

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:** Change of Opening Hour for MSCI Taiwan Index Futures Contracts and Introduction of Five New MSCI Index Futures Contracts - Update

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Reference is made to the circular (ref: [MKS/EQD/22/20](#)) dated 3 September 2020 regarding the change of opening hour for MSCI Taiwan Index Futures Contracts and introduction of five new MSCI Index Futures Contracts, Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) is pleased to announce that Securities and Futures Commission has approved: (i) the revision of the opening hour and introduction of pre-market opening period for the MSCI Taiwan (USD) Index Futures and MSCI Taiwan Net Total Return (USD) Index Futures; and (ii) the introduction of the following five new MSCI index futures contracts:

- MSCI Taiwan 25/50 (USD) Index Futures
- MSCI Taiwan 25/50 Net Total Return (USD) Index Futures
- MSCI Singapore Free (SGD) Index Futures
- MSCI Japan (JPY) Index Futures
- MSCI Japan Net Total Return (JPY) Index Futures,

with effect from **28 September 2020 (Monday)**.

<sup>1</sup> 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](http://www.hkex.com.hk/eng/global/privacy_policy.htm)

## 1. Change of Opening Hour for the MSCI Taiwan (USD) Index Futures and MSCI Taiwan Net Total Return (USD) Index Futures

The Exchange will revise the opening hour and introduce pre-market opening period for the MSCI Taiwan (USD) Index Futures and MSCI Taiwan Net Total Return (USD) Index Futures on **28 September 2020** as follows:

Session	Original	Revised
Pre-Market Opening Period	N/A	<b>8:30 a.m. – 8:45 a.m.</b>
Trading Hours	9:00 a.m. – 4:30 p.m. (T session); 5:15 p.m. – 3:00 a.m. (T+1 session)	<b>8:45 a.m.</b> – 4:30 p.m. (T session); 5:15 p.m. – 3:00 a.m. (T+1 session)
Trading Hours on Last Trading Day	MSCI Taiwan (USD) Index Futures: 9:00 a.m. – 1:45 p.m. (T session)  MSCI Taiwan Net Total Return (USD) Index Futures: 9:00 a.m. – 4:30 p.m. (T session)	MSCI Taiwan (USD) Index Futures: <b>8:45 a.m.</b> – 1:45 p.m. (T session)  MSCI Taiwan Net Total Return (USD) Index Futures: <b>8:45 a.m.</b> – 4:30 p.m. (T session)

Details of the pre-market opening period arrangement are specified in the Attachment I.

## 2. Introduction of Five New MSCI Index Futures Contracts

The Exchange will introduce the following contracts (“Contracts”) on 28 September 2020 (“Launch Date”):

- MSCI Taiwan 25/50 (USD) Index Futures;
- MSCI Taiwan 25/50 Net Total Return (USD) Index Futures;
- MSCI Singapore Free (SGD) Index Futures;
- MSCI Japan (JPY) Index Futures; and
- MSCI Japan Net Total Return (JPY) Index Futures.

Details of the contract specifications are set forth in Attachment II. The MSCI 25/50 Index methodology is set forth in Attachment III.

Relevant rule amendments will be announced via separate circular.

## **Trading Arrangements for the Contracts**

### **Pre-Launch Arrangements**

To facilitate market participants in the trading and clearing of the 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 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**

- a. The following contract months will be available for trading from the Launch Dates of the new Contracts:

<b>Contract Months Available from Launch Date</b>					
2020			2021		
Oct	Nov	Dec	Mar	Jun	Sep
Yes	Yes	Yes	Yes	Yes	Yes

- b. Trading calendar including the Last Trading Day and Final Settlement Day schedules will be available on the HKEX’s website (see [link](#)) in due course.
- c. The minimum block trade volume is 25 contracts for net total return contracts, i.e. MSCI Taiwan 25/50 Net Total Return (USD) Index Futures and MSCI Japan Net Total Return (JPY) Index Futures.

