should be fully aware of the above and should exercise caution when dealing with the Silver Futures Contracts and when advising their clients.

Dennis Zhang
Head of Commodities Development
Market Development Division

This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

Attachment I

Contract Specifications For USD Silver Futures

The following Contract Specifications shall apply to the USD Silver Futures Contract:

Underlying	30 kilogram silver, with weight tolerance of +/- 10%, of not less than 0.9999 fineness, and bearing a serial number and identifying stamp of a Recognized Refiner
Contract Size	30 kilogram
Trading Currency	U.S. dollars
Contract Months	Spot Month and the next eleven calendar months. 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	U.S. dollars and cents per kilogram
Minimum Fluctuation	USD 0.05 per kilogram
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a USD Silver Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months 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

Trading Hours (Hong Kong time)	<p>8:30 a.m. to 4:30 p.m. (day trading session) and 5:15 p.m. to 3:00 a.m. (after-hours trading session)</p> <p>There is 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.</p> <p>There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People’s Republic of China</p>
Trading Hours on Last Trading Day (Hong Kong time)	<p>8:30 a.m. to 4:30 p.m.</p> <p>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.</p>
Trading Method	The Exchange’s Automated Trading System (HKATS)
Last Trading Day	The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day
Final Settlement Day	The second Hong Kong Business Day after the Last Trading Day
Settlement Method	Physical settlement
Settlement Currency	U.S. dollars
Final Settlement Price	<p>Volume weighted average price (VWAP) of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick.</p> <p>If there is no valid traded price during the last thirty minutes of trading on the Last Trading Day, the Final Settlement Price shall be determined, rounded to the nearest tick, with reference to the following in the order as they appear:</p> <ul style="list-style-type: none"> (i) the Final Settlement Price of the CNH Silver Futures Contract, converted to USD at such conversion rate as the Exchange may in its absolute discretion determine to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate; (ii) the mid point of the best bid and corresponding offer prices of the Spot Month Contract during the last thirty minutes of trading on the Last Trading Day; or

(iii) any such relevant market indicators quoted or published at or immediately before the close of trading on the Last Trading Day, as the Exchange considers appropriate.

In addition, the Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the Final Settlement Price under certain circumstances.

Final Settlement Value	Calculated by the Clearing House in accordance with the Clearing House Rules with reference to the Final Settlement Price and the weight of the Deliverable Metal. The weight of each silver bar shall be rounded up to the nearest one gram if the figure in the first decimal place is 5 or above and rounded down to the nearest gram if it is below 5 for the purpose of calculating the Final Settlement Value.
Delivery Site	An Approved Depository
Minimum Delivery Size	30 kilogram
Trading Fee (per contract per side)	Exchange Fee USD 1.00 The amount indicated above is subject to change from time to time
Settlement Fee (per contract per side)	USD 2.00 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
Commission Rate	Negotiable

<p>Contract Specifications For CNH Silver Futures</p>
--

The following Contract Specifications shall apply to the CNH Silver Futures Contract:

Underlying	30 kilogram silver, with weight tolerance of +/- 10%, of not less than 0.9999 fineness, and bearing a serial number and identifying stamp of a Recognized Refiner
Contract Size	30 kilogram
Trading Currency	RMB
Contract Months	Spot Month and the next eleven calendar months. 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 per kilogram
Minimum Fluctuation	RMB 0.25 per kilogram
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which a CNH Silver Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months 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
Trading Hours (Hong Kong time)	8:30 a.m. to 4:30 p.m. (day trading session) and 5:15 p.m. to 3:00 a.m. (after-hours trading session)

There is 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.

There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People's Republic of China

Trading Hours on Last Trading Day (Hong Kong time)

8:30 a.m. to 4:30 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)

Last Trading Day

The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day

Final Settlement Day

The second Hong Kong Business Day after the Last Trading Day

Settlement Method

Physical settlement

Settlement Currency

RMB

Final Settlement Price

Volume weighted average price (VWAP) of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick.

If there is no valid traded price during the last thirty minutes of trading on the Last Trading Day, the Exchange will use the Final Settlement Price of the USD Silver Futures Contract (converted to RMB at such conversion rate as the Exchange may in its absolute discretion determine to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate) to determine the Final Settlement Price.

In addition, the Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the Final Settlement Price under certain circumstances.

