

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: Revision of Minimum Fluctuation and Trading Symbols for Hang Seng Index Gross/Net Total Return Index Futures Contracts and MSCI Hong Kong Net Total Return (USD) Index Futures Contracts

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Subject to regulatory approval, Hong Kong Futures Exchange Limited (“the Exchange”) plans to revise the Minimum Fluctuation and the rounding method of the Final Settlement Price (“FSP”) for the following three contracts:

- Hang Seng Index (Gross Total Return Index) Futures,
- Hang Seng Index (Net Total Return Index) Futures; and
- MSCI Hong Kong Net Total Return (USD) Index Futures (collectively “Contracts”),

with tentative effective date on **31 May 2021 (Monday) (“Effective Date”)**.

Revision of Minimum Fluctuation and Rounding Method in the Final Settlement Price

From the Effective Date, the following changes will apply to the June 2021 contract month of the Contracts, and for contract months beyond May 2021:

1) Revision of Minimum Fluctuation

Contracts	Original	Revised
Hang Seng Index (Gross Total Return Index) Futures	0.01 index point	0.1 index point
Hang Seng Index (Net Total Return Index) Futures		
MSCI Hong Kong Net Total Return (USD) Index Futures		

2) Revision of Final Settlement Price (“FSP”)

Contracts	Original	Revised
Hang Seng Index (Gross Total Return Index) Futures and Hang Seng Index (Net Total Return Index) Futures	A number, 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, determined by the Clearing House and shall be the average of quotations of the underlying index* compiled, computed and disseminated by Hang Seng Indexes Company Limited (“HSIL”) taken at (i) 5 minute intervals from 5 minutes after the start of, and up to 5 minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Last Trading Day (“LTD”).	A number, rounded up to <u>the nearest 1 decimal place if the figure in the second decimal place is 5 or above and rounded down to the nearest 1 decimal place if it is below 5</u> , determined by the Clearing House and shall be the average of quotations of the underlying index* compiled, computed and disseminated by HSIL taken at (i) 5 minute intervals from 5 minutes after the start of, and up to 5 minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the LTD.
MSCI Hong Kong Net Total Return (USD) Index Futures	A number, 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, determined by the Clearing House and shall be the official closing value of the MSCI Hong Kong Net Total Return Index on the third Friday of the Contract Month**.	A number, <u>rounded up to the nearest 1 decimal place if the figure in the second decimal place is 5 or above and rounded down to the nearest 1 decimal place if it is below 5</u> , determined by the Clearing House and shall be the official closing value of the MSCI Hong Kong Net Total Return Index on the third Friday of the Contract Month**.

* The underlying index for Hang Seng Index (Gross Total Return Index) Futures is the Hang Seng Index (Gross Total Return Index). Underlying index for Hang Seng Index (Net Total Return Index) Futures is Hang Seng Index (Net Total Return Index).

** or, if MSCI Limited announces that there is an unexpected market closure event relating to the MSCI Hong Kong Net Total Return Index, FSP shall be the final Unexpected Market Closure Index level of the MSCI Hong Kong Net Total Return Index published by MSCI Limited after the third Friday of the Contract Month.

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

Trading and Other Operational Arrangement

In view of the above changes, the Exchange will introduce new trading symbols (i.e. HKATS codes) for the revised contract specifications from the Effective Date:

Contracts	Original HKATS Code	New HKATS Code
Hang Seng Index (Gross Total Return Index) Futures	HST	HGT
Hang Seng Index (Net Total Return Index) Futures	HSN	HNT
MSCI Hong Kong Net Total Return (USD) Index Futures	MHN	MHK

The change in HKATS codes will be conducted by the Exchange on 29 May 2021. Participants should note that the trading of the Contracts under existing HKATS codes will be suspended after the close of 29 May 2021 After Hours Trading session. Any outstanding positions under existing HKATS codes will be transferred to corresponding contract months of the Contracts under the new HKATS codes by the Exchange. Any cash adjustment due to such position transfer will be posted to the Participant's collateral account on or before 1 June 2021. Please refer to Attachment I for calculation example of the cash adjustment.

Participants are reminded to review their trading and clearing programs in relation to the changes. No program changes will be required to Participant's OAPI programs.

Participants who need to retrieve the Open Interest information should refer to DCASS Online and OMD-D.

Alexander Siu
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Attachment I

Calculation Example for Cash Adjustment

The example of a cash adjustment in relation to the position transfer for Hang Seng Index (Gross Total Return Index) Futures from original HKATS code (i.e. HST) to new HKATS code (i.e. HGT) follows:

Date	Position Transfer Example from HST to HGT:	
28 May 2021 (Friday)	Daily Settlement Price of HSTM1:	87,500.15
	Reference Price Used for Position Transfer from HSTM1 to HGTM1:	87,500.2 (round up from 87,500.15 to 0.1 index point)
31 May 2021 (Monday)	Daily Settlement Price of HGTM1:	87,500.3
Day-end Variation Adjustment on 31 May 2021*	Long Position Holder of 1 Futures Contract:	$=(87,500.3-87,500.2)*50= +\5.0
	Short Position Holder of 1 Futures Contract:	$=(87,500.2-87,500.3)*50= -\5.0
Cash Adjustment on 1 June 2021**	Long Position Holder of 1 Futures Contract:	$=(87,500.3-87,500.15)*50 - (+\$5)$ $= +\$7.5 -\$5 = +\$2.5$ i.e. credit to CCMS account
	Short Position Holder of 1 Futures Contract:	$=(87,500.15-87,500.3)*50-(-\$5)$ $= -\$7.5+\$5 = -\$2.5$ i.e. debit from CCMS account

*Day-end variation adjustment will be generated by DCASS and will be posted automatically to the Participant's collateral (CCMS) account.

**Cash adjustment will be made to CPs respectively on 1 Jun 2021 to the Participant's collateral (CCMS) account.

Attachment II**Hang Seng Indexes Company Limited Disclaimer**

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “Futures Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

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