- d. The minimum block trade volume is 50 contracts for price return contracts, i.e. MSCI Taiwan 25/50 (USD) Index Futures, MSCI Singapore Free (SGD) Index Futures and MSCI Japan (JPY) Index Futures.
- e. Block trade permissible price range:  $\pm 3\%$  from reference price which will be applied in the T and T+1 sessions (see details in Attachment IV).
- f. Error trade parameters:  $\pm 3\%$  from notation price<sup>2</sup> which will be applied in the T and T+1 sessions (see details in Attachment IV).
- g. Volatility Control Mechanism and price limit will not be applied during T session.
- h. Price limit will be applied in the T+1 session. The price limit will be  $\pm 5\%$  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.
- i. 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.

### **Clearing and Settlement Arrangements for the Contracts**

To be eligible for clearing and settlement of the Contracts, Clearing Participants ("CPs") of the HKFE Clearing Corporation Limited ("HKCC") need to arrange for the following:

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

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<sup>2</sup> EPs that are original parties to a transaction on HKATS can file error trade claims to HKFE if the trades deviate from this error trade price parameter.

For more details of CPs' readiness on clearing JPY and SGD denominated index 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.

### **Risk Management Arrangements for the Contracts**

Key risk management arrangements are set out below:

- a. In order to support the clearing of SGD denominated index futures contracts, HKCC will accept SGD as cash collateral to facilitate CPs to meet their margin requirements.
- b. Margin offset among certain Contracts will be offered in PRiME<sup>3</sup>. CPs could allocate the eligible positions to relevant account(s)<sup>4</sup> in accordance with the Clearing House Procedures for margin offset claim purpose. Margin levels and margin offset parameters<sup>5</sup> for the Contracts will be announced and an update of PC-SPAN Organisation Master File will be made available in due course.

Details of the risk management arrangements will be provided in separate HKCC circular in due course.

### **Information Vendor Access Code**

The access codes of information vendors for the underlying indices and the Contracts can be found in Attachment V. More details of the access codes for the Contracts will be available on HKEX's website ([link](#)) in due course.

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<sup>3</sup> Please refer to section 2.7 of [PRiME Margining Guide](#) for details.

<sup>4</sup> Client Offset Claim Account

<sup>5</sup> Delta/Spread Ratio and Spread Credit Rate

**Trading Fee Waiver and Incentive Programs**

**a. Six-month Trading Fee Waiver in MSCI Taiwan 25/50 and MSCI Singapore Contracts**

A six-month trading fee waiver will be applied for all accounts used for trading MSCI Taiwan 25/50 (USD) Index Futures, MSCI Taiwan 25/50 Net Total Return (USD) Index Futures, MSCI Singapore Free (SGD) Index Futures, MSCI Singapore Free Net Total Return (USD) Index Futures and MSCI Singapore Net Total Return (USD) Index Futures. Below is a summary of the trading fees:

Contracts	Launch Date/ Existing contracts	From 28 September 2020 to 26 March 2021 (T Session)		From 26 March 2021 (T+1 Session) onwards	
		House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI Taiwan 25/50 (USD) Index Futures	28 September 2020	Nil	Nil	USD 1.00	USD 0.30
MSCI Taiwan 25/50 Net Total Return (USD) Index Futures		Nil	Nil	USD 0.60	USD 0.30
MSCI Singapore Free (SGD) Index Futures		Nil	Nil	SGD 1.40	SGD 0.42
MSCI Singapore Free Net Total Return (USD) Index Futures <sup>6</sup>	Existing contracts	Nil	Nil	USD 0.60	USD 0.30
MSCI Singapore Net Total Return (USD) Index Futures <sup>7</sup>		Nil	Nil	USD 0.60	USD 0.30
MSCI Japan (JPY) Index Futures	28 September 2020	JPY 65	JPY 32	JPY 65	JPY 32
MSCI Japan Net Total Return (JPY) Index Futures		JPY 65	JPY 32	JPY 65	JPY 32

**b. Liquidity Provider (“LP”) Program and Proprietary Trader (“PT”)**

The Contracts will be included to the existing LP Program and PT Program of MSCI Suite. Please refer to Attachment VI for details. Interested parties should contact Ms. Emily Huang ([EmilyHuang@hkex.com.hk](mailto:EmilyHuang@hkex.com.hk)) and Ms. Tracy Zhang ([TracyYTZhang@hkex.com.hk](mailto:TracyYTZhang@hkex.com.hk)) for application information.

