

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 Two MSCI Stock Index Options

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Reference is made to the circular (ref: [MKS/EQD/17/20](#)) dated 23 June 2020 regarding the introduction of MSCI Asia and Emerging Market Index Futures and Options Suite (“MSCI Suite”). Hong Kong Futures Exchange Limited (“the Exchange”) is pleased to announce the plan to introduce two MSCI Stock Index Options with tentative launch date on **15 March 2021 (Monday)** (“Launch Date”), subject to regulatory approval² and market readiness.

Details of the contract specifications are set forth in Attachment I. Relevant rule amendments will be announced via separate circular. Index methodology is set forth in Attachment II.

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

² The introduction of MSCI Taiwan (USD) Index Options has been approved by the Securities and Futures Commission. The introduction of MSCI China Free (USD) Index Options is subject to regulatory approval.

Trading Arrangements for the MSCI China Free (USD) Index Options and MSCI Taiwan (USD) Index Options and (“Proposed Contracts”)

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 Proposed 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

- a. The following contract months will be available for trading from the Launch Date: March 2021, April 2021, June 2021, September 2021, December 2021 and March 2022.
- b. Trading session: There will be T session only and no T+1 session at initial stage.
- c. The minimum block trade volume is 50 contracts.
- d. Block trade permissible price range: 10% if the reference price is equal to or larger than 300 index points, or 30 index points if the reference price is smaller than 300 index points (see details in Attachment III).
- e. Error trade parameters: 10% if the notation price is equal to or larger than 300 index points, or 30 index points if the notation price is smaller than 300 index points (see details in Attachment III).

- f. Large-scale error trade parameters: 20% if the notation price is equal to or larger than 300 index points, or 60 index points if the notation price is smaller than 300 index points (see details in Attachment III).
- g. Volatility Control Mechanism and price limit will not be applied during T session.

Clearing and Settlement Arrangements for the Proposed Contracts

To be eligible for clearing and settlement of the Proposed Contracts, Clearing Participants (“CPs”) of the HKFE Clearing Corporation Limited (“HKCC”) need to arrange for USD settlement capability, including having an **active** USD bank account with any of the appointed settlement banks appointed by HKCC.

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 Proposed Contracts.

Risk Management Arrangement for the Proposed Contracts

Margin offset among certain Contracts will be offered in PRiME³. CPs could allocate the eligible positions to relevant account(s)⁴ in accordance with the Clearing House Procedures for margin offset claim purpose. Margin levels and margin offset parameters⁵ for the Proposed 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.

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

⁴ Client Offset Claim Account

⁵ Delta/Spread Ratio and Spread Credit Rate

Information Vendor Access Code

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

Trading Fee Waiver and Incentive Programs

a. Trading Fee Waiver

There will be six-month trading fee waiver for all accounts used for trading the MSCI China Free (USD) Index Futures and Options. In addition, there will be six-month trading fee waiver for the Liquidity Provider of MSCI Taiwan (USD) Index Options. Below is a summary of the trading fee table:

Contract	From 15 March 2021 to 14 September 2021 (T Session)		From 14 September 2021 (T+1 Session) onwards	
	House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI China Free (USD) Index Futures	Nil	Nil	USD 1.00	USD 0.30
Contracts	From 15 March 2021 to 14 September 2021 (T Session)		From 15 September 2021 (T Session) ⁶ onwards	
	House and Client accounts	Liquidity Provider	House and Client accounts	Liquidity Provider
MSCI China Free (USD) Index Options	Nil	Nil	USD 1.00	USD 0.30
MSCI Taiwan (USD) Index Options	USD 1.00	Nil	USD 1.00	USD 0.30

In addition, reference is made to the circular (ref: [MKD/EQD/08/21](#)) dated 4 February 2021 regarding the Incentive Enhancements for MSCI Suite - Update, there is currently market-wide trading fee waiver for all accounts used for trading the MSCI Taiwan (USD) Index Futures until 30 June 2021:

Contract	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

⁶ There is no T+1 Session for MSCI China Free (USD) Index Options and MSCI Taiwan (USD) Index Options.

b. Liquidity Provider (“LP”), Active Trader (“AT”) and Proprietary Trader (“PT”) Programs

The Exchange invite applications for the LP, AT and PT of the Proposed Contracts. Please refer to Attachment V for details. Interested parties should contact Ms. Emily Huang (EmilyHuang@hkex.com.hk) and Ms. Tracy Zhang (TracyYTZhang@hkex.com.hk) for application information.

