

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 Programs for Equity Derivatives Products in 2022
Enquiry: Mr Wallace Chan (Email: WallaceChan@hkex.com.hk; Tel: 2211 6139)
Ms Flora Lo (Email: FloraLo@hkex.com.hk; Tel: 2211 6137)

Hong Kong Futures Exchange Limited (the "Exchange") is pleased to announce the following incentive programs for equity derivatives products with effect from **Monday, 3 January 2022**.

1. Extension of Trading Fee Waiver Period for MSCI Taiwan (USD) Index Futures ("MSCI Taiwan Futures") for all accounts

With reference to the circular (ref: [MKS/EQD/29/21](#)) dated 9 June 2021 regarding the extension of trading fee waiver for MSCI Taiwan Futures, the effective period of the trading fee waiver for MSCI Taiwan Futures will be further extended to **30 June 2022**¹.

Contract	Up to 30 June 2022 (T Session)		From 30 June 2022 (T+1 Session) onwards	
	House and Clients accounts	Liquidity Providers	House and Clients accounts	Liquidity Providers
MSCI Taiwan (USD) Index Futures	Nil	Nil	USD 1.00	USD 0.30

For the avoidance of doubt, there will be no trading fee waiver extension for the other two MSCI contracts, as follows:

Contracts	Up to 31 December 2021 (T Session)		From 3 January 2022 (T Session) onwards	
	House and Clients accounts	Liquidity Providers	House and Clients accounts	Liquidity Providers
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

¹ Originally, the trading fee waiver will expire after T Session on 31 December 2021.

2. Extension of the Block Trade Participant (“BTP”) Program for MSCI Asia and Emerging Market Index Futures Suite (“MSCI Suite”)

With reference to the circular (ref: [MKS/EQD/13/21](#)) dated 12 March 2021, the existing BTP program for MSCI Suite will expire on 31 December 2021 and the Exchange will introduce the next-term of the BTP program for the period from 3 January 2022 to 31 Decemebr 2022. Please refer to Appendix I for details.

For the avoidance of doubt, each existing BTP wishing to participate in the next-term of the BTP program is required to submit an application. Applicants who wish to participate in the BTP program starting from the first day (i.e. 3 January 2022) are required to submit their application on or before 13 December 2021. Interested parties should contact Raymond Wong (Raymondcwong@hkex.com.hk) for application details.

3. Extension of Trading Fee Discount Period for Hang Seng TECH Index (“HSTECH”) Futures and Options

With reference to the circular (ref: [MKS/EQD/26/21](#)) dated 17 May 2021 regarding the incentives enhancements for HSTECH Futures and Options, the effective period of the 50% trading fee discount for HSTECH Futures and Options will be further extended until further notice². Please refer to the following table for details:

Contracts	From 3 January 2022 onwards - continue until further notice	
	House and Clients accounts	Liquidity Providers
HSTECH Futures	HKD 2.5	HKD 1.0
HSTECH Options	HKD 2.5	HKD 1.0

² Originally, the trading fee discount for HSTECH Futures and Options will expire after the close of T Session on 31 December 2021.

4. Extension of Liquidity Provider (“LP”) Program and Active Trader (“AT”) Program for HSTECH Futures and Options

With reference to the circulars (ref: [MKS/EQD/23/21](#) and [MKS/EQD/26/21](#)) dated 1 April 2021 and 17 May 2021 respectively, the existing LP program and AT program for HSTECH Futures and Options will expire on 31 December 2021. The Exchange will introduce the next-term of the LP Program and AT Program for HSTECH Futures and Options for the period from 3 January 2022 to 30 June 2022. In addition, a new LP program in T+1 session will be introduced for HSTECH Futures. Please refer to Appendix II and III for details.

For the avoidance of doubt, each existing LP and AT for HSTECH Futures and Options wishing to participate in the next-term of the LP program and AT program, as the case may be, is required to submit an application. Applicants who wish to participate in the LP and AT programs starting from the first day (i.e. 3 January 2022) are required to submit their applications on or before 13 December 2021.