<sup>6</sup> Trades executed during T+1 Session on 25 September 2020 will also be applicable for the trading fee waiver.

<sup>7</sup> Trades executed during T+1 Session on 25 September 2020 will also be applicable for the trading fee waiver.

**c. Eligible Products for Bundled Fee Rebates in Hang Seng Index (“HSI”) Futures and Hang Seng China Enterprise Index (“HSCEI”) Futures for LPs and PTs of MSCI Suite**

Reference is made to the circular (ref: [MKS/EQD/21/20](#)) dated 11 August 2020 regarding the incentive enhancements for MSCI Suite. Five additional contracts, namely, the MSCI Taiwan 25/50 (USD) Index Futures, MSCI Taiwan 25/50 Net Total Return (USD) Index Futures, MSCI Singapore Free (SGD) Index Futures, MSCI Singapore Free Net Total Return (USD) Index Futures and MSCI Singapore Net Total Return (USD) Index Futures shall be included to the eligible contracts for LPs and PTs of the MSCI Suite to receive bundled fee rebates in HSI Futures and HSCEI Futures upon meeting the requirement. Please refer to Attachment VI for details.

**SFC Commission Levy Exemption**

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

Contracts	From <b>28</b> September 2020 to 26 March 2021 (T Session)	From 26 March 2021 (T+1 Session) onwards
MSCI Taiwan 25/50 (USD) Index Futures	Nil	USD 0.07
MSCI Taiwan 25/50 Net Total Return (USD) Index Futures	Nil	USD 0.07
MSCI Singapore Free (SGD) Index Futures	Nil	SGD 0.10
MSCI Japan (JPY) Index Futures	Nil	JPY 8
MSCI Japan Net Total Return (JPY) Index Futures	Nil	JPY 8

**CFTC Certification**

The Exchange is expected to receive certifications from the U.S. Commodity Futures Trading Commission (“CFTC”) in early October 2020 for the Contracts to be offered and sold to persons in the United States (“U.S.”). U.S. investors can trade the contracts within the U.S.

**Other Information to Note**

Please refer to Attachment VII for details.

**Participants' Readiness**

Participants are required to notify their staff and all interested clients of the details of the Contracts. Please ensure that all 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 Contracts and when advising their clients.

Participants who had confirmed readiness by completing the Readiness Return Forms specified in the circular (ref: [MKS/EQD/22/20](#)) dated 3 September 2020 will be able to participate in SGD denominated index futures and/or JPY denominated index futures during the two-week stabilization period from the Launch Date.

Alexander Siu  
Co-head of Equities Product Development  
Markets Division



**Attachment I**

**Pre-Market Opening Period Arrangement**

The following pre-market opening arrangement will be applied to the MSCI Taiwan (USD) Index Futures, MSCI Taiwan Net Total Return (USD) Index Futures, MSCI Taiwan 25/50 (USD) Index Futures and MSCI Taiwan 25/50 Net Total Return (USD) Index Futures:

