

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 MSCI Asia and Emerging Market Index Futures and Options Suite

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Reference is made to the [press release](#) dated 27 May 2020 regarding the signing of the licence agreement with MSCI to launch Asia Futures and Options suite. Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) plans to introduce 37 futures and options contracts based on the MSCI Asia and Emerging Market Indices (“the Proposed Contracts”) in the second half of 2020, subject to regulatory approvals and market readiness.

The introduction of the Proposed Contracts will bring a suite of new trading and risk management tools to Hong Kong. Global investors will be able to manage risks and/or gain exposure in Asia and Emerging Markets, while providing Mainland investors with new opportunities to access a broader range of international product exposure in Hong Kong.

¹ All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: http://www.hkex.com.hk/eng/global/privacy_policy.htm

1. Expected Product List and Launch Schedule (subject to regulatory approvals and market readiness)

Subject to regulatory approvals and market readiness, the Proposed Contracts will be introduced by phases:

Phase	Proposed Contracts	Tentative Launch Date
1a (July 2020 release)	1. MSCI Taiwan (USD) Index Futures 2. MSCI Taiwan Net Total Return (USD) Index Futures 3. MSCI Japan Net Total Return (USD) Index Futures 4. MSCI India Net Total Return (USD) Index Futures 5. MSCI China Free Net Total Return (USD) Index Futures 6. MSCI Indonesia Net Total Return (USD) Index Futures 7. MSCI Australia Net Total Return (USD) Index Futures 8. MSCI Thailand Net Total Return (USD) Index Futures 9. MSCI Malaysia Net Total Return (USD) Index Futures 10. MSCI EM Asia Net Total Return (USD) Index Futures	6 July 2020
	11. MSCI Singapore Free (SGD) Index Futures 12. MSCI Singapore Net Total Return (USD) Index Futures 13. MSCI Vietnam Net Total Return (USD) Index Futures 14. MSCI Hong Kong Net Total Return (USD) Index Futures 15. MSCI Philippines Net Total Return (USD) Index Futures 16. MSCI Indonesia Index (USD) Futures 17. MSCI Emerging Markets Net Total Return (USD) Index Futures 18. MSCI Emerging Markets (USD) Index Futures	20 July 2020
1b (August 2020 release)	19. MSCI India (USD) Index Futures 20. MSCI China Free (USD) Index Futures 21. MSCI Thailand (USD) Index Futures 22. MSCI Malaysia (USD) Index Futures 23. MSCI Philippines (USD) Index Futures 24. MSCI Vietnam (USD) Index Futures 25. MSCI Singapore Free Net Total Return (USD) Index Futures 26. MSCI New Zealand Net Total Return (USD) Index Futures	3 August 2020
	27. MSCI Japan (JPY) Index Futures 28. MSCI Japan Net Total Return (JPY) Index Futures 29. MSCI EM ex China Net Total Return (USD) Index Futures 30. MSCI EM ex Korea Net Total Return (USD) Index Futures 31. MSCI EM Asia ex China Net Total Return (USD) Index Futures 32. MSCI EM Asia ex Korea Net Total Return (USD) Index Futures 33. MSCI EM EMEA Net Total Return (USD) Index Futures 34. MSCI EM LatAm Net Total Return (USD) Index Futures 35. MSCI Pacific Net Total Return (USD) Index Futures 36. MSCI Pacific ex Japan Net Total Return (USD) Index Futures	17 August 2020
1c	37. MSCI Taiwan (USD) Index Options	Q4 2020

2. Draft Contract Specifications (subject to regulatory approvals)

Key contract specifications of the Proposed Contracts are summarised in Attachment I.

3. Proposed Trading Arrangements

Pre-Launch Arrangements

To facilitate market participants in the trading and clearing of the Proposed Contracts, 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 Proposed 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 Launch Date is to assist Participants 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. Participants who wish to use the above-mentioned RPF are reminded to update the PC-SPAN Organisation Master File.