SFC Commission Levy Exemption

The Commission Levy for the Proposed Contracts will be exempted for the first six months of trading, i.e. tentatively from 15 March 2021 (Monday) to the close of T session on 14 September 2021 (Tuesday). Participants are advised to inform their clients accordingly.

Contracts	During six-month SFC commission levy exemption, i.e. tentative from 15 March 2021 to 14 September 2021 (T Session)	After six-month SFC commission levy exemption, i.e. tentative from 15 September 2021 (T Session) onwards
MSCI China Free (USD) Index Options	Nil	USD 0.07
MSCI Taiwan (USD) Index Options	Nil	USD 0.07

Participants’ Readiness

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

Alexander Siu
Head of Equities Product Development
Markets Division

Attachment I

Contract Specifications

Contract	MSCI China Free (USD) Index Options	MSCI China Free (USD) Index Futures (For comparison)
Underlying Index	MSCI China Free (USD) Index	MSCI China Free (USD) Index
HKATS Code	MCF	MCF
Trading Currency	USD	USD
Underlying Index Currency	USD	USD
Contract Multiplier	USD 5	USD 5
Minimum Fluctuation (index point)	2.00	2.00
Contract Months	Spot, next calendar month and the following 4 quarterly months	
Trading Hours	9:00 am – 4:30 pm	9:00 am – 4:30 pm (T); 5:15 pm – 3:00 am (T+1)
Trading Hours on Expiry Day / Last Trading Day (“LTD”)	9:00 am – 4:30 pm	9:00 am – 4:30 pm
Strike Price	Below 5,000: 50 At or above 5,000, but below 20,000: 100 At or above 20,000: 200	N.A.
Expiry Day (for Options) / LTD (for Futures)	The Hong Kong business day immediately preceding the last Hong Kong business day of the Contract Month, provided that it is a common business day on which all component stocks of index are open for trading. If the Expiry Day / LTD is not a common business day, the Expiry Day / LTD shall be the preceding Hong Kong business day which is a common business day.	
Official Settlement Price (“OSP”) / Final Settlement Price (“FSP”)	The official closing value of the underlying index for the Expiry Day / LTD, rounded to the nearest 2 decimal places.	
Final Settlement Day	1 Hong Kong business day after OSP / FSP is determined	
Trading Fee	USD 1.0	USD 1.0
Settlement Fee	USD 1.0	USD 1.0
Commission Levy	USD 0.07	USD 0.07
Large Open Position	500 open contracts in any one Contract Month	
Position Limit	Position delta for MSCI China Free (USD) Index Futures and MSCI China Free (USD) Index Options combined of 35,000 long or short in all Contract Months combined	