Session	Time	Characteristics
Pre-Opening	8:30 a.m. – 8:41 a.m.	<ul style="list-style-type: none"> <li>• Accept auction orders, limit orders and inactive orders</li> <li>• Orders may be modified or cancelled</li> <li>• Both limit orders and auction orders can affect the Calculated Opening Price (“COP”)</li> </ul>
Pre-Open Allocation	8:41 a.m. – 8:43 a.m.	<ul style="list-style-type: none"> <li>• Accept auction orders and inactive orders</li> <li>• Order modification or cancellation as well as activation of inactive orders are not allowed</li> <li>• Only new auction orders can affect the COP</li> </ul>
Open Allocation	8:43 a.m. – 8:45 a.m.	<ul style="list-style-type: none"> <li>• No input, modification or cancellation of active auction orders or limit orders</li> <li>• Only input of inactive orders allowed</li> <li>• Orders will be matched according to order type, price and time priority at the COP at the end of the session</li> <li>• If COP exists, unmatched auction orders will be converted to limit orders at the COP</li> <li>• If COP does not exist, unmatched auction orders will be converted to limit orders at best bid and ask prices</li> <li>• If COP does not exist and no best bid and ask price in the market, unmatched auction orders will be inactivated and reside in the Central Order book</li> <li>• Users cannot change or delete orders during the 2-minute Open Allocation session</li> </ul>

**Attachment II**

**Contract Specifications**

No.	1	2
Contracts	MSCI Taiwan 25/50 (USD) Index Futures	MSCI Taiwan 25/50 Net Total Return (USD) Index Futures
Underlying Index	MSCI Taiwan 25/50 Index	MSCI Taiwan 25/50 Net Total Return Index
HKATS Code	TWP	TWN
Trading Currency	USD	USD
Underlying Index Currency	TWD	USD
Contract Multiplier	USD 50	USD 10
Minimum Fluctuation (index point)	0.10	0.01
Contract Months	Spot, next calendar month and the following 4 quarterly months	
Pre-Opening	8:30 am – 8:45 am	
Trading Hours	8:45 am – 4:30 pm (T); 5:15 pm – 3:00 am (T+1)	
Trading Hours on Last Trading Day	8:45 am – 1:45 pm	8:45 am – 4:30 pm
Last Trading Day (“LTD”)	Second last HK business day of the month. If it falls on a Taiwan public holiday, the LTD will be the preceding HK and Taiwan business day	Third Friday. If it falls on a HK public holiday, the LTD will be the preceding HK business day
Final Settlement Day	1 HK business Day after Final Settlement Price is determined	
Final Settlement Price (“FSP”)	The average of the underlying index values on LTD, 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 if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5	The official closing value of the underlying index on the 3 <sup>rd</sup> Friday, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5 <sup>^</sup>
Trading Fee	USD 1.0	USD 0.6
Settlement Fee	USD 1.0	USD 0.6
Commission Levy <sup>8</sup>	USD 0.07	USD 0.07
Large Open Position	500 open contracts in any one Contract Month	500 open contracts in any one Contract Month
Position Limit	13,000 net contracts long or short across all Contract Months	29,000 net contracts long or short across all Contract Months

<sup>^</sup> 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.

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

No.	3	4	5
Contracts	MSCI Singapore Free ( <b>SGD</b> ) Index Futures	MSCI Japan ( <b>JPY</b> ) Index Futures	MSCI Japan Net Total Return ( <b>JPY</b> ) Index Futures
Underlying Index	MSCI Singapore Free Index	MSCI Japan Index	MSCI Japan Net Total Return Index
HKATS Code	MSG	MJP	MJJ
Trading Currency	SGD	JPY	JPY
Underlying Index Currency	SGD	JPY	JPY
Contract Multiplier	SGD 100	JPY 2,500	JPY 1,000
Minimum Fluctuation (Index Point)	0.05	0.20	0.01
Contract Months	Spot, next calendar month and the following 4 quarterly months		
Pre-Opening	N/A		
Trading Hours	9:00am-4:30pm (T); 5:15pm-3:00am (T+1)		
Trading Hours on Last Trading Day	9:00am-4:30pm	9:00am-2:25pm	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	The Hong Kong business day before the second Friday of the contract month. If it falls on a Japan public holiday, the LTD will be the preceding Hong Kong and Japan business day	Third 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 Final Settlement Price is determined		
Final Settlement Price ("FSP")	The value of the MSCI Singapore Free Index computed based on the Special Quotation <sup>9</sup> 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 if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5	The official closing value of the underlying index for the LTD, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5	The official closing value of the underlying index on the 3rd Friday, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5 <sup>^</sup>
Trading Fee	SGD 1.40	JPY 65	JPY 65
Settlement Fee	SGD 1.40	JPY 65	JPY 65
Commission Levy <sup>10</sup>	SGD 0.10	JPY 8	JPY 8
Large Open Position	500 open contracts in any one Contract Month	500 open contracts in any one Contract Month	500 open contracts in any one Contract Month
Position Limit	25,000 net contracts long or short across all Contract Months	110,000 net contracts long or short across all Contract Months	110,000 net contracts long or short across all Contract Months

<sup>^</sup> 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.