5. Extension of LP Program for Hong Kong Stock Futures (“HK Stock Futures”)

With reference to the circular (ref: [MKS/EQD/43/20](#)) dated 24 December 2020, the existing LP program for 31 HK Stock Futures contracts will expire on 31 December 2021. The Exchange now invites applicants to act as LP for the 31 selected HK Stock Futures contracts for the period from 3 January 2022 to 30 June 2022. Please refer to Appendix IV for details.

For the avoidance of doubt, each existing HK Stock Futures LP wishing to participate in the renewed LP program is required to submit an application. Applicants who wish to participate in the LP program starting from the first day (i.e. 3 January 2022) are required to submit their applications on or before 13 December 2021.

In addition, subject to fulfilment of the obligations³ for the program period, LPs and/or Market Makers (“MMs”) in HK Stock Futures will be entitled to a trading fee waiver (except for stock

³ If the LP / MM fails to fulfil its liquidity providing / market making obligations in a month, following the end of that month, the LP / MM will be required to pay the standard fees applicable to the contracts traded that month

futures on Tracker Fund of Hong Kong and Hang Seng China Enterprises Index ETF⁴). Below is a summary of the trading fee schedule for HK Stock Futures:

Tier ^	Nominal Value Per Contract (in HK\$)	Trading Fee Per Contract (in HKD)	
		From 3 January 2022 to 30 June 2022	
		House / Client	LP / MM
1	>\$25,000	\$3.00	nil
2	>\$10,000 – \$25,000	\$1.00	nil
3	≤ \$10,000	\$0.50	nil

^The tier level of each stock futures contract is reclassified on an annual basis to adjust for any substantial change in the nominal value due to market development, or as and when there are capital adjustments to the underlying stock. The current tier level is specified in the “Products – Listed Derivatives – Single Stock” section of the [HKEX website](#).

6. Extension of Primary Market Maker (“PMM”) Program for Hang Seng Index (“HSI”) and Hang Seng China Enterprises Index (“HHI”) Options

The existing PMM program of HSI and HHI options will expire on 31 December 2021. The exchange now invites applicants to act as PMM for the HSI Options and HHI Options for the period from 3 January 2022 to 30 June 2022. Please refer to Appendix V for details.

For the avoidance of doubt, each existing PMM wishing to participate in the renewed PMM program is required to submit an application. Applicants who wish to participate in the PMM program starting from the first day (i.e. 3 January 2022) are required to submit their applications on or before 13 December 2021.

Interested parties for the abovementioned LP, AT and PMM programs should contact Mr. Alan Shum (AlanShum@hkex.com.hk), Mr. Aaron Thio (AaronThio@hkex.com.hk), Ms. Emily Huang (EmilyHuang@hkex.com.hk) and Ms Mercy Liu (MercyLiu@hkex.com.hk) for application details.

⁴ LP / MM will be required to pay the standard fee for stock futures on Tracker Fund of Hong Kong and Hang Seng China Enterprises Index ETF for the contracts traded.

Alexander Siu
Co-Head
Equities Product Development
Markets Division

This circular has been prepared in English with a Chinese translation. If there is any inconsistencies between the two versions, the English version shall prevail.