Other Trading Arrangements (subject to regulatory approvals)

- a. The block trade volume threshold is 25 contracts for net total return contracts and 50 contracts for price return contracts;
- b. The block trade permissible price range is 3% (see details in Attachment II).;
- c. The error trade price parameter is 3% from notation price (see details in Attachment II).;
- d. Volatility Control Mechanism and price limit will not be applied during T session;
- e. Price limit will be applied in the T+1 session. The price limit will be +/-5% from the last traded price of each contract month for the respective contracts in the T Session. If there is no last traded price of a specific contract month during the T Session, the previous day's daily

settlement price of the same contract month will be used as the reference price. For newly listed contract months, the reference price of the preceding contract month will apply; and

- f. The maximum HKATS order size limit is 1,000 contracts. Exchange Participants (“EPs”) are required to submit their request to HKFE for setting up their own order size limits based on their business needs and risk management requirements.

4. Clearing and Settlement Arrangements

To be eligible for clearing and settlement of the Proposed Contracts, Clearing Participants (“CP”) of HKFE Clearing Corporation Limited (“HKCC”) need to arrange for the followings:

- a. CPs who plan to clear the USD denominated futures contracts need to arrange for USD settlement capability, including having an **active** USD bank account with any of the appointed settlement banks appointed by HKCC;
- b. CPs who plan to clear the Japanese Yen (JPY) denominated futures contracts need to arrange for JPY settlement capability, including having an **active** JPY bank account with any of the appointed settlement banks appointed by HKCC; and
- c. CPs who plan to clear the Singapore Dollar (SGD) denominated futures contracts need to arrange for SGD settlement capability, including having an **active** SGD bank account with any of the settlement banks to be appointed by HKCC.

For more details of CPs’ readiness on clearing JPY and SGD futures, CPs can refer to the HKCC circular dated 1 June 2020 (CD/CDCO/HKCC/115/2020).

CPs are requested to ensure that these 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 contracts.

5. Risk Management Arrangements (subject to regulatory approvals)

Key risk management arrangements are set out below:

- a. In order to support the clearing of SGD denominated futures contracts, HKCC will accept SGD as cash collateral to facilitate CPs to meet their margin requirements.

- b. Margin offset among certain Proposed Contracts will be offered via intra-commodity spread functionality in PRiME². CPs could allocate the eligible positions to relevant account(s)³ in accordance with the Clearing House Procedures for margin offset claim purpose. Margin levels and margin offset parameters⁴ for the Proposed Contracts will be announced and update of PC-SPAN Organisation Master File will be made available in due course.

More details of the risk management arrangements will be provided in HKCC circular in due course.

6. Trading Information

The access codes of information vendors for the Proposed Contracts will be available on HKEX's website (<http://www.hkex.com.hk>) in due course.

7. SFC Commission Levy Exemption

The Commission Levy will be exempted for the first six months of trading. Participants are advised to inform their clients of the Commission Levy exemption accordingly.

Proposed Contract	SFC Commission Levy Exemption Effective Period
(Phase 1a) Contract #1-10	From 6 July 2020 (Monday) to the close of T session on 5 January 2021 (Tuesday)
(Phase 1a) Contract #11-18	From 20 July 2020 (Monday) to the close of T session on 19 January 2021 (Tuesday)
(Phase 1b) Contract #19-26	From 3 August 2020 (Monday) to the close of T session on 2 February 2021 (Tuesday)
(Phase 1b) Contract #27-36	From 17 August 2020 (Monday) to the close of T session on 16 February 2021 (Tuesday)
(Phase 1c) Contract #37	First 6 months of trading (launch date in Q4 2020 tentatively)

² Please refer to section 2.7 of [PRiME Margining Guide](#) for details.

³ Client Offset Claim Account

⁴ Delta/Spread Ratio and Spread Credit Rate

8. Liquidity Provider and other Incentive Programs (subject to regulatory approvals)

The Exchange will introduce three incentives programs, namely Liquidity Provider (“LP”) Program, Proprietary Trader (“PT”) Program and Block Trade Participant (“BTP”) Program to support the liquidity development of the Proposed Contracts. Please refer to Attachment III for draft program details. Interested parties should contact Ms. Emily Huang (EmilyHuang@hkex.com.hk) and Mr. Raymond Wong (RaymondCWWong@hkex.com.hk) for further information.