Final Settlement Value

Calculated by the Clearing House in accordance with the Clearing House Rules with reference to the Final Settlement Price and the

weight of the Deliverable Metal. The weight of each silver bar shall be rounded up to the nearest one gram if the figure in the first decimal place is 5 or above and rounded down to the nearest gram if it is below 5 for the purpose of calculating the Final Settlement Value.

Delivery Site	An Approved Depository
Minimum Delivery Size	30 kilogram
Trading Fee (per contract per side)	Exchange Fee RMB 6.00 The amount indicated above is subject to change from time to time
Settlement Fee (per contract per side)	RMB 12.00 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
Commission Rate	Negotiable

Attachment II

Error Trade Parameters for the Silver Futures Contracts

The price parameters for the Silver Futures Contracts for the purposes of the error trade rule under HKFE Rule 819B are as follows:

<u>Futures contracts</u>	<u>from notation price</u>
USD Silver Futures	3%
CNH Silver Futures	3%

Note:

The notation price 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 3 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.

Block Trade Permissible Price Range for the Silver Futures Contracts

With reference to the HKFE rule 815A (5), the price at which a block trade is executed must be fair and reasonable, and the revised permissible price range for block trades is determined in the following manner:

- (a) When the executed price is at or within the range of highest traded price, lowest traded price, bid and ask price of the contract; or
- (b) When the executed price is within a price range to both sides of a reference price obtained through prevailing market prices, or if necessary, determined as the theoretical values based on the prevailing underlying values. Price ranges for the Silver Futures Contracts are as follows:

<u>Futures contracts</u>	<u>Price range</u>
USD Silver Futures	3%
CNH Silver Futures	3%

Attachment III

Lists of Recognized Depositories /Forwarders /Assayers /Refiners

(The Exchange will publish the latest lists on the HKEX Website)

Recognized Depositories

No.	Depository	Region
1	G4S International Logistics (Hong Kong) Ltd	Hong Kong
2	HKIA Precious Metals Depository Ltd.	Hong Kong
3	Loomis International (HK) Ltd.	Hong Kong
4	Malca-Amit Far East Ltd.	Hong Kong
5	Brink's Limited	United Kingdom
6	G4S Cash Solutions (UK) Limited	United Kingdom
7	HSBC Bank plc	United Kingdom
8	JP Morgan Chase	United Kingdom
9	Loomis International (UK) Ltd	United Kingdom
10	Malca-Amit Commodities Ltd	United Kingdom
11	Brink's, Inc.	United States

Recognized Forwarders

No.	Recognized Forwarders
1	Brink's Asia Pacific Limited
2	G4S International Logistics (Hong Kong) Ltd
3	Loomis international (HK) Limited
4	Malca-Amit Secure Logistics Limited

Recognized Assayers

No.	Recognized Assayers
1	Heraeus Ltd Hong Kong
2	Metalor Technologies (Hong Kong) Ltd

Recognized Refiners

No.	Producer/Brand	Country/Region	Brand Mark
1	Western Australian Mint (T/a The Perth Mint)	Australia	THE PERTH MINT, AUSTRALIA with stylised swan logo in rounded rectangle
2	Daye Nonferrous Metals Co., Ltd	China	DAJIANG in Roman and Chinese characters