Attachment I

Block Trade Participant (“BTP”) Program

	BTP Program
Program Period	From 3 January 2022 to 31 December 2022, subject to review afterwards
Eligibility	<ul style="list-style-type: none"> Only EPs with a track record of reporting block trades on any one of the HKFE flagship products (including HSI futures, HSI options, HSCEI futures, HSCEI options and/or MSCI Suite) via Block Trade Facility in HKATS in the past 12 months will be eligible to sign up to the program. EPs should have executed at least <u>100,000 contracts</u> in the past 12 months in any one of the HKFE’s flagship products to be considered to have a track record of reporting block trades. EP must be acting as an agent of the block trades. Those who act only as a principal will not be eligible for the program.
Requirement	<ul style="list-style-type: none"> EPs will have to submit an application form to HKFE and declare they are only acting as an agent in relation to the block trades. For monitoring purposes, EPs will be required to provide a description of their clearing arrangement, the number of DCASS accounts they have and the function of each account.
Trades Captured	Trades reported via Block Trade Facility function in HKATS
Minimum Volume Requirement	Each qualified participant will have to execute at least <u>30,000 contracts</u> (buy + sell) block trades in the MSCI Suite ^{Note} each quarter.
Performance Measurement	Upon meeting the volume requirement in a given quarter, BTPs will be ranked based on the total number of valid block trade contracts executed in the MSCI Suite. Only the top 3 BTPs in any given quarter will receive incentives. Reset quarterly.
Cash Incentives (per quarter)	Top 3: <ul style="list-style-type: none"> 1st: HKD \$1,200,000 2nd: HKD \$450,000 3rd: HKD \$150,000
Notes	The Exchange reserves the right to require all qualified BTPs to submit a month-end trade report detailing every block trade conducted in the market. In this report, they will have to provide details of every block trade (underlying instruments, the structure, size and price), the give up account details, indicate the client type of buyer or seller if applicable (hedge funds, asset managers, broker dealers, proprietary traders or house principal desks) and indicate if the buyer and seller are two different beneficial owners. Where circumstances warrant, BTPs would also be requested to provide documentary evidence to demonstrate the block trades should qualify.

Notes for the Contracts in the MSCI Suite:

1. MSCI AC Asia ex Japan Net Total Return Index Futures
2. MSCI Australia Net Total Return (USD) Index Futures
3. MSCI China A 50 Connect (USD) Index Futures
4. MSCI China (USD) Index Futures
5. MSCI China Net Total Return (USD) Index Futures
6. MSCI China Free (USD) Index Futures
7. MSCI China Free Net Total Return (USD) Index Futures
8. MSCI EM Asia ex China Net Total Return (USD) Index Futures
9. MSCI EM Asia ex Korea Net Total Return (USD) Index Futures
10. MSCI EM Asia Net Total Return (USD) Index Futures
11. MSCI EM EMEA Net Total Return (USD) Index Futures
12. MSCI EM ex China Net Total Return (USD) Index Futures
13. MSCI EM ex Korea Net Total Return (USD) Index Futures
14. MSCI EM LatAm Net Total Return (USD) Index Futures
15. MSCI Emerging Markets (USD) Index Futures
16. MSCI Emerging Markets Net Total Return (USD) Index Futures
17. MSCI Hong Kong Net Total Return (USD) Index Futures
18. MSCI India (USD) Index Futures
19. MSCI India Net Total Return (USD) Index Futures
20. MSCI Indonesia Index (USD) Futures
21. MSCI Indonesia Net Total Return (USD) Index Futures
22. MSCI Japan (JPY) Index Futures
23. MSCI Japan Net Total Return (JPY) Index Futures
24. MSCI Japan Net Total Return (USD) Index Futures
25. MSCI Malaysia (USD) Index Futures
26. MSCI Malaysia Net Total Return (USD) Index Futures
27. MSCI New Zealand Net Total Return (USD) Index Futures
28. MSCI Pacific ex Japan Net Total Return (USD) Index Futures
29. MSCI Pacific Net Total Return (USD) Index Futures
30. MSCI Philippines (USD) Index Futures
31. MSCI Philippines Net Total Return (USD) Index Futures
32. MSCI Singapore Free (SGD) Index Futures
33. MSCI Singapore Free Net Total Return (USD) Index Futures
34. MSCI Singapore Net Total Return (USD) Index Futures
35. MSCI Taiwan (USD) Index Futures
36. MSCI Taiwan Net Total Return (USD) Index Futures
37. MSCI Taiwan 25/50 (USD) Index Futures
38. MSCI Taiwan 25/50 Net Total Return (USD) Index Futures
39. MSCI Thailand (USD) Index Futures
40. MSCI Thailand Net Total Return (USD) Index Futures
41. MSCI Vietnam (USD) Index Futures
42. MSCI Vietnam Net Total Return (USD) Index Futures