9. Participants’ Readiness

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

To ensure smooth implementation, Participants are recommended to confirm their readiness by completing the following return forms before the deadline if they wish to participate at product launch:

Types of Contracts	Return Form	Deadline to return form
USD denominated futures	USD Futures Readiness Form (Online form)	22 June 2020 (Monday)
SGD denominated futures	SGD Futures Readiness Form (Online form)	29 June 2020 (Monday)
JPY denominated futures	JPY Futures Readiness Form (Online form)	27 July 2020 (Monday)

Participants who wish to participate in SGD denominated futures and/or JPY denominated futures during the two-week stabilization after product launch will be required to confirm their readiness by completing the return forms before the deadline.

10. Market Education

a. Product Briefing

The Exchange will provide two online briefing sessions in June 2020 to provide an overview of the Proposed Contracts and the launch plan. Interested Participants should register for the briefings through the links below **on or before 5 June 2020** and nominate no more than 4 staff to attend. Confirmation will be sent to successful registrants.

Date	Time	Format	Language	Link for Registration
9 June 2020 (Tuesday)	5:00 pm - 6:00 pm	Webinar	English	Click here to register
11 June 2020 (Thursday)	5:00 pm - 6:00 pm	Webinar	Cantonese	Click here to register

b. Operation Training on Block Trade Functionality

In addition, the Exchange will provide three online operation training sessions in June 2020 regarding the block trade functionality. Interested Participants should register for the training sessions through the links below **on or before 12 June 2020** and nominate no more than 4 staffs to attend. Confirmation will be sent to successful registrants in due course before the training event.

Date	Time	Format	Language	Link for Registration
15 June 2020 (Monday)	5:00 pm - 6:00 pm	Webinar	Cantonese	Click here to register
17 June 2020 (Wednesday)	5:00 pm - 6:00 pm	Webinar	English	Click here to register
19 June 2020 (Friday)	5:00 pm - 6:00 pm	Webinar	Cantonese	Click here to register

Alexander Siu
Co-head of Equities Product Development
Markets Division

Draft Contract Specifications

Phase 1a Contracts (tentative launch date: 6 July 2020)

No.	1	2	3	4	5
Proposed Contracts	MSCI Taiwan (USD) Index Futures	MSCI Taiwan Net Total Return (USD) Index Futures	MSCI Japan Net Total Return (USD) Index Futures	MSCI India Net Total Return (USD) Index Futures	MSCI China Free Net Total Return (USD) Index Futures
Underlying Index	MSCI Taiwan Index	MSCI Taiwan Net Total Return Index	MSCI Japan Net Total Return Index	MSCI India Net Total Return Index	MSCI China Free Net Total Return Index
HKATS Code	MTW	MWN	MJU	MIN	MCN
Trading Currency	USD	USD	USD	USD	USD
Underlying Currency	TWD	USD	USD	USD	USD
Contract Multiplier	USD 100	USD 100	USD 10	USD 100	USD 50
Minimum Fluctuation (Index Point)	0.1	0.001	0.01	0.001	0.001
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-1:45pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm
Last Trading Day (LTD)	Second last Hong Kong business day of the month. If it falls on a Taiwan public holiday, the LTD will be the preceding Hong Kong and Taiwan business day	3rd Friday. If it falls on a Hong Kong or Taiwan public holiday, the LTD will be the preceding Hong Kong and Taiwan business day	3rd Friday. If it falls on a Hong Kong or Japan public holiday, the LTD will be the preceding Hong Kong and Japan business day	3rd Friday. If it falls on a Hong Kong or India public holiday, the LTD will be the preceding Hong Kong and India business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				
Final Settlement Price (FSP)	The average of the underlying Index values on the Last Trading Day taken at (i) 1-minute intervals during the last 25 minutes of trading on the Taiwan Stock Exchange Corporation before the end of the continuous trading session, and (ii) the closing index value, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	USD 1.00	USD 0.60	USD 0.60	USD 0.60	USD 0.60