No.	Producer/Brand	Country/ Region	Brand Mark
3	Great Wall Precious Metals Co., LTD. of CBPM	China	GREAT WALL PRECIOUS METALS CO., LTD OF CBPM in oval stamp below REFINED BY CHINA, plus Great Wall logo and circular assay seal
4	Henan Jinli Gold and Lead Group Co., Ltd	China	Two Chinese characters above brand name JIJIN in oval.
5	Henan Yuguang Gold and Lead Company Ltd	China	YG in diamond in centre between CHINA and assay mark
6	Hunan Shuikoushan Nonferrous Metals Group Co Ltd (SKS)	China	SKS CHINA with 999.9 fineness mark
7	Hunan Yuteng Nonferrous Metals Co., Ltd	China	YUTENG
8	Inner Mongolia Qiankun Gold and Silver Refinery Share Company Ltd	China	Horse's head logo surrounded by QIANKUN GOLD AND SILVER in Roman and Chinese characters and assay mark with Chinese characters for Inner Mongolia, China in Chinese characters and CHINA in Roman characters.
9	Jiangxi Copper Company Ltd	China	JCC under metal-loop logo and GUYIE
10	Jiangxi Longtianyong Nonferrous Metals Co., Ltd	China	LTU in Chinese and Roman characters
11	Jinlong Copper Co., Ltd	China	China Tongling Nonferrous Metals Group Co., Ltd (Jinlong) under Chinese characters beneath 'copper helmet' assay seal and TG below 'copper helmet' logo
12	Shandong Gold Smelting Co., Ltd (formerly known as The Refinery of Shandong Gold Mining Co., Ltd)	China	Circle surrounded by TAISHAN in Roman and Chinese characters within a square comprising four stylized S's
13	Shandong Zhaojin Gold and Silver Refinery Co. Ltd	China	Triangle with two interlocking half circles and ZHAOJIN in Roman characters below and Chinese characters within the triangle
14	Sichuan Tianze Precious Metals Co., Ltd	China	Two rings of detailed patterns, the inner ring comprising six joined bats with Chinese character Gui in centre. TZG below
15	Yanggu Xiangguang Copper Co., Ltd	China	Rising sun logo above "XG"
16	Yunnan Chihong Zinc & Germanium Co. Ltd	China	Triangular company logo above CHIHONG Zn & Ge in Roman and Chinese characters
17	Yunnan Copper Co., Ltd	China	Rectangle containing Tie Feng under Chinese characters and TF in triangle; plus YCC under fineness mark
18	Zhuzhou Smelter Group Co. Ltd	China	ZY in diamond and CHINA
19	Zijin Copper Co., Ltd	China	ZIJIN
20	Heraeus Deutschland GmbH & Co. KG	Germany	Heraeus Hanau in rectangle (Formerly known as Heraeus Deutschland GmbH & Co. KG)
21	Heraeus Ltd Hong Kong	Hong Kong	Heraeus Hong Kong within rectangle
22	Mitsubishi Materials Corp.	Japan	Three diamonds mark, and three diamonds mark in rectangle with ASSAYER MELTER and new JIS mark with JQA.
23	Sumitomo Metal Mining Co., Ltd.	Japan	Sumitomo logo (diamond shape with indents on each side and at each corner and small diamond in centre).

No.	Producer/Brand	Country/ Region	Brand Mark
24	Korea Zinc Co., Ltd	Korea	KOREA ZINC CO., LTD. with year stamp in circle around KZ
25	LS Nikko Copper Inc	Korea	LS-Nikko copper logo with small arrow above LS
26	Argor-Heraeus SA	Switzerland	Argor-Heraeus SA in circle around AH logo and Switzerland and Melter Assayer with AH logo in rectangle
27	Metalor Technologies SA	Switzerland	METALOR® and assay mark showing Essayeur Fondateur along two sides of triangle and MP within
28	PAMP SA	Switzerland	PAMP logo (the letters P,A,M,P at the end of horizontal cylinders) and Switzerland, and Essayeur Fondateur in rectangle with PAMP logo
29	Valcambi S.A.	Switzerland	Valcambi SUISSE. A rectangle enclosing CHI in a circle and ESSAYEUR FONDEUR. Brand mark is a diamond comprising four scalene triangles
30	Solar Applied Materials Technology Corp.	Taiwan	SOLAR APPLIED MATERIALS TAIWAN on the inner circumference of a circle surrounding a Black-faced Spoonbill bird. Stylised Solar with Assayer below.

Attachment IV

Further to the circular dated 17 December 2019 regarding “Incentive Programs for Commodity Derivatives Products in 2020” (“December 2019 Circular”, Ref: [MKD/CMD/005/19](#)), the Exchange is introducing the Silver Futures Contracts into the Eligible Product scope and invites applications of LP and PT for the Silver Futures Contracts to join the Bundled Liquidity Providing Incentive Program (“Bundled Incentive Program”) from the Commencement Date to the close of T Session on 31 December 2020, both dates inclusive.