Attachment II

LP Program for HSTECH Futures and Options

i. T Session LP Program for HSTECH Futures

	T Session LP (HSTECH Futures)																				
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards																				
Eligibility	EPs or direct clients of EPs																				
Obligations	<p>Provide 2-way continuous bid/ask quotes (“CQ”) in T session according to the tiered structure of obligations below:</p> <table border="1"> <thead> <tr> <th>Tier</th> <th>Maximum Bid/Ask Spread (% of bid price)</th> <th>Minimum Quantity (contracts)</th> <th>% of Trading Hours</th> <th>Monthly HSTECH Futures Volumes</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>0.07%</td> <td rowspan="4">2</td> <td>70%</td> <td>n/a</td> </tr> <tr> <td>B</td> <td rowspan="3">0.10%</td> <td>70%</td> <td>n/a</td> </tr> <tr> <td>C</td> <td>50% -70%</td> <td>1,000</td> </tr> <tr> <td>D</td> <td><50%</td> <td>n/a</td> </tr> </tbody> </table>	Tier	Maximum Bid/Ask Spread (% of bid price)	Minimum Quantity (contracts)	% of Trading Hours	Monthly HSTECH Futures Volumes	A	0.07%	2	70%	n/a	B	0.10%	70%	n/a	C	50% -70%	1,000	D	<50%	n/a
Tier	Maximum Bid/Ask Spread (% of bid price)	Minimum Quantity (contracts)	% of Trading Hours	Monthly HSTECH Futures Volumes																	
A	0.07%	2	70%	n/a																	
B	0.10%		70%	n/a																	
C			50% -70%	1,000																	
D			<50%	n/a																	
Quota	No quota limit																				
Incentives:																					
Discounted Trading Fee (market making account only) and OAPI Sub-licence Fee Waiver	<table border="1"> <thead> <tr> <th>Tier</th> <th>Discounted Trading fee</th> <th>OAPI Sub-licence Fee Waiver</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>HKD 1.0 (80% discount)</td> <td>A waiver up to HKD 10,400 per month of the monthly sub-licence fee for 4 OAPIs</td> </tr> <tr> <td>B</td> <td>HKD 1.0 (80% discount)</td> <td>Nil</td> </tr> <tr> <td>C</td> <td>HKD 1.75 (65% discount)</td> <td>Nil</td> </tr> <tr> <td>D</td> <td>HKD 2.5 (50% discount)</td> <td>Nil</td> </tr> </tbody> </table>	Tier	Discounted Trading fee	OAPI Sub-licence Fee Waiver	A	HKD 1.0 (80% discount)	A waiver up to HKD 10,400 per month of the monthly sub-licence fee for 4 OAPIs	B	HKD 1.0 (80% discount)	Nil	C	HKD 1.75 (65% discount)	Nil	D	HKD 2.5 (50% discount)	Nil					
Tier	Discounted Trading fee	OAPI Sub-licence Fee Waiver																			
A	HKD 1.0 (80% discount)	A waiver up to HKD 10,400 per month of the monthly sub-licence fee for 4 OAPIs																			
B	HKD 1.0 (80% discount)	Nil																			
C	HKD 1.75 (65% discount)	Nil																			
D	HKD 2.5 (50% discount)	Nil																			
Bundled Fee Rebate	Nil																				