<sup>9</sup> 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.

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

**Attachment III**

**Index Methodology**

**MSCI 25/50 Index Methodology**

1. The MSCI 25/50 Indexes are designed to serve as benchmarks for Regulated Investment Company (RIC) compliant funds in the United States. The two key requirements that RICs need to meet at the end of each quarter of a tax year are:
  - (i) No more than 25% of the value of the fund's assets may be invested in a single issuer;
  - (ii) The sum of the weights of all issuers representing more than 5% of the fund should not exceed 50% of the fund's total assets.
2. The MSCI 25/50 Indexes are constructed by applying the weight constraints set forth to the non-constrained, freefloat adjusted market capitalization weighted MSCI Equity Indexes ("Parent Indexes").
3. The MSCI 25/50 Index has the following constraints:
  - (i) No single issuer exceeds 25% of the index weight.
  - (ii) Sum of all the issuers with weights above 5% does not exceed 50% of the index weight.
4. Minimizing the tracking error between the MSCI 25/50 Indexes and the Parent Indexes, while keeping index turnover to a reasonable level is an important. This is achieved by rebalancing the MSCI 25/50 Indexes using an optimization process that aims to minimize the constituent weight differences between the MSCI 25/50 Indexes and the Parent Indexes.
5. The MSCI 25/50 Indexes aim to comply with the 25/50 constraints through the quarterly index reviews at the end of February, May, August and November.

Source:

MSCI 25/50 Indexes Methodology (see [link](#))

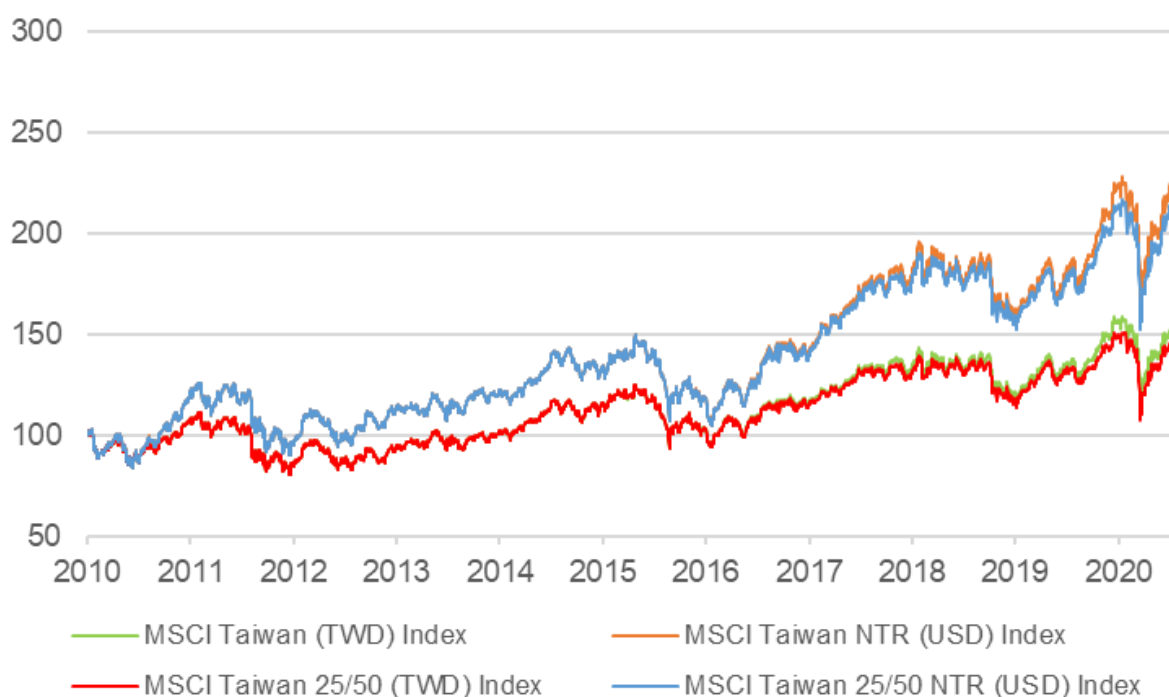
Factsheet on MSCI 25/50 Indexes Methodology (see [link](#))