No.	1	2	3	4	5
Proposed Contracts	MSCI Taiwan (USD) Index Futures	MSCI Taiwan Net Total Return (USD) Index Futures	MSCI Japan Net Total Return (USD) Index Futures	MSCI India Net Total Return (USD) Index Futures	MSCI China Free Net Total Return (USD) Index Futures
Settlement Fee	USD 1.00	USD 0.60	USD 0.60	USD 0.60	USD 0.60
Commission Levy ⁵	USD 0.07	USD 0.07	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

⁵ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1a Contracts (tentative launch date: 6 July 2020) (cont'd)

No.	6	7	8	9	10
Proposed Contracts	MSCI Indonesia Net Total Return (USD) Index Futures	MSCI Australia Net Total Return (USD) Index Futures	MSCI Thailand Net Total Return (USD) Index Futures	MSCI Malaysia Net Total Return (USD) Index Futures	MSCI EM Asia Net Total Return (USD) Index Futures
Underlying Index	MSCI Indonesia Net Total Return Index	MSCI Australia Net Total Return Index	MSCI Thailand Net Total Return Index	MSCI Malaysia Net Total Return Index	MSCI EM Asia Net Total Return Index
HKATS Code	MDN	MAN	MTN	MMN	EAN
Trading Currency	USD	USD	USD	USD	USD
Underlying Currency	USD	USD	USD	USD	USD
Contract Multiplier	USD 10	USD 10	USD 10	USD 100	USD 100
Minimum Fluctuation (Index Point)	0.01	0.01	0.001	0.001	0.001
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-4:30pm				
Last Trading Day (LTD)	3rd Friday. If it falls on a Hong Kong or Indonesia public holiday, the LTD will be the preceding Hong Kong and Indonesia business day	3rd Friday. If it falls on a Hong Kong or Australia public holiday, the LTD will be the preceding Hong Kong and Australia business day	3rd Friday. If it falls on a Hong Kong or Thailand public holiday, the LTD will be the preceding Hong Kong and Thailand business day	3rd Friday. If it falls on a Hong Kong or Malaysia public holiday, the LTD will be the preceding Hong Kong and Malaysia business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				
Final Settlement Price (FSP)	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	USD 0.60	USD 0.60	USD 0.60	USD 0.60	USD 0.60
Settlement Fee	USD 0.60	USD 0.60	USD 0.60	USD 0.60	USD 0.60
Commission Levy ⁶	USD 0.07	USD 0.07	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

⁶ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1a Contracts (tentative launch date: 20 July 2020)

No.	11	12	13	14	15
Proposed Contracts	MSCI Singapore Free (SGD) Index Futures	MSCI Singapore Net Total Return (USD) Index Futures	MSCI Vietnam Net Total Return (USD) Index Futures	MSCI Hong Kong Net Total Return (USD) Index Futures	MSCI Philippines Net Total Return (USD) Index Futures
Underlying Index	MSCI Singapore Free Index	MSCI Singapore Net Total Return Index	MSCI Vietnam Net Total Return Index	MSCI Hong Kong Net Total Return Index	MSCI Philippines Net Total Return Index
HKATS Code	MSG	MSN	MVN	MHN	MPN
Trading Currency	SGD	USD	USD	USD	USD
Underlying Currency	SGD	USD	USD	USD	USD
Contract Multiplier	SGD 100	USD 5	USD 50	USD 1	USD 50
Minimum Fluctuation (Index Point)	0.05	0.01	0.001	0.01	0.001
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-4:30pm				
Last Trading Day (LTD)	Second last Hong Kong business day of the month. If it falls on a Singapore public holiday, the LTD will be the preceding Hong Kong and Singapore business day	3rd Friday. If it falls on a Hong Kong or Singapore public holiday, the LTD will be the preceding Hong Kong and Singapore business day	3rd Friday. If it falls on a Hong Kong or Vietnam public holiday, the LTD will be the preceding Hong Kong and Vietnam business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong or Philippines public holiday, the LTD will be the preceding Hong Kong and Philippines business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				