ii. T+1 Session LP Program for HSTECH Futures

	T+1 Session LP (HSTECH Futures)
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards
Eligibility	EPs or direct clients of EPs
Obligations	Provide CQ of 50% of trading hours in T+1 session. Obligations including quote size and spread will be determined through bidding process.
Quota	4
Incentives:	
Discounted Trading Fee (market making account only)	HKD 1.0 (80% discount on standard trading fee) on HSTECH Futures
Bundled Fee Rebate	<p>Upon meeting its obligations, LP shall be entitled to a maximum of HKD 50,000 in incentives which will be calculated on a calendar month basis and may comprise any or all of the following items:</p> <ul style="list-style-type: none"> • HKD 6.5 (65% of standard trading fee) rebate on HSI Futures on a 1:1 volume basis according to the aggregate volume of HSTECH Futures and Options; • HKD 2.5 (71% of standard trading fee) rebate on HSCEI Futures on a 1:1 volume basis according to the aggregate volume of HSTECH Futures and Options; • Market data fees paid by the LP directly or indirectly to HKEX Information Services Limited for the relevant month; • Hosting services fees paid by the LP directly or indirectly to HKEX Hosting Services Limited for the relevant month; and • A waiver of up to HK\$2,600 per month of the monthly sub-licence fee for OAPI to HKATS. <p>The rebates will be provided in the following order: (i) Exchange fees for trading in HSI Futures; (ii) Exchange fees for trading in HSCEI Futures; (iii) market data fees; (iv) hosting services fees; and (v) OAPI sub-licence fee waiver.</p>
OAPI Sub-licence Fee Waiver	See item above

iii. T Session LP Program for HSTECH Options

	T Session LP Program for HSTECH Options	
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards	
Eligibility	EPs or direct clients of EPs	
Quota	No quota limit	
Obligations	<ul style="list-style-type: none"> • LP will provide CQ for 65% of trading hours in T session for not less than 50 option series (chosen from the selection pool in Table 1 below); • Maximum bid/offer spreads: see Table 2 below; • Minimum quote size: 5 contracts 	
Incentives:		
Discounted Trading Fee (market making account only)	Criteria	Discounted Trading fee on both HSTECH Futures and Options
	If LP meets its obligations in full:	HKD 1.0 (80% discount)
	If LP meets its obligations in providing the minimum quote quantity within the maximum bid/offer spread in 50% or more but less than 65% of the trading hours:	HKD 1.75 (65% discount)
	If the LP meets its obligations in providing the minimum quote quantity within the maximum bid/offer spread in less than 50% of the trading hours:	HKD 2.5 (50% discount)
OAPI Sub-licence Fee Waiver	Upon fulfilling the obligations, LP shall be entitled to a waiver of up to HKD 15,600 per month of the monthly sub-licence fee for 6 OAPIs.	

Each LP's performance will be measured on per contract per month basis. In the event that an LP fails its obligation, the LP will be required to pay the difference between the discounted trading fee for successfully meeting obligations and the discounted trading fee for failing to meet obligations and there will be no OAPI waiver 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.

Table 1 – Options series selection

Contract Month	Option Series	Series for selection	
		Call	Put
Spot Calendar Month	<i>Out-of-the-Money</i>	15	15
	<i>In-the-Money</i>	2	2
Next Calendar Month	<i>Out-of-the-Money</i>	15	15
	<i>In-the-Money</i>	2	2
First Quarter Month	<i>Out-of-the-Money</i>	10	10
	<i>In-the-Money</i>	2	2
Second Quarter Month	<i>Out-of-the-Money</i>	10	10
	<i>In-the-Money</i>	2	2
Total		116	

Table 2 – Maximum options bid/offer spread

Contract Month	Option Premium	Maximum Bid/Offer Spread
Spot Calendar Month and Next Calendar Month	1-750 points	30 points or 10% of bid price, whichever is higher
	More than 750 points	75 points
First Quarter Month and Second Quarter Month	1-750 points	40 points or 20% of bid price, whichever is higher
	More than 750 points	150 points