Factsheet on Barra Optimizer (see [link](#))

### MSCI Taiwan 25/50 Index

1. The MSCI Taiwan 25/50 Index, introduced on 20 July 2016, is designed to measure the performance of the large and mid-cap segments of the Taiwanese market. It applies certain investment limits that are imposed on regulated investment companies, or RICs, under the current US Internal Revenue Code. With 88 constituents as of 30 June 2020, the index covers approximately 85% of the free float-adjusted index market capitalization in Taiwan.
2. The MSCI Taiwan 25/50 Index is highly correlated with TAIEX (98.59%) and MSCI Taiwan Index (99.82%), while the MSCI Taiwan 25/50 Net Total Return Index is highly correlated with the MSCI Taiwan Net Total Return Index (99.89%), for the period between July 2010 and June 2020.

### Index Performance (Index rebased to 100)



**Attachment IV**

**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 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.

**Attachment V**

**Information Vendor Access Code for Underlying Indices**

Contracts	Underlying Index	Bloomberg Ticker	Refinitiv Ticker
MSCI Taiwan 25/50 (USD) Index Futures	MSCI Taiwan 25/50 (TWD) index	MXTW25P Index	.MITW00002PTW
MSCI Taiwan 25/50 Net Total Return (USD) Index Futures	MSCI Taiwan 25/50 Net Total Return (USD) Index	M1CXBICR Index	.MITW00002NUS
MSCI Japan (JPY) Index Futures	MSCI Japan (JPY) Index	MXJP Index	.MSCIJP
MSCI Japan NTR (JPY) Index Futures	MSCI Japan Net Total Return (JPY) Index	M7JP Index	.MIJP00000NJP
MSCI Singapore Free (SGD) Index Futures	MSCI Singapore Free (SGD) Index	SIMSCI Index	.MISG0000FPSPG

**Information Vendor Access Code for Futures Contracts**

Contracts	Bloomberg Ticker	Refinitiv Ticker
MSCI Taiwan 25/50 (USD) Index Futures	HRCA Index	0#HTWP:
MSCI Taiwan 25/50 Net Total Return (USD) Index Futures	HRDA Index	0#HTWN:
MSCI Japan (JPY) Index Futures	HQAA Index	0#HMJP:
MSCI Japan NTR (JPY) Index Futures	HQBA Index	0#HMJJ:
MSCI Singapore Free (SGD) Index Futures	HKOA Index	0#HMSG:

**Attachment VI**

**Incentives Programs**

**LP Program**

1. **Tier 1 LP:** Tier 1 LP is required to provide liquidity for a basket of contracts in T and T+1 sessions. Upon introduction, the MSCI Taiwan 25/50 (USD) Index Futures and MSCI Taiwan 25/50 Net Total Return (USD) Index Futures shall be included to the Tier 1 LP program.

