

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: Incentive Enhancements for MSCI Asia and Emerging Market Index Futures and Options Suite - Update

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Reference is made to the circular (ref: [MKD/EQD/21/20](#)) dated 11 August 2020 regarding the Incentive Enhancements for MSCI Asia and Emerging Market Index Futures and Options Suite (“MSCI Suite”) and the circular (ref: [MKS/EQD/23/20](#)) dated 18 September 2020 regarding the Introduction of Five New MSCI Index Futures Contracts. Hong Kong Futures Exchange Limited (“the Exchange”) is pleased to announce the following updates:

### 1. Extension of Trading Fee Waiver Period for MSCI Taiwan (USD) Index Futures, MSCI Taiwan 25/50 (USD) Index Futures and MSCI Singapore Free (SGD) Index Futures

The trading fee waiver for MSCI Taiwan (USD) Index Futures, MSCI Taiwan 25/50 (USD) Index Futures and MSCI Singapore Free (SGD) Index Futures will be extended to **30 June 2021**<sup>1</sup>. Please refer to the following table for details:

Contracts	Up to 30 June 2021 (T Session)		From 30 June 2021 (T+1 Session) onwards	
	House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI Taiwan (USD) Index Futures	Nil	Nil	USD 1.00	USD 0.30
MSCI Taiwan 25/50 (USD) Index Futures	Nil	Nil	USD 1.00	USD 0.30
MSCI Singapore Free (SGD) Index Futures	Nil	Nil	SGD 1.40	SGD 0.42

<sup>1</sup> Originally, the trading fee waiver will expire after the close of T Session respectively on 16 February 2021 for MSCI Taiwan (USD) Index Futures and 26 March 2021 for MSCI Taiwan 25/50 (USD) Index Futures and MSCI Singapore Free (SGD) Index Futures.

For the avoidance of doubt, there will be no trading fee waiver extension for the following four MSCI contracts. Below is a summary of their current trading fee waiver period:

Contracts	Up to <b>16 February 2021 (T Session)</b>		From 16 February 2021 (T+1 Session) onwards	
	House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI Taiwan Net Total Return (USD) Index Futures	Nil	Nil	USD 0.60	USD 0.30

Contracts	Up to <b>26 March 2021 (T Session)</b>		From 26 March 2021 (T+1 Session) onwards	
	House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI Taiwan 25/50 Net Total Return (USD) Index Futures	Nil	Nil	USD 0.60	USD 0.30
MSCI Singapore Free Net Total Return (USD) Index Futures	Nil	Nil	USD 0.60	USD 0.30
MSCI Singapore Net Total Return (USD) Index Futures	Nil	Nil	USD 0.60	USD 0.30

## 2. Extension of Effective Period for Bundled Fee Rebates for Liquidity Providers (“LPs”) and Proprietary Traders (“PTs”) and Increase of Maximum Monthly Rebate Cap for PTs

The effective period of the bundled fee rebates for LPs and PTs of the MSCI Suite will be extended to **30 June 2021**<sup>2</sup>. In addition, the maximum bundled fee rebate for PTs shall be increased from HKD 100,000 per month to **HKD 250,000** per month beginning from February 2021. The maximum bundled fee rebate for LPs shall remain unchanged (i.e. HKD 100,000 per month).

Please refer to Appendix I for more information of the LP and PT programs. Interested parties of the programs 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.

Alexander Siu  
Co-head of Equities Product Development  
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<sup>2</sup> Originally, the Bundled Fee Rebate for LPs and PTs will expire after the close of T Session on 16 February 2021.

## Attachment I

### Proprietary Trader (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.
- The PT program period is between 6 July 2020 and 30 June 2021.

### Liquidity Provider (LP) Program

- Tier 1 LP:** provides liquidity for a basket of contracts listed below in T and T+1 sessions.