No.	11	12	13	14	15
Proposed Contracts	MSCI Singapore Free (SGD) Index Futures	MSCI Singapore Net Total Return (USD) Index Futures	MSCI Vietnam Net Total Return (USD) Index Futures	MSCI Hong Kong Net Total Return (USD) Index Futures	MSCI Philippines Net Total Return (USD) Index Futures
Final Settlement Price (FSP)	The value of the MSCI Singapore Free Index computed based on the Special Quotation ⁷ methodology applied on each component stock of the Index on the Singapore business day following the LTD, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	SGD 1.4	USD 0.6	USD 0.6	USD 0.6	USD 0.6
Settlement Fee	SGD 1.4	USD 0.6	USD 0.6	USD 0.6	USD 0.6
Commission Levy ⁸	SGD 0.1	USD 0.07	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

⁷ The Special Quotation is calculated by MSCI using the first traded price of each component stock in the MSCI Singapore Free Index on the day following the Last Trading Day, irrespective of when these stocks first trade on the SGX trading day. If any component stock is not traded by SGX market close on the day following the Last Trading Day, the last official closing price of that stock will be used to calculate the Special Quotation.

⁸ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1a Contracts (tentative launch date: 20 July 2020) (cont'd)

No.	16	17	18
Proposed Contracts	MSCI Indonesia Index (USD) Futures	MSCI Emerging Markets Net Total Return (USD) Index Futures	MSCI Emerging Markets (USD) Index Futures
Underlying Index	MSCI Indonesia Index	MSCI Emerging Markets Net Total Return Index	MSCI Emerging Markets Index
HKATS Code	MID	EMN	MEM
Trading Currency	USD	USD	USD
Underlying Currency	IDR	USD	USD
Contract Multiplier	USD 2	USD 100	USD 50
Minimum Fluctuation (Index Point)	5	0.001	0.1
Contract Months	2 nearest serial months and the following 4 quarterly months		
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)		
Trading Hours on LTD	9:00am-4:30pm		
Last Trading Day (LTD)	Second last Hong Kong business day of the month. If it falls on a Indonesia public holiday, the LTD will be the preceding Hong Kong and Indonesia business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day
Final Settlement Day	1 Hong Kong business day after FSP is determined		
Final Settlement Price (FSP)	The average of the MSCI Indonesia Index on the Last Trading Day taken at (i) 1-minute intervals during the last 30 minutes of trading on the Indonesia Stock Exchange before the end of the continuous trading session, and (ii) the closing index value, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	USD 1.0	USD 0.6	USD 0.6
Settlement Fee	USD 1.0	USD 0.6	USD 0.6
Commission Levy ⁹	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Closure Index level published by MSCI.

⁹ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1b Contracts (tentative launch date: 3 August 2020)

No.	19	20	21	22	23
Proposed Contracts	MSCI India (USD) Index Futures	MSCI China Free (USD) Index Futures	MSCI Thailand (USD) Index Futures	MSCI Malaysia (USD) Index Futures	MSCI Philippines (USD) Index Futures
Underlying Index	MSCI India Index	MSCI China Free Index	MSCI Thailand Index	MSCI Malaysia Index	MSCI Philippines Index
HKATS Code	MDA	MCU	MTH	MMY	MPH
Trading Currency	USD	USD	USD	USD	USD
Underlying Currency	INR	USD	THB	MYR	PHP
Contract Multiplier	USD 50	USD 5	USD 20	USD 20	USD 10
Min Fluctuation (Index Point)	0.2	2	0.25	0.25	1
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-3:45pm
Last Trading Day (LTD)	Last Thursday of the expiring contract month. If it falls on a Hong Kong or India public holiday, the LTD will be the preceding Hong Kong and India business day	Second last Hong Kong business day of the month, provided it's a common business day on which all component stocks of the index are open for trading. If not, it shall be the common business day immediately preceding the second last business day	Second last Hong Kong business day of the month. If it falls on a Thailand public holiday, the LTD will be the preceding Hong Kong and Thailand business day	Last Hong Kong business day of the month. If it falls on a Malaysia public holiday, the LTD will be the preceding Hong Kong and Malaysia business day	Second last Hong Kong business day of the month. If it falls on a Philippines public holiday, the LTD will be the preceding Hong Kong and Philippines business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				