No.	Contracts	T session	T+1 session
1	MSCI Taiwan (USD) Index Futures	1	1
2	MSCI Taiwan Net Total Return (USD) Index Futures	1	1
<b>3</b>	<b>MSCI Taiwan 25/50 (USD) Index Futures</b>	<b>1</b>	<b>1</b>
<b>4</b>	<b>MSCI Taiwan 25/50 Net Total Return (USD) Index Futures</b>	<b>1</b>	<b>1</b>
5	MSCI Japan Net Total Return (USD) Index Futures	1	1
6	MSCI India Net Total Return (USD) Index Futures	1	1
7	MSCI China Free Net Total Return (USD) Index Futures	1	1
8	MSCI Indonesia Net Total Return (USD) Index Futures	1	1
9	MSCI Australia Net Total Return (USD) Index Futures	1	1
10	MSCI Thailand Net Total Return (USD) Index Futures	1	
11	MSCI Malaysia Net Total Return (USD) Index Futures	1	
12	MSCI EM Asia Net Total Return (USD) Index Futures	1	1
13	MSCI Singapore Net Total Return (USD) Index Futures	1	1
14	MSCI Vietnam Net Total Return (USD) Index Futures	1	
15	MSCI Hong Kong Net Total Return (USD) Index Futures	1	
16	MSCI Philippines Net Total Return (USD) Index Futures	1	
17	MSCI Indonesia (USD) Index Futures	1	1
18	MSCI Emerging Markets Net Total Return (USD) Index Futures	1	1
19	MSCI Emerging Markets (USD) Index Futures	1	
20	MSCI India (USD) Index Futures	1	1
21	MSCI China Free (USD) Index Futures	1	1
22	MSCI Thailand (USD) Index Futures	1	
23	MSCI Malaysia (USD) Index Futures	1	
24	MSCI Philippines (USD) Index Futures	1	
25	MSCI Vietnam (USD) Index Futures	1	
26	MSCI Singapore Free (SGD) Index Futures	1	1
27	MSCI Japan (JPY) Index Futures	1	
28	MSCI Japan Net Total Return (JPY) Index Futures	1	
	Total	28	16



2. **Tier 2 LP:** Tier 2 LP is required to provide liquidity in any one of the contracts below. Upon introduction, the MSCI Taiwan 25/50 (USD) Index Futures shall be included to the Tier 2 LP program and opened for application.

No.	Contracts	T session
1	MSCI Taiwan (USD) Index Futures	7
2	MSCI Taiwan (USD) Index Futures – calendar spread	4
3	<b>MSCI Taiwan 25/50 (USD) Index Futures</b>	<b>7</b>
4	MSCI India Net Total Return (USD) Index Futures	2
5	MSCI China Free Net Total Return (USD) Index Futures	2
6	MSCI EM Asia Net Total Return (USD) Index Futures	2
7	MSCI Singapore Free (SGD) Index Futures	3
	Total	27

3. LP obligations and incentives shall be same as the existing arrangement:

	Tier 1 LP	Tier 2 LP
Program Period	From product launch to 30 June 2021, subject to review and adjustment at 6 months	
Eligibility	EPs or direct clients of EPs	
Obligations	<ul style="list-style-type: none"> <li>Provide 2-way continuous bid/ask quote: (a) 70% of trading hours in T session; and (b) 50% of trading hours in T+1 session.</li> <li>Obligations including quote size and spread will be determined through bidding process.</li> </ul>	<ul style="list-style-type: none"> <li>Provide 2-way continuous bid/ask quote: 70% of trading hours in T session</li> <li>Obligations including quote size and spread will be determined through bidding process.</li> </ul>
Incentives:		
Trading Fee Discount	LP will pay a discounted trading fee of: <ul style="list-style-type: none"> <li>USD 0.30 for USD denominated contracts</li> <li>SGD 0.42 for SGD denominated contracts</li> <li>JPY 32 for JPY denominated contracts</li> </ul> (market making account only)	LP will pay a discounted trading fee of: <ul style="list-style-type: none"> <li>USD 0.30 for USD denominated contracts</li> <li>SGD 0.42 for SGD denominated contracts</li> <li>JPY 32 for JPY denominated contracts</li> </ul> (market making account only)
Cash Incentives	HKD 25,000 per contract per trading session per month	HKD 25,000 per contract per trading session per month
OAPI Sub-license Fee waiver	1 OAPI per contract	1 OAPI per contract

4. LP performance will be measured on per contract per month basis. In the event that LP fails its obligation in a particular contract, LP will be required to pay the difference between the discounted trading fee and the standard trading fee and there will be no OAPI waiver and cash incentives given to the LP. Should an existing LP not fulfil the obligations for a period of two consecutive months, the Exchange reserves the right to terminate the LP.