No.	Contracts	No. of Permits in T Session	No. of Permits in T+1 Session	Program Period
1	MSCI Taiwan (USD) Index Futures	1	1	6 July 2020 - 30 June 2021
2	MSCI Taiwan Net Total Return (USD) Index Futures	1	1	
3	MSCI Japan Net Total Return (USD) Index Futures	1	1	
4	MSCI India Net Total Return (USD) Index Futures	1	1	
5	MSCI China Free Net Total Return (USD) Index Futures	1	1	
6	MSCI Indonesia Net Total Return (USD) Index Futures	1	1	
7	MSCI Australia Net Total Return (USD) Index Futures	1	1	
8	MSCI Thailand Net Total Return (USD) Index Futures	1	-	
9	MSCI Malaysia Net Total Return (USD) Index Futures	1	-	
10	MSCI EM Asia Net Total Return (USD) Index Futures	1	1	
11	MSCI Singapore Net Total Return (USD) Index Futures	1	1	20 July 2020 - 30 June 2021
12	MSCI Vietnam Net Total Return (USD) Index Futures	1	-	
13	MSCI Hong Kong Net Total Return (USD) Index Futures	1	-	
14	MSCI Philippines Net Total Return (USD) Index Futures	1	-	

No.	Contracts	No. of Permits in T Session	No. of Permits in T+1 Session	Program Period
15	MSCI Indonesia (USD) Index Futures	1	1	
16	MSCI Emerging Markets Net Total Return (USD) Index Futures	1	1	
17	MSCI Emerging Markets (USD) Index Futures	1	-	
18	MSCI India (USD) Index Futures	1	1	3 August 2020 - 30 June 2021
19	MSCI China Free (USD) Index Futures	1	1	
20	MSCI Thailand (USD) Index Futures	1	-	
21	MSCI Malaysia (USD) Index Futures	1	-	
22	MSCI Philippines (USD) Index Futures	1	-	
23	MSCI Vietnam (USD) Index Futures	1	-	
24	MSCI Taiwan 25/50 (USD) Index Futures	1	1	28 September 2020 - 30 June 2021
25	MSCI Taiwan 25/50 Net Total Return (USD) Index Futures	1	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	-	
	<b>Total</b>	<b>28</b>	<b>16</b>	

5. **Tier 2 LP:** provides liquidity in any one of the contracts below.

No.	Contracts	No. of Permits in T Session	No. of Permits in T+1 Session	Program Period
1	MSCI Taiwan (USD) Index Futures	7	-	6 July 2020 - 30 June 2021
2	MSCI India Net Total Return (USD) Index Futures	2	-	
3	MSCI China Free Net Total Return (USD) Index Futures	2	-	
4	MSCI EM Asia Net Total Return (USD) Index Futures	2	-	
5	MSCI Taiwan 25/50 (USD) Index Futures	4	-	28 September 2020 - 30 June 2021
6	MSCI Singapore Free (SGD) Index Futures	3	-	
7	MSCI Taiwan (USD) Index Futures - Calendar Spread	4	-	25 August 2020 - 30 June 2021
8	MSCI Taiwan 25/50 (USD) Index Futures - Calendar Spread	3	-	15 October 2020 - 30 June 2021
9	MSCI AC Asia ex Japan Net Total Return Index (USD) Futures	1	1	2 January 2021 - 30 June 2021
	<b>Total</b>	<b>28</b>	<b>1</b>	

6. **Tier 3 LP:** provides liquidity in the MSCI Taiwan 25/50 (USD) Index Futures with higher obligations in terms of the bid/ask spread and quote size compared to Tier 1 and Tier 2 LPs:

No.	Contract	No. of Permits in T Session	Program Period
1	MSCI Taiwan 25/50 (USD) Index Futures	2	21 October 2020 - 20 April 2021

7. Below is a summary of the obligations and incentives for Tier 1 to Tier 3 LPs:

	Tier 1 LP	Tier 2 LP	Tier 3 LP
Eligibility	Exchange Participants (EPs) or direct clients of EPs		
Obligations	<ul style="list-style-type: none"> <li>Provide 2-way continuous bid/ask quote:               <ul style="list-style-type: none"> <li>(a) 70% of trading hours in T session; and</li> <li>(b) 50% of trading hours in T+1 session.</li> </ul> </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:               <ul style="list-style-type: none"> <li>(a) 70% of trading hours in T session; or</li> <li>(b) 50% of trading hours in T+1 session<sup>3</sup>.</li> </ul> </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 for 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 (market making account only) 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> Note: The market-wide trading fee waivers for specific product, if any, will supersede the above discounted trading fee during the market-wide trading fee waiver period.		
Cash Incentives	HKD 25,000 per contract per trading session per month	HKD 25,000 per contract per trading session per month	HKD 300,000 per contract per month
OAPI Sub-license Fee waiver	1 OAPI per contract	1 OAPI per contract	1 OAPI per contract