Attachment III

AT Program for HSTECH Futures and Options

	AT Program for HSTECH Futures and Options
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards
Eligibility	EPs or direct clients of EPs
Quota	No quota limit
Obligations	<p>Each AT will need to meet a monthly minimum aggregated clearing volume of 1,000 contracts in HSTECH Futures and Options to be eligible for the incentive (“Minimum Monthly Clearing Volume Thresholds”).</p> <p>Block volume (i.e. trades reported via Block Trade Facility function in HKATS) will not be counted in the AT program.</p>
Incentives	<p>Upon meeting the Minimum Monthly Clearing Volume Thresholds, AT will be entitled to a discounted trading fee of HKD 1.75* (i.e. equivalent to 35% of standard trading fee) for each HSTECH Futures and Options contract.</p> <p>*Notes:</p> <ul style="list-style-type: none"> • During the 50% trading fee discount period, AT will pay a trading fee of HKD 2.5 for each concluded contract and will receive a rebate of HKD 0.75 for each contract upon meeting the Minimum Monthly Clearing Volume Threshold. • Should the trading fee discount be discontinued, AT will pay a trading fee of HKD 5 for each concluded contract and will receive a rebate of HKD 3.25 for each contract upon meeting the Minimum Monthly Clearing Volume Threshold.

If AT does not meet the obligations consistently for two months, the Exchange reserves the right to terminate the AT.

Attachment IV

LP Program for HK Stock Futures

	LP Program for HK Stock Futures			
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards			
Eligibility	EPs or direct clients of EPs			
Quota	No quota limit			
Obligations	LP will provide CQ for 70% of trading hours in assigned contract months (See table below of the obligations details)			
Incentives:				
Trading Fee Waiver (Market Maker account only)	Tier	Nominal Value Per Contract (in HK\$)	Trading Fee Per Contract (in HKD)	
			House / Client	LP / MM
	1	>\$25,000	3.00	Nil
	2	>\$10,000 – \$25,000	1.00	Nil
	3	≤ \$10,000	0.50	Nil
OAPI Sub-licence Fee Waiver	Upon fulfilling the obligations, LP shall be entitled to a waiver of up to HKD 5,200 per month per HK Stock Futures of the monthly sub-licence fee for 2 OAPIs to HKATS.			
Securities Throttle Waiver	Waiver of the one-off fee (i.e. HKD 50,000) for an increase in the Central Gateway throughput rate (Securities Throttle) by one standard Securities Throttle rate per contract. Such waiver will be granted by the Exchange on a first-come, first served basis ⁵			

⁵ Such waiver will be granted on a first-come, first serve basis, subject to the availability of the fee waiver quota set by the Exchange for all LPs and market makers (Note: EP is required to fill in an application form for the increase in throughput rate)

LP will be required to provide CQ in any of the 31 HK Stock Futures contracts below:

Stock Code	Underlying Stock	Assigned Contract Months	Minimum % Trading Hours Coverage	Max Bid/Ask Spread	Minimum Quote Quantity (contracts)
5	HSBC Holdings Plc.	Spot and next calendar month	70%	4 times the best bid / offer spread of the underlying stock or HK\$0.15, whichever is greater	10
388	Hong Kong Exchanges and Clearing Ltd.				10
700	Tencent Holdings Ltd.				10
939	China Construction Bank Corporation				10
941	China Mobile Ltd.				10
1398	Industrial and Commercial Bank of China Ltd.				10
2318	Ping An Insurance (Group) Company of China, Ltd.				10
2822	CSOP FTSE China A50 ETF				10
2823	iShares FTSE A50 China Index ETF				10
3188	China AMC CSI300 Index ETF				10
27	Galaxy Entertainment Group Ltd.	Spot and next calendar month	70%	4 times the best bid / offer spread of the underlying stock or 0.5% of Quotation bid, whichever is greater	5
175	Geely Automobile Holdings Ltd.				5
386	China Petroleum & Chemical Corporation				20
788	China Tower Corporation Ltd.				5
883	CNOOC Ltd.				20
914	Anhui Conch Cement Company Ltd.				5
1299	AIA Group Ltd.				5
1810	XiaoMi Corporation				5
1876	Budweiser Brewing Company APAC Ltd.				5
1918	Sunac China Holdings Ltd.				5
1928	Sands China Ltd				5
2007	Country Garden Holdings Company Ltd.				5
2018	AAC Technologies Holdings Inc				2
2382	Sunny Optical Technology				2
2628	China Life Insurance Company Ltd.				20
3333	China Evergrande Group				5
3690	Meituan Dianping				5
3968	China Merchants Bank Co., Ltd.				10
9618	JD.com, Inc				5
9988	Alibaba Group Holdings Limited				5
9999	NetEase, Inc.	5			