**PT Program**

- Upon introduction, the Contracts shall be added to the existing PT program.
- The PT program is designed to reward top performing price taking clients. Upon meeting the minimum monthly clearing volume, PT will receive trading fee rebates (up to a maximum amount) as follows:

PT Tier	Aggregated Monthly Clearing Volume of MSCI Asia and Emerging Market Index Futures and Options Suite	Trading Fee Rebate %	Maximum Monthly Trading Fee Rebate
1	70,000 contracts	50%	No limit
2	50,000 contracts	50%	HKD 190,000
3	30,000 contracts	50%	HKD 110,000
4	15,000 contracts	50%	HKD 50,000
5	8,000 contracts	50%	HKD 20,000

- Block volume (i.e. trades reported via Block Trade Facility function in HKATS) will not be counted in the PT program. If PT does not meet Tier 5 volume consistently for two months, the Exchange reserves the right to terminate the PT.
- Other program details:

Program Period	From product launch to 30 June 2021
Eligibility	EPs or direct clients of EPs

**HSI and HSCEI Futures Bundled Fee Rebates for LPs and PTs**

- Upon meeting the trading requirement specified in the next paragraph, LPs and PTs of MSCI Suite will receive 50% trading fee rebate on HSI Futures or HSCEI Futures on a 1:1 volume traded basis in the monthly aggregate volume of the following contracts (“Eligible Contracts”), subject to a maximum of trading fee rebate of HKD 100,000 per month.

Eligible Contracts:

For the period from 17 August 2020 to 16 February 2021:

- MSCI Taiwan (USD) Index Futures
- MSCI Taiwan Net Total Return (USD) Index Futures

For the period from 28 September 2020 to 16 February 2021:

- MSCI Taiwan 25/50 (USD) Index Futures
- MSCI Taiwan 25/50 Net Total Return (USD) Index Futures
- MSCI Singapore Free (SGD) Index Futures
- MSCI Singapore Free Net Total Return (USD) Index Futures
- MSCI Singapore Net Total Return (USD) Index Futures

10. The volume and fee rebate measurement will be on monthly basis. LPs / PTs will need to meet a monthly minimum aggregate clearing volume of 100 contracts (excluding block trade volume) in the Eligible Contracts during the specified period to be entitled to receive the fee rebates.
11. For the avoidance of doubt, LPs / PTs who are eligible to receive a reduction in trading fees for HSI Futures or HSCEI Futures pursuant to another incentive scheme (e.g. as market maker for standard/mini HSI Options / HSCEI Options, or as LP / PT in other Bundled Incentive programs, etc) will not be able to include these already discounted HSI Futures and HSCEI Futures contracts in the 1:1 volume calculation under this incentive scheme for further fee rebates.

**Attachment VII**

**Other information to note**

1. Please note the MSCI referenced dates for open interest transition. For details, please refer to footnote of page 4, 5, 10 and 11 of the MSCI webpage document (click [here](#)).
2. Using a calendar spread to transit MSCI futures open interest position to HKFE (i.e. spot-next calendar spread) is eligible for inter-month spread margin by HKCC. For details, please refer to HKEX website.
3. As the spot month position settles at the final expiration, the next expiry open interest position remains. This will also remove the previous calendar (inter-month) spread margin and the outright open interest remaining will be subject to the usual margining process.
4. For the MSCI Taiwan 25/50 (USD) Index Futures, there may be potential variation adjustment value differences at the spot month expiration as the settlement prices of MSCI Taiwan 25/50 (USD) Index Futures may be different to other MSCI Taiwan index futures.

**MSCI Disclaimer**

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