No.	19	20	21	22	23
Proposed Contracts	MSCI India (USD) Index Futures	MSCI China Free (USD) Index Futures	MSCI Thailand (USD) Index Futures	MSCI Malaysia (USD) Index Futures	MSCI Philippines (USD) Index Futures
Final Settlement Price (FSP)	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places	The average of the MSCI Thailand Index on the Last Trading Day taken at (i) 1-minute intervals during the last 15 minutes of trading on the Stock Exchange of Thailand before the end of the continuous trading session, and (ii) the closing index value, rounded up to the nearest 2 decimal places	The average of the MSCI Malaysia Index on the Last Trading Day taken at (i) 1-minute intervals during the last 60 minutes of trading on the Bursa Malaysia Berhad before the end of the continuous trading session, and (ii) the closing index value, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places
Trading Fee	USD 1.0	USD 1.0	USD 1.0	USD 1.0	USD 1.0
Settlement Fee	USD 1.0	USD 1.0	USD 1.0	USD 1.0	USD 1.0
Commission Levy ¹⁰	USD 0.07	USD 0.07	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

¹⁰ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1b Contracts (tentative launch date: 3 August 2020) (cont'd)

No.	24	25	26
Proposed Contracts	MSCI Vietnam (USD) Index Futures	MSCI Singapore Free Net Total Return (USD) Index Futures	MSCI New Zealand Net Total Return (USD) Index Futures
Underlying Index	MSCI Vietnam Index	MSCI Singapore Free Net Total Return Index	MSCI New Zealand Net Total Return Index
HKATS Code	MVT	MGN	MNZ
Trading Currency	USD	USD	USD
Underlying Currency	VND	USD	USD
Contract Multiplier	USD 20	USD 50	USD 100
Minimum Fluctuation (Index Point)	0.1	0.001	0.001
Contract Months	2 nearest serial months and the following 4 quarterly months		
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)		
Trading Hours on LTD	9:00am-4:00pm	9:00am-4:30pm	9:00am-4:30pm
Last Trading Day (LTD)	Second last Hong Kong business day of the month. If it falls on a Vietnam public holiday, the LTD will be the preceding Hong Kong and Vietnam business day	3rd Friday. If it falls on a Hong Kong or Singapore public holiday, the LTD will be the preceding Hong Kong and Singapore business day	3rd Friday. If it falls on a Hong Kong or New Zealand public holiday, the LTD will be the preceding Hong Kong and New Zealand business day
Final Settlement Day	1 Hong Kong business day after FSP is determined		
Final Settlement Price (FSP)	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	USD 1.0	USD 0.6	USD 0.6
Settlement Fee	USD 1.0	USD 0.6	USD 0.6
Commission Levy ¹¹	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

¹¹ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1b Contracts (tentative launch date: 17 August 2020)

No.	27	28	29	30	31
Proposed Contracts	MSCI Japan (JPY) Index Futures	MSCI Japan Net Total Return (JPY) Index Futures	MSCI EM ex China Net Total Return (USD) Index Futures	MSCI EM ex Korea Net Total Return (USD) Index Futures	MSCI EM Asia ex China Net Total Return (USD) Index Futures
Underlying Index	MSCI Japan Index	MSCI Japan Net Total Return Index	MSCI EM ex China Net Total Return Index	MSCI EM ex Korea Net Total Return Index	MSCI EM Asia ex China Net Total Return Index
HKATS Code	MJP	MJJ	MXC	MXK	MAC
Trading Currency	JPY	JPY	USD	USD	USD
Underlying Currency	JPY	JPY	USD	USD	USD
Contract Multiplier	JPY 2,500	JPY 1,000	USD 10	USD 10	USD 20
Minimum Fluctuation (Index Point)	0.2	0.01	0.01	0.01	0.01
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-2:25pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm	9:00am-4:30pm
Last Trading Day (LTD)	The day before the second Friday of the contract month. If it falls on a Hong Kong or Japan public holiday, the LTD will be the preceding Hong Kong and Japan business day	3rd Friday. If it falls on a Hong Kong or Japan public holiday, the LTD will be the preceding Hong Kong and Japan business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				
Final Settlement Price (FSP)	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	JPY 65	JPY 65	USD 0.6	USD 0.6	USD 0.6
Settlement Fee	JPY 65	JPY 65	USD 0.6	USD 0.6	USD 0.6
Commission Levy ¹²	JPY 7.5	JPY 7.5	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