Contract	MSCI Taiwan (USD) Index Options	MSCI Taiwan (USD) Index Futures (for comparison)
Underlying Index	MSCI Taiwan (TWD) Index	MSCI Taiwan (TWD) Index
HKATS Code	MTW	MTW
Trading Currency	USD	USD
Underlying Index Currency	TWD	TWD
Contract Multiplier	USD 100	USD 100
Minimum Fluctuation (index point)	0.10	0.10
Contract Months	Spot, next calendar month and the following 4 quarterly months	
Pre-Market Opening Period	N.A.	8:30 am – 8:45 pm
Trading Hours	8:45 am – 4:30 pm	8:45 am – 4:30 pm (T); 5:15 pm – 3:00 am (T+1)
Trading Hours on Expiry Day / Last Trading Day (“LTD”)	8:45 am-1:45 pm	8:45 am-1:45 pm
Strike Price	Below 200: 1 At or above 200, but below 500: 2 At or above 500, but below 1,000: 5 At or above 1,000: 10	N.A.
Expiry Day (for Options) / LTD (for Futures)	The Hong Kong business day immediately preceding the last Hong Kong business day of the Contract Month. If the Expiry Day/ LTD falls on a Taiwan public holiday, the Expiry Day/ LTD shall be the preceding Hong Kong and Taiwan business day.	
Official Settlement Price (“OSP”) / Final Settlement Price (“FSP”)	The average of the MSCI Taiwan Index values on the Expiry Day/ 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 to the nearest 2 decimal places	
Final Settlement Day	1 Hong Kong business day after OSP / FSP is determined	
Trading Fee	USD 1.0	USD 1.0
Settlement Fee	USD 1.0	USD 1.0
Commission Levy	USD 0.07	USD 0.07
Large Open Position	500 open contracts in any one Contract Month	
Position Limit	Position delta for MSCI Taiwan (USD) Index Futures and MSCI Taiwan (USD) Index Options combined of 20,000 long or short in all Contract Months combined	

Attachment II

Index Methodology

1. MSCI China Free Index

Launched on 1 January 2001, the MSCI China Free Index includes large and mid-cap Chinese companies. Index constituents include B shares, H shares, Red chips, P chips and foreign listed shares. Currently, the index includes large-cap and mid-cap A shares represented at 20% of their free-float adjusted market capitalization. As of 29 January 2021, the number of constituents is 697 and the index market capitalization is USD 3,227 billion.

Top 10 Index Constituents (as of 29 January 2021)

Company	Index Float Market Capitalization (USD Billion)	Index Weight (%)	Sector
Tencent Holding (P)	505.31	15.66	Communication Services
Alibaba Group Holding ADR	480.74	14.90	Consumer Discretionary
Meituan (P)	165.20	5.12	Consumer Discretionary
JD.com ADR (A)	76.66	2.38	Consumer Discretionary
NIO ADR (A)	73.08	2.26	Consumer Discretionary
China Construction Bank (H)	72.93	2.26	Financials
Ping An Insurance (H)	70.15	2.17	Financials
Baidu ADR (A)	64.08	1.99	Communication Services
Pinduoduo ADR (A)	63.03	1.95	Consumer Discretionary
Xiaomi Corp (P)	53.91	1.67	Information Technology

Source: MSCI

For more index information, please refer to MSCI's webpage ([factsheet](#) and [index methodology](#)).

2. MSCI Taiwan Index

The MSCI Taiwan Index is designed to measure the performance of the large and mid cap segments of the Taiwan market. As of 29 January 2021, the number of constituents is 87 and the index covers approximately 85% of the free float-adjusted market capitalization in Taiwan.

Top 10 Index Constituents (as of 29 January 2021)

Company	Index Float Market Capitalization (USD Billion)	Index Weight (%)	Sector
Taiwan Semiconductor Mfg	519.90	48.54	Information Technology
Hon Hai Precision Ind Co	49.68	4.64	Information Technology
Mediatek Inc	47.16	4.40	Information Technology
United Microelectronics	20.73	1.94	Information Technology
Delta Electronics	19.65	1.83	Information Technology
Chunghwa Telecom Co	14.66	1.37	Communication Services
Nan Ya Plastic	12.08	1.13	Materials
CTBC Financial Holding	11.91	1.11	Financials
Formosa Plastic Corp	11.87	1.11	Materials
Uni-President Ent	11.73	1.09	Consumer Staples

Source: MSCI

For more index information, please refer to MSCI's webpage ([factsheet](#) and [index methodology](#)).

Attachment III

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 10% if the reference price is equal to or larger than 300 index points, or 30 index points if the reference price is smaller than 300 index points.

Error Trade Parameters

The price parameters for the purposes of the error trade rule under HKFE Rule 819B is 10% if the notation price is equal to or larger than 300 index points, or 30 index points if the notation price is smaller than 300 index points.