<sup>3</sup> See circular [MKS/EQD/39/20](#) regarding Tier 2 LP program for MSCI AC Asia ex Japan Net Total Return Index (USD) Futures

8. **Tier 4 LP:** provides liquidity in MSCI Taiwan (USD) Index Futures in both T and T+1 sessions, with higher obligation in terms of bid/offer spread compared to Tier 1 and Tier 2 LPs:

	Tier 4 LP																				
Program Period	1 December 2020 to 31 May 2021																				
Eligibility	EPs or direct clients of EPs																				
Quota	Maximum two LPs																				
Obligations	<ul style="list-style-type: none"> <li>Provide two-way continuous bid/ask quote for 70% of trading hours in T session and 50% of trading hours in T+1 session.</li> <li>Final obligations including quote size and spread will be determined through bidding process.</li> </ul>																				
Incentives:																					
Trading Fee Discount	<p>LP (market making account only) will pay a discounted trading fee of:</p> <ul style="list-style-type: none"> <li>USD 0.30 for MSCI Taiwan (USD) Index Futures</li> </ul> <p>Note: The market-wide trading fee waivers for specific product, if any, will supersede the above discounted trading fee during the market-wide trading fee waiver period.</p>																				
Cash Incentives	<p>HKD 1.6 million in total for 6 months per LP with breakdown as follows:</p> <table border="1"> <thead> <tr> <th rowspan="3">Month</th> <th colspan="2">Cash Incentives (in HKD '000)</th> <th rowspan="3">Total</th> </tr> <tr> <th colspan="2">MSCI Taiwan (USD) Futures</th> </tr> <tr> <th>Fulfillment of T session obligations</th> <th>Fulfillment of T+1 session obligations</th> </tr> </thead> <tbody> <tr> <td>December 2020</td> <td>\$400</td> <td>\$200</td> <td><b>\$600</b></td> </tr> <tr> <td>January – May 2021</td> <td>\$125 per month</td> <td>\$75 per month</td> <td><b>\$200 per month (or \$1,000 total)</b></td> </tr> <tr> <td>Total</td> <td>\$1,025</td> <td>\$575</td> <td><b>\$1,600</b></td> </tr> </tbody> </table>	Month	Cash Incentives (in HKD '000)		Total	MSCI Taiwan (USD) Futures		Fulfillment of T session obligations	Fulfillment of T+1 session obligations	December 2020	\$400	\$200	<b>\$600</b>	January – May 2021	\$125 per month	\$75 per month	<b>\$200 per month (or \$1,000 total)</b>	Total	\$1,025	\$575	<b>\$1,600</b>
Month	Cash Incentives (in HKD '000)		Total																		
	MSCI Taiwan (USD) Futures																				
	Fulfillment of T session obligations	Fulfillment of T+1 session obligations																			
December 2020	\$400	\$200	<b>\$600</b>																		
January – May 2021	\$125 per month	\$75 per month	<b>\$200 per month (or \$1,000 total)</b>																		
Total	\$1,025	\$575	<b>\$1,600</b>																		
OAPI Sub-license Fee waiver	1 OAPI per contract																				

9. LP performance will be measured on per contract per trading session basis at the end of each month. In the event that an LP fails its obligation in a particular contract, the 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 two consecutive months, the Exchange reserves the right to terminate the LP.

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

10. In addition to the LPs and PTs incentives above, upon meeting the volume requirement specified in the next paragraph, LPs and PTs will receive 50% trading fee rebate on HSI Futures or HSCEI Futures on a 1:1 volume cleared basis in the monthly aggregate volume of the selected contracts (“Eligible Contracts”), subject to a maximum amount of trading fee rebate.

Eligible Contracts:

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

11. 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.

12. 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 PTs 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.

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