¹² The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1b Contracts (tentative launch date: 17 August 2020) (cont'd)

No.	32	33	34	35	36
Proposed Contracts	MSCI EM Asia ex Korea Net Total Return (USD) Index Futures	MSCI EM EMEA Net Total Return (USD) Index Futures	MSCI EM LatAm Net Total Return (USD) Index Futures	MSCI Pacific Net Total Return (USD) Index Futures	MSCI Pacific ex Japan Net Total Return (USD) Index Futures
Underlying Index	MSCI EM Asia ex Korea Net Total Return Index	MSCI EM EMEA Net Total Return Index	MSCI EM LatAm Net Total Return Index	MSCI Pacific Net Total Return Index	MSCI Pacific ex Japan Net Total Return Index
HKATS Code	MAK	MEE	MEL	MPC	MPJ
Trading Currency	USD	USD	USD	USD	USD
Underlying Currency	USD	USD	USD	USD	USD
Contract Multiplier	USD 20	USD 100	USD 100	USD 10	USD 10
Minimum Fluctuation (Index Point)	0.01	0.001	0.001	0.01	0.01
Contract Months	2 nearest serial months and the following 4 quarterly months				
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)				
Trading Hours on LTD	9:00am-4:30pm				
Last Trading Day (LTD)	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day	3rd Friday. If it falls on a Hong Kong public holiday, the LTD will be the preceding Hong Kong business day
Final Settlement Day	1 Hong Kong business day after FSP is determined				
Final Settlement Price (FSP)	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]	the official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places [^]
Trading Fee	USD 0.6	USD 0.6	USD 0.6	USD 0.6	USD 0.6
Settlement Fee	USD 0.6	USD 0.6	USD 0.6	USD 0.6	USD 0.6
Commission Levy ¹³	USD 0.07	USD 0.07	USD 0.07	USD 0.07	USD 0.07
Position Limit	TBC	TBC	TBC	TBC	TBC

[^] If MSCI announces there is an unexpected market closure event on LTD, FSP shall be based on the final Unexpected Market Closure Index level published by MSCI.

¹³ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Phase 1c Contracts (tentative launch date in Q4 2020)

No.	37
Proposed Contracts	MSCI Taiwan (USD) Index Options
Underlying Index	MSCI Taiwan Index
HKATS Code	MTW
Trading Currency	USD
Underlying Currency	TWD
Contract Multiplier	USD 100
Minimum Fluctuation (Index Point)	0.1
Contract Months	2 nearest serial months and the following 4 quarterly months
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)
Trading Hours on LTD	9:00am-1:45pm
Last Trading Day (LTD)	Second last Hong Kong business day of the month. If it falls on a Taiwan public holiday, the LTD will be the preceding Hong Kong and Taiwan business day
Final Settlement Day	1 Hong Kong business day after FSP is determined
Official Settlement Price	The average of the MSCI Taiwan Index values on the Last Trading Day taken at (i) 1-minute intervals during the last 25 minutes of trading on the Taiwan Stock Exchange Corporation before the end of the continuous trading session, and (ii) the closing index value, rounded up to the nearest 2 decimal places
Trading Fee	USD 0.10 (TBC)
Settlement Fee	USD 0.10 (TBC)
Commission Levy ¹⁴	USD 0.07
Position Limit	TBC

¹⁴ The Commission Levy is collected in the trading currency equivalent to HKD 0.54 at the exchange rate determined by the HKFE from time to time. There will be Commission Levy exemption for the first six months of trading from the Launch Date.

Block Trade Permissible Price Range

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. The block trade permissible price range for the Proposed Contracts is 3%.

Error Trade Parameters

The price parameters for the purposes of the error trade rule under HKFE Rule 819B is 3% from notional price.

Note:

The notation price will be determined as follows:

- (a) The last traded price within 5 minutes prior to the error trade;
- (b) The mid-point of the best bid/ask price immediately prior to the error trade;
- (c) Last settlement price; or
- (d) The difference of notation prices between the related outright contracts (calendar spread only).