Note:

The notation price of Stock Index Options Contracts will be determined as follows:

- (a) The average of the prices of the previous match and the next match in that option series occurring reasonably close to the time of error trade. If this average price fails to reflect a fair price, the notation price will be determined on the basis of item (b) below;
- (b) The reasonable bid and offer prices available around the time of error trade, unless in the sole discretion of the Exchange, this fails to reflect a fair price, in which case the Exchange may consult up to 3 independent market practitioners who have no interest in the trade in order to arrive at a valid notation price.

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

Large-Scale Error Trade Parameters

The price parameters for the purposes of the error trade rule under HKFE Rule 819BA and 819BB is 20% if the notation price is equal to or larger than 300 index points, or 60 index points if the notation price is smaller than 300 index points.

Note:

Please refer to the Large-Scale Error Trade Handling Procedures for the Large-Scale Error Trade Notation Price determination methodology.

Attachment IV

Information Vendor Access Code for Underlying Indices

Contracts	Underlying Index	Bloomberg Ticker	Refinitiv Ticker
MSCI China Free (USD) Index Options	MSCI China Free (USD) Index	M3CNX Index	.MICN0000FPUS
MSCI Taiwan (USD) Index Options	MSCI Taiwan (TWD) Index	TAMSCI Index	.TAMSCI

Attachment V

Liquidity Provider (“LP”) Program

1. The LP program aims to provide continuous quotes for screen trading in the contracts:

	MSCI China Free (USD) Index Futures	MSCI China Free (USD) Index Options	MSCI Taiwan (USD) Index Options
Program Period	6 months, subject to review and adjustment after 3 months		
Eligibility	Exchange Participants (“EPs”) or direct clients of EPs		
No. of LP Permits	Outright LP: 3; Calendar spread LP: 2	3	4
Obligations	<ul style="list-style-type: none"> Provide 2-way continuous quotes for 60% of trading hours in T session; More details of the obligations will be determined through bidding process. 	<ul style="list-style-type: none"> Provide 2-way continuous quotes for 50% of trading hours in T session; More details of the obligations will be determined through bidding process. 	<ul style="list-style-type: none"> Provide 2-way continuous quotes for 50% of trading hours in T session; More details of the obligations will be determined through bidding process.
Incentives:			
Trading Fee Discount	<ul style="list-style-type: none"> Initial 6-month: market wide trading fee waiver; Thereafter: LP will pay a discounted trading fee of USD 0.30 for the Futures contract (market making account only) 	<ul style="list-style-type: none"> Initial 6-month: market wide trading fee waiver; Thereafter: LP will pay a discounted trading fee of USD 0.30 for both Futures and Options (market making account only) 	<ul style="list-style-type: none"> Initial 6-month: trading fee waiver for LP (market making account only); Thereafter: LP will pay a discounted trading fee of USD 0.30 for both Futures and Options (market making account only)
Cash Incentives (per month per LP)	<ul style="list-style-type: none"> HKD 80,000 for outright LP, HKD 25,000 for spread LP 	<ul style="list-style-type: none"> HKD 70,000 	<ul style="list-style-type: none"> HKD 70,000
OAPI Sub-license Fee Waiver	<ul style="list-style-type: none"> 4 OAPIs for outright LP; 2 OAPIs for spread LP 	<ul style="list-style-type: none"> 4 OAPIs 	<ul style="list-style-type: none"> 4 OAPIs
Bundled Fee Rebate	Upon meeting the LP obligation and minimum clearing volume requirement set out in note i below, LP shall entitle to 100% of HSI / HSCEI Futures trading fee rebate on a 1:1 volume basis according to the aggregate volume of MSCI China Free (USD) Index Futures and Options, cap at HKD100,000 per calendar month for six-month from program launch.		Upon meeting the LP obligation and minimum clearing volume requirement set out in note ii below, LP shall entitle to: <ul style="list-style-type: none"> 50% of HSI / HSCEI Futures trading fee rebate on a 1:1 volume basis according to the aggregate volume of selected contracts in the MSCI Suite (“Eligible MSCI Contracts”),

	MSCI China Free (USD) Index Futures	MSCI China Free (USD) Index Options	MSCI Taiwan (USD) Index Options
			cap at HKD100,000 per calendar month until 30 June 2021; and <ul style="list-style-type: none"> • 100% Hang Seng TECH Index Futures trading fee rebate on a 1:1 volume basis according to the monthly aggregate volume of the Eligible MSCI Contracts until 21 May 2021.

