

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: HKFE obtains U.S. Commodity Futures Trading Commission certification for 23 MSCI Asia and Emerging Markets Index Futures Contracts and updates on two MSCI Singapore Index Futures Contracts

Enquiry: HKATS Hotline¹ Tel: 2211-6360

I. CFTC Certification

Hong Kong Futures Exchange Limited (“HKFE”) is pleased to announce that the U.S. Commodity Futures Trading Commission (“CFTC”) has certified 23 broad-based equity index 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.

- MSCI Australia Net Total Return (USD) Index Futures
- MSCI China Free (USD) Index Futures
- MSCI China Free Net Total Return (USD) Index Futures
- MSCI Emerging Markets (USD) Index Futures
- MSCI Emerging Markets Asia ex China Net Total Return (USD) Index Futures
- MSCI Emerging Markets Asia ex Korea Net Total Return (USD) Index Futures
- MSCI Emerging Markets Asia Net Total Return (USD) Index Futures
- MSCI Emerging Markets EMEA Net Total Return (USD) Index Futures
- MSCI Emerging Markets ex China Net Total Return (USD) Index Futures
- MSCI Emerging Markets ex Korea Net Total Return (USD) Index Futures
- MSCI Emerging Markets Latin America Net Total Return (USD) Index Futures

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

- MSCI Emerging Markets Net Total Return (USD) Index Futures
- MSCI Hong Kong Net Total Return (USD) Index Futures
- MSCI India (USD) Index Futures
- MSCI India Net Total Return (USD) Index Futures
- MSCI Japan Net Total Return (USD) Index Futures
- MSCI Malaysia (USD) Index Futures
- MSCI Malaysia Net Total Return (USD) Index Futures
- MSCI Pacific ex Japan Net Total Return (USD) Index Futures
- MSCI Pacific Net Total Return (USD) Index Futures
- MSCI Singapore Free Net Total Return (USD) Index Futures
- MSCI Thailand (USD) Index Futures
- MSCI Thailand Net Total Return (USD) Index Futures

II. MSCI Indonesia Index Futures

As announced by HKFE in its circular dated 23 June 2020 (ref no.: [MKS/EQD/17/20](#)), the MSCI Indonesia (USD) Index Futures and the MSCI Indonesia Net Total Return (USD) Index Futures (collectively, the “MSCI Indonesia Index Futures”) were also listed as contracts that were to be introduced for trading on HKFE, in addition to the 23 MSCI Index Futures that have been granted CFTC certification as described above.

As the security index underlying the MSCI Indonesia Index Futures falls within the definition of “narrow-based security index” under relevant US derivatives laws and is therefore not a broad-based security index, no certification would be granted by the CFTC for these contracts and hence US investors would be prohibited from trading these contracts except for certain eligible market participants authorized under an Order issued by the Securities and Exchange Commission (“SEC”) in 2009 (<https://www.sec.gov/rules/exorders/2009/34-60194.pdf>).

Under the SEC’s 2009 Order, eligible market participants² include qualified institutional buyers (“QIBs”) as defined in Rule 144A under the US Securities Act of 1933, as amended, persons that

² Under the SEC’s 2009 Order, the following market participants may access certain narrow-based security index futures in foreign markets: (A) “qualified institutional buyers” (QIBs) as defined in Rule 144A under the US Securities Act of 1933; (B) persons that are not US persons (non-US persons) under Rule 902 of the Regulation S of the US Securities Act of 1933; (C) SEC-registered brokers or

are not US persons under Rule 902 of Regulation S of the US Securities Act of 1933, as amended and SEC-registered broker-dealers that effect transactions on behalf of QIBs or such non-US persons. Accordingly, on the basis that the terms³ set out in the SEC's 2009 Order and subsequent guidance by CFTC staff are met, an intermediary that is dually registered as a broker-dealer with the SEC and as a futures commission merchant or an introducing broker with the CFTC (or otherwise exempt from registration under Part 30 of the CFTC Regulations) should be able to effect transactions in the MSCI Indonesia Index Futures on behalf of customers that are QIBs or such non-US persons.

The transactions in the MSCI Indonesia Index Futures shall be effected in accordance with the requirements of the SEC Regulation S. Under the SEC Regulation S, there must be no "directed selling efforts" into the US.