Notwithstanding the foregoing, the Exchange shall have absolute discretion in determining the notation price.

Draft Liquidity Provider (LP) Program

The LP program aims to provide continuous quotes for screen trading in T and T+1 sessions and facilitates rolls for asset managers who are managing their exposures across the MSCI suite.

	LP Program
Program Period	1-year, subject to renewal
LP Quota	3 to 6 LPs (to be determined)
Eligible Participants	EPs or direct clients of EPs
<u>LP Obligations:</u>	
Quotation Requirement	<ul style="list-style-type: none"> Provide 2-way continuous bid/ask quote in a number of Proposed Contracts for: <ol style="list-style-type: none"> 70% of trading hours in T session on average; and 50% of trading hours in T+1 session on average. Other obligation details (including assigned contract months, quote size and spread) are to be determined
Performance Measurement	<ul style="list-style-type: none"> Performance will be measured on monthly basis.
<u>LP Incentives:</u>	
Trading Fee Discount	50% discount of standard trading fee for the Proposed Contracts (market making account only)
Cash Incentives	Upon fulfilment of its obligations, each LP will be offered cash incentives of: <ul style="list-style-type: none"> HKD 80,000 per month in each trading session for a total of 3 LPs; or HKD 40,000 per month in each trading session for a total of 6 LPs (Note: LP quota to be determined)
OAPI Sub-license Fee waiver	Waiver of 10 OAPIs (i.e. HKD 26,000 per month per LP)

Draft Proprietary Trader (PT) Program

The PT program is designed to reward top performing price taking clients.

	PT Program
Program Period	July 2020 to February 2021; the program will be reviewed after February 2021
Eligible Participants	EPs or direct clients of EPs
Volume Commitment	PTs are required to trade a minimum of 15,000 contracts per month to be qualified for the incentive
PT Incentives	50% trading fee rebate on the Proposed Contracts, up to HKD 50,000 in total per month
Performance Measurement	Performance will be measured on a monthly basis

Draft Block Trade Participant (BTP) Program

The BTP program is designed to incentivize participants who can facilitate the matching of buyers and sellers of large blocks of the Proposed Contracts.

	BTP Program
Program Period	July 2020 to February 2021; the program will be reviewed after February 2021
Eligible Participants	<ul style="list-style-type: none"> Only EPs with a track record of reporting block trades on any one of the HKFE and flagship products (including HSI futures, HSI options, HSCEI futures and/or HSCEI options) via Block Trade Facility in HKATS in the past 12 months will be eligible to sign up to the program. EPs should have executed at least 100,000 contracts in the past 12 months in any one of the HKFE and flagship products to be considered to have a track record. EP must be acting as an agent of the block trades. Those who act only as a principal will not be eligible for the program.
Requirement	<ul style="list-style-type: none"> EPs will have to submit an application form to HKFE. In the application form, the EPs will have to declare they are only acting as an agent in relation to the block trades. For monitoring purposes, the EPs will be required to provide HKEX a description of their clearing arrangement, the number of DCASS accounts they have and the function of each account.
<u>Trades Captured</u>	Trades reported via Block Trade Facility function in HKATS
Minimum Volume Qualification	Each qualified participant will have to execute 40,000 contracts (buy + sell) block trades monthly to be qualified in the incentive programme.
Performance Measurement	EPs are ranked based on the total number of contracts executed via block trades monthly. Only Top 5 in any given month will receive incentives. Reset monthly.
Incentives	Top 5: <ul style="list-style-type: none"> 1st HKD\$200,000 2nd HKD\$100,000 3rd, 4th and 5th HKD\$50,000
Notes	HKEX reserves the right to require all qualified BTPs to submit a month end trade report detailing every block trade conducted in the market. In this report, they will have to provide details of every block trade (underlying instruments, the structure, size and price), the give up account details, indicate the client type of buyer or seller if applicable (hedge funds, asset managers, broker dealers, proprietary traders or house principal desks) and indicate if the buyer and seller are two different beneficial owners. Where circumstances warrant, BTPs would also be requested to provide documentary evidence to demonstrate the block trades should qualify.

MSCI Disclaimer

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