Notes for Bundled Fee Rebate:

- i) LP of MSCI China Free (USD) Index Futures / Options will need to meet a monthly minimum aggregate clearing volume of 100 contracts (excluding block trade volume) in the MSCI China Free (USD) Index Futures and Options during the specified period to be entitled to receive the fee rebates.
- ii) LP of MSCI Taiwan (USD) Index Options will need to meet a monthly minimum aggregate clearing volume of 100 contracts (excluding block trade volume) in the Eligible MSCI Contracts during the specified period to be entitled to receive the fee rebates.

Eligible MSCI Contracts:

- MSCI Taiwan (USD) Index Futures
- MSCI Taiwan (USD) Index Options
- 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.

- iii) For the avoidance of doubt, an LP which is 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 an LP / AT/ PT in any other Bundled Incentive programs) 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.

2. The performance of LPs in respect of each trading session will be evaluated at the end of each calendar month. If an LP fails to meet its obligations of the contract in respect of a trading session in a calendar month, it will not be entitled to the incentives in respect of that trading session for that calendar month. LP will be required to pay the difference between the discounted trading fee and the standard trading fee of that contract and there will be no OAPI

waiver, bundled fee rebate, and cash incentives given to the LP. The appointment of any LP who fails to meet its commitment for two consecutive months may be subject to early termination by the Exchange.

Active Trader (“AT”) Program for MSCI China Free (USD) Index Futures and Options

1. Upon meeting the minimum clearing volume requirement, AT shall be entitled to 100% of HSI / HSCEI Futures trading fee rebate on a 1:1 volume basis according to the monthly aggregate volume of the MSCI China Free (USD) Index Futures and Options, subject to a maximum of HKD 100,000 per month.
2. The volume and fee rebate measurement will be on monthly basis. AT will need to meet a monthly minimum aggregate clearing volume of 100 contracts (excluding block trade volume) in the MSCI China Free (USD) Index Futures and Options to be entitled to receive the fee rebates.
3. Program period: six-month (i.e. from 15 March 2021 to 14 September 2021)
4. For the avoidance of doubt, an AT which is 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 an LP / AT / PT in any other Bundled Incentive programs) 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.

Proprietary Program (“PT”) for MSCI Suite (including MSCI Taiwan (USD) Index Options)

1. The existing PT program for MSCI Suite will include the MSCI Taiwan (USD) Index Options for the aggregate volume measurement. Upon meeting the minimum clearing volume requirement, PT of MSCI Suite will receive 50% HSI / HSCEI Futures trading fee rebate on a 1:1 volume basis according to the monthly aggregate volume of the Eligible MSCI Contracts, subject to a maximum of HKD 250,000 per month⁷ until 30 June 2021.

Eligible MSCI Contracts:

- MSCI Taiwan (USD) Index Futures
- MSCI Taiwan (USD) Index Options
- 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

⁷ The maximum bundled fee rebate for PT of MSCI Suite was increased from HKD 100,000 to HKD 250,000 beginning from February 2021.

2. In addition, PT will receive 100% trading fee rebate on Hang Seng TECH Index Futures on a 1:1 volume basis according to the monthly aggregate volume of the Eligible MSCI Contracts until 21 May 2021.
3. The volume and fee rebate measurement will be on monthly basis. PT will need to meet a monthly minimum aggregate clearing volume of 100 contracts (excluding block trade volume) in the Eligible MSCI Contracts to be entitled to receive the fee rebates.
4. The current PT program of MSCI Suite will be ended on 30 June 2021.
5. For the avoidance of doubt, a PT who is 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 / AT / 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.
6. Please note that the MSCI China Free (USD) Index Futures and Options will not be included in the PT program of MSCI Suite.

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.