III. Further information on existing contracts of HKFE

A full list of existing contracts of HKFE which the CFTC has granted no-action relief or certified and the details of the New MSCI Index Futures that are traded or are proposed to be introduced for trading on HKFE are set forth below for your easy reference.

HKEX Derivatives Information for Overseas Investors

https://www.hkex.com.hk/Services/Trading/HKEX-Derivatives-Information-for-Overseas-Investors?sc_lang=en

dealers that effect transactions on behalf of QIBs or non-US persons; and (D) banks (as defined in Section 3(a)(6) of the Securities Exchange Act of 1934), acting pursuant to an exception or exemption from the definition of "broker" or "dealer" in Sections 3(a)(4)(B), 3(a)(4)(E), or 3(a)(5)(C) of the Securities Exchange Act of 1934 or the rules thereunder, to effect transactions on behalf of QIBs or non-US persons.

³ Such terms, as they relate to the MSCI Indonesia Index Futures, include the MSCI Indonesia Index Futures having 90% or more of the underlying securities issued by foreign private issues and continue to have a primary trading market outside the US, no direct electronic access being offered to US market participants with respect to the MSCI Indonesia Index Futures, the MSCI Indonesia Index Futures being cleared and settled subject to the rules of HKFE Clearing Corporation Limited, the MSCI Indonesia Index Futures do not result in physical delivery of one or more underlying securities in the US, an open position in the MSCI Indonesia Index Futures not being able to be closed or liquidated by effecting an offsetting transaction on or through the facility of any exchange or association registered in the US under section 6 or 15A of the US Securities Exchange Act of 1934, as amended.

New MSCI Index Futures

https://www.hkex.com.hk/Products/Listed-Derivatives/Equity-Index/MSCI-Indexes/MSCI-Indexes?sc_lang=en

IV. IV. Updates on two MSCI Singapore Index Futures

In addition, MAS has no further comment on the introduction of the MSCI Singapore Net Total Return (USD) Index (MSN) Futures and the MSCI Singapore Free Net Total Return (USD) Index (MGN) Futures. The launch of the MSN Futures and the MGN Futures will continue as scheduled on 20 July 2020 and 3 August 2020 respectively.

Sanly Ho
Head
Derivatives Trading
Markets 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.

Any information provided in this circular relating to the trading of security futures or how the law may be interpreted is provided for reference generally without considering your specific circumstances and does not constitute legal or other advice from HKFE or any member of the HKEX group. Such information should not be regarded as substitute for professional advice. You should seek independent legal or other professional advice before taking any action to trade any contracts listed on HKFE, whether for yourself or as intermediary on behalf of any other person.

MSCI Disclaimer

The Contracts are not sponsored, endorsed, sold or promoted by MSCI Inc. ("MSCI"), any affiliate of MSCI or any other party involved in, or related to, making or compiling any Indexes. The Contracts have not been passed on by MSCI, any of its affiliates or any other party involved in, or related to, making or compiling any Indexes as to their legality or suitability with respect to any person or entity. MSCI, its affiliates and any other party involved in, or related to, making or compiling the MSCI Indexes do not guarantee the originality, accuracy and/or completeness of the MSCI Indexes or any data included therein. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Indexes makes any express or implied warranties, and expressly disclaims all warranties of merchantability and fitness for a particular purpose or use with respect to the Contract, the MSCI Indexes or any data included therein. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any other party involved in, or related to, making or compiling the MSCI Indexes have any liability for any direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages, claims, losses or expenses relating to any futures or options contracts or caused by any errors or delays in calculating or disseminating the MSCI Indexes. Neither MSCI, any of its affiliates nor any other party involved in, or related to, making or compiling the MSCI Indexes has any obligation to take the needs of the issuers of the Contracts, the owners of the Contracts or the Exchange into consideration in determining, composing or calculating the Indexes. Neither MSCI, its affiliates nor any other party involved in, or related to, making or compiling the MSCI Indexes is responsible for or have participated in the determination of the timing of, prices at, or quantities of the Contracts to be issued or in the determination or calculation of the equation by which the Contracts are redeemable for cash.