Note: LP shall not be required to fulfil liquidity providing requirements during the first five minutes of each morning trading session.

Appendix V

Index Options PMM

	PMM Program for HSI and HHI options		
Program Period	From 3 January 2022 to 30 June 2022, subject to review afterwards		
Eligibility	EPs or direct clients of EPs		
Quota	10 per product		
Obligations	<ul style="list-style-type: none"> • Provide CQ in not less than 100 option series out of 238 option series in the series selection pool for 90% of trading hours in T Session (See Table 1A for details); and • respond to at least 70% of the quote requests (QR) issued for all short-dated expiry months in T Session (See Table 1B for details). 		
Incentives:			
Discounted Trading Fee (Market Maker account only)	Trading Fee Per Contract (in HKD)		
	Product	Standard	PMM/ Market maker providing continuous quotes ("CQMM")/ Market maker responding to quote request ("QRMM")
	HSI Options	HKD 10.00	HKD 2.00
	HHI Options	HKD 3.50	HKD 0.50
OAPI Sub-licence Fee Waiver	Products	No. of OAPIs with Monthly Sub-licence Fee Waiver	
	HSI Options	Up to 16 OAPIs (i.e. HKD41,600 per month)	
	HHI Options	Up to 8 OAPIs (i.e. HKD20,800 per month)	

Table 1A - CQ Obligations

Assigned CQ series		100 series (chosen from the selection pool below)	
CQ series selection pool:			
Contract Month	Moneyness	Call	Put
Spot month	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
2 nd calendar month	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
3 rd calendar month	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
4 th calendar month	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
1st quarter	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
2nd quarter	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
3rd quarter	Nearest Out-of-the-money	15	15
	Nearest In-the-money	2	2
Total		238	
Min. Quote Size (contracts)	Spot, 2 nd , 3 rd , 4 th calendar months	7	
	1 st , 2 nd , 3 rd quarter	5	
Max. Bid/Ask Spread (revised)	Spot, 2 nd , 3 rd , 4 th calendar months	1-750 points	Max (30 points, 10% of bid)
		> 750 points	75 points
	1 st , 2 nd quarter	1-750 points	Max (40 points, 15% of bid)
		> 750 points	115 points
3 rd quarter	1-750 points	Max (50 points, 20% of bid)	
	> 750 points	150 points	
Min. Percentage of Trading Hours in T Session		90%	

Table 1B - QR Obligations

Min. Trading Requirement	70% of QR (for all short-dated contract months)		
Min. Quote Size (Contracts)	Spot, 2 nd , 3 rd , 4 th calendar months	7	
	1 st , 2 nd , 3 rd quarter	5	
Max. Bid/Ask Spread (revised)	Spot, 2 nd , 3 rd , 4 th calendar months	1-750 points	Max (30 points, 10% of bid)
		> 750 points	75 points
	1 st , 2 nd quarter	1-750 points	Max (40 points, 15% of bid)
		> 750 points	115 points
3 rd quarter	1-750 points	Max (50 points, 20% of bid)	
	> 750 points	150 points	
Max. Time Limit for Responding to QR		20 secs	
Min. Display Time		20 secs	

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.

Disclaimer of Hang Seng Indexes Company Limited

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.