Eligible Products

	Eligible Products for LPs	Eligible Products for PTs
Silver Futures	- USD Silver Futures, or - CNH Silver Futures	- USD Silver Futures, or - CNH Silver Futures

LP / PT Obligations for the Silver Futures Contracts

LP types 3 and 4 and PT types 2 and 3 as stated in the December 2019 Circular will be applicable to the Silver Futures Contracts with the obligations and incentives listed below. New Type 5 LP and Type 5 PT will also be introduced as follows:

LP obligations

The minimum CQ obligations for each product and applicable LP types are as follows:

	(either CNH Silver Futures or USD Silver Futures)			
LP Type	Type 5	Type 3 (Option A)	Type 4	Type 3 (Option B)
CQ or QR	Continuous Quotes			
Contract Months	Any 2 of the Spot Month, next 2 calendar months, the next June or the next Dec contracts			Spot Month, the next calendar month, and any 1 of the next June or the next Dec contracts
Max. Bid / Offer Spread	Spot Month: 18 ticks Farthest month: 20 ticks Other months: 13 ticks			Spot Month: 15 ticks Farthest month: 20 ticks Other months: 13 ticks
Quote Size (contracts)	15	10	5	1
% of Trading Hours	70% (T or T+1 Session)	50% (T or T+1 Session)	30% (T or T+1 Session)	70% (T or T+1 Session) and 94% on LTD ⁸

⁸ Trading hours on the LTD is defined in the Contract Specification.

PT Obligations

The minimum monthly clearing volume for each PT type is as follows:

Products	Types	Minimum Monthly Clearing Volume
Silver Futures (USD and CNH Silver Futures combined)	Type 2	8,000 contracts
	Type 3	4,000 contracts
	Type 5	1,000 contracts

LP / PT Incentives for the Silver Futures Contracts

Upon fulfilment of its obligations, each LP / PT will be offered rebates (up to a maximum amount per month) in the following items:

- Cross-product trading fees in Hang Seng Index (“HSI”) Futures, Hang Seng China Enterprises Index (“HSCEI”) Futures and USD/CNH (“CNH”) Futures;
- Market data (securities/derivatives) fee; and
- Hosting services fee.

In addition, each LP will be granted a waiver for OMnet Application Programming Interface (“OAPI”) sub-licence fees for up to a maximum amount per month.

Category	Maximum Incentives per month per trading session (in HKD)			
	Combinations of:			
	HSI Futures/ HSCEI Futures/ CNH Futures Trading Fee Rebate	Market Data Fee Rebate ⁹ (Derivatives/ Securities)	Hosting Services Fee Rebate	OAPI Sub-licence Fee Waiver ¹⁰
LPs:				
Type 3 LP	\$50,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$ 41,600 (i.e. 16 OAPIs)
Type 4 LP	\$20,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$10,400 (i.e. 4 OAPIs)
Type 5 LP	\$60,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$41,600 (i.e. 16 OAPIs)
PTs:				
Type 2 PT	\$100,000 per month subtracted by the actual OAPI sub-licence fee waiver for the month			Up to \$5,200 (i.e. 2 OAPIs)
Type 3 PT	Up to \$60,000 in total			N/A
Type 5 PT	Up to \$40,000 in total			N/A

⁹ Market data fee rebate includes relevant licence fees, connection fees and usage fees.

¹⁰ Currently HK\$2,600 per month for each OAPI with 5 transactions per second.

Quota

Quota for LPs and PTs of the Silver Futures Contracts under the Bundled Incentive Program will share the total quota as specified in the December 2019 Circular.

Trading Fee Rebates

Starting from the T+1 Session on 4 December 2020 until the close of T Session on 31 December 2020, all LPs and PTs appointed for the USD and CNH Silver Futures will be entitled to 100% trading fee rebate, subject to fulfilment of their respective obligations described above.

Application Procedure

Interested parties should contact Mr Alan Feng (AlanFeng@hkex.com.hk) or Ms Flora Poon (FloraPoon@hkex.com.hk) for further information and submit application by **Friday 15 May 2020**.

Attachment V

**Joint Promotional Program on the Silver Futures Contracts
Application Form**

(To be submitted to AlanFeng@hkex.com.hk or LumingZhao@hkex.com.hk
by Friday 29 May 2020)

Applicant's Information

Company Name : _____
Contact Person : _____
Contact details : _____
(Telephone/Email)
Date: _____

We wish to participate in the Joint Promotional Program on the Silver Futures Contracts.

() A proposal is attached for reference.

Authorised
Signature: _____

Company
Chop: _____

Personal Information Collection Statement

"Personal Data" in this statement has the same meaning as "personal data" in the Personal Data (Privacy) Ordinance, Cap 486 of the Laws of Hong Kong. The personal data collected on these forms will be used solely for the purpose of the enrolment and be retained for such period as may be necessary for our verification and record purposes. Please refer to the HKEX's Privacy Policy Statement which is available on the HKEX website (www.hkex.com.hk) for further details.