

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 Hang Seng TECH Index Futures Options and Enhancements to Hang Seng TECH Index Futures and Hang Seng TECH Index Options

Enquiry: Mr. David Lutz (Tel: 2840-3618 E-mail: DavidLutz@hkex.com.hk)
Mr. Wallace Chan (Tel: 2211-6139 E-mail: WallaceChan@hkex.com.hk)
Mr. Dick Fung (Tel: 2211-6320 E-mail: DickFung@hkex.com.hk)

Hong Kong Futures Exchange Limited (“The Exchange”) plans to introduce physically-settled Hang Seng TECH Index Futures Options (“HS TECH OOF”), with HKATS code PTE. The Exchange will continue to support and develop the cash-settled index options on the Hang Seng TECH (“HS TECH”) Index, with HKATS code HTI.

The Exchange also plans to introduce HS TECH Index Options in the After-Hours Trading (“AHT”) Session and Additional of contract months for HS TECH Index Futures and HS TECH Index Options (collectively as “Contract Enhancements”).

Details of all enhancements can be found within the circular. The tentative date for the introduction of HS TECH OOF and the implementation of the Contract Enhancements will be **28 November 2022**, subject to regulatory approvals. Relevant rule amendments will be announced via separate circulars.

1. Introduction of HS TECH OOF

The Exchange will list physically-settled HS TECH OOF on 28 November 2022. The HS TECH OOF are European-style option contracts and will deliver spot month HS TECH Index Futures contracts upon their expiry, which is the 3rd Friday of the contract month. The Official Settlement Price used to determine exercise and assignment on the expiry day will incorporate prices observed in the HS TECH Index Futures market between 3:55 p.m. and 4:00 p.m.

Contract Specifications

The key features of the HS TECH OOF contract are as follows:

Contract	HS TECH OOF
HKATS Code	PTE
Underlying Index	HS TECH Index Futures
Contract Multiplier	HK\$ 50
Contract Month	For Short-dated Options: Spot Month, the next three calendar months and the next three calendar quarter months For Long-dated Options: the three months of June and December following the Contract Months specified for Short-dated Options
Trading Hours	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)
Trading Hours on Expiry Day	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:00 p.m. (afternoon trading session)
Expiry Day	The third Friday of the contract month
Exercise Style	European Style options which may only be exercised on Expiry Day
Settlement on Exercise	Physical Delivery on Exercise
Official Settlement Price	The average of the quotations of the HS TECH Index Futures contract of the same contract month, taken at 5 second intervals from 3:55 p.m. – 4:00 p.m. on the Expiry Day of the HS TECH OOF
Position Limits	Position delta for HS TECH Index Futures, HS TECH Index Options and HS TECH OOF combined of 21,000 long or short in all Contract Months combined
Large Open Positions	500 open contracts in any one series
Exchange Fee (per contract per side)	HK\$ 5.00
Exercise Fee	Options that are exercised on Expiry Day shall attract an Exercise Fee of HK\$ 2.50 per contract
Commission Levy	HK\$ 0.54

Details of the contract specifications are set forth in Attachment I for reference.

Trading Fee Discount

Pending regulatory approval, the market-wide 50% trading fee discount in place for HS TECH Index Futures and Options will also apply to HS TECH OOF and will continue until further notice. Please refer to the following table for details:

	From 28 November 2022 onwards – (until further notice)	
	House and Client accounts	Market Maker account
HS TECH OOF	HK\$ 2.5	HK\$ 1.0

Market Maker Arrangements

Regular Market Maker (“RMM”) and Primary Market Maker (“PMM”) programs will be introduced to support liquidity development in both HS TECH OOF and HS TECH Index Options. RMMs can enroll as a Continuous Quote Market Maker (“CQMM”) or Quote Request Market Maker (“QRMM”). Please refer to Attachment III for the PMM program details. Applicants who wish to participate the PMM program, starting from 28 November 2022, are required to submit their application on or before 4 November 2022.

Interested parties are asked to contact Ms. Emily Huang (EmilyHuang@hkex.com.hk) or Mr. Alan Shum (AlanShum@hkex.com.hk).

Trading Arrangements

- Pre-Launch Arrangements

To facilitate market participants in the trading and clearing of the HS TECH OOF, 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 contracts will not be tradable on that day; and
- b. Information relating to the HS TECH OOF 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

The arrangements below are similar to that of the current HS TECH Index Options on the Exchange:

- a. The block trade minimum volume threshold of the HS TECH OOF is 50 contracts;
- b. Please refer to Attachment II for the block trade permissible price range;
- c. Please refer to Attachment II for the error trade price parameter;
- d. Trading Halt Mechanism (“THM”) will be applied in the AHT Session by referencing the price of the THM Reference Contract (i.e. corresponding spot month futures); and
- e. The maximum HKATS order size limit is 1,000 contracts. Exchange Participants (“EPs”) are required to submit their request to the Exchange for setting up their own order size limits based on their business needs and risk management requirements.

Clearing and Settlement Arrangements

- a. The HS TECH OOF will follow the clearing and settlement arrangements of the current Hang Seng Index (“HSI”) Futures Options and Hang Seng China Enterprises Index (“HSCEI”) Futures Options.
- b. When the HS TECH OOF is exercised on its expiry day, a new trade in the underlying futures contract will be generated and shown in DCASS with below description in order to identify the newly created futures trade is arisen from HS TECH OOF:

DCASS Module	Description
Trade History	TYPE = “New contract”
Clearing Information	When EVENT = “Exercise” or “Assignment”; Class = “New contract”

- c. When the new trade of the underlying futures contract is generated, the newly created futures position arisen from exercise events will be updated to the Clearing Participants’ (“CPs”) position account immediately, together with the existing futures position during the HKFE Clearing Corporation Limited (“HKCC”) end of day processing. CPs can only conduct position adjustment for the newly created futures position after the HKCC end of day processing. These adjustments will be treated as T+1 post trade with a next clearing date.
- d. As the newly created futures position will be included in the calculation of the end of day margin requirement on the expiry day, CPs will need to arrange funding to settle the variation adjustment and the initial margin for such futures position by 9:15 a.m. on the next business day.

Risk Management Arrangements

Similar to the arrangements for HSI Futures Options and HSCEI Futures Options at the Exchange, margin offset with HS TECH products (including HS TECH OOF) and existing products will be offered via inter-commodity spread in PRiME¹. CPs can allocate the eligible positions to relevant account(s)² in accordance with the Clearing House Procedures for margin offset claim purpose. Margin levels and margin offset parameters³ will be announced and an update of PC-SPAN Organisation Master File will be made available in due course. More details of the risk management arrangements will be provided in a separate HKCC circular in due course.

Trading Information

The access code of information vendors for the HS TECH OOF will be available on HKEX's website (<http://www.hkex.com.hk>) in due course.

SFC Commission Levy Exemption

The Commission Levy will be exempted for the first six months upon launch of HS TECH OOF. Participants are advised to inform their clients of the Commission Levy exemption accordingly.

	From 28 November 2022 to 26 May 2023 (Day Session)	From 26 May 2023 (AHT Session) onwards
HS TECH OOF	Nil	HK\$ 0.54

Participants' Readiness

Participants are required to notify their staff and all interested clients the details of the HS TECH OOF. Please ensure that their trading, clearing, and back office systems, including OAPI program and other operational arrangements are ready in order for a smooth operation upon the introduction, specifically to the HS TECH OOF exercise event. In addition, staff should be fully aware of the above and should exercise caution when dealing with the HS TECH OOF contracts and when advising their clients.

2. Introduction of HS TECH Index Options in the AHT Session

The Exchange will introduce cash-settled HS TECH Index Options in the AHT Session on 28 November 2022. The HS TECH Index Options are currently only available in the Day

¹ Please refer to section 2.7 of [PRiME Margining Guide](#) for details

² Client Offset Claim Account

³ Delta/Spread Ratio and Spread Credit Rate

Session. The introduction of cash-settled HS TECH Index Options in the AHT Session has already received regulatory approval.

The arrangements for HS TECH Index Options in the AHT Session relating to trading, clearing and settlement, risk management are similar to that of the current HSI Options and HSCEI Options in the AHT Session on the Exchange.

For the avoidance of doubt, from 28 November 2022 onwards, all HS TECH derivatives will be available in the AHT Session. HS TECH Index Futures are already available in the AHT session, and the HS TECH OOF will be made available in the AHT Session from their launch.

3. Introduction of Additional Contract Months for HS TECH Index Futures and HS TECH Index Options

The Exchange will list additional contract months for HS TECH Index Futures and HS TECH Index Options to provide more hedging flexibility for market participants from 28 November 2022.

The contract months for HS TECH Index Futures and HS TECH Index Options will be revised as follows:

Products	Existing Contract Months	Revised Contract Months
HS TECH Index Futures and HS TECH Index Options	Spot month, next calendar month and next two calendar quarter months	<p>Short-dated expiries: Spot month, next <u>three</u> calendar months and next <u>three</u> calendar quarter months;</p> <p>Long-dated expiries: The <u>three months of June and December</u> following the Contract Months specified for Short-dated expiries</p>

An illustration of contract months available for trading from November 2022 – June 2023 is set forth in Attachment IV.

There is no change on the trading, clearing and settlement, risk management arrangements after the introduction of additional contract months for HS TECH Index Futures and HS TECH Index Options on the Exchange.

For the avoidance of doubt, from 28 November 2022, all HS TECH Index Futures, HS TECH Index Options and HS TECH OOF will have 10 contract months.

EPs should notify and advise clients on the arrangements above when trading the new HS TECH derivatives contract months.

For technical enquiries, please contact HKATS hotline⁴ at 2211 6360.

Brian Roberts
Equities Product Development Department
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.

⁴ 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

Hang Seng TECH Index Futures Options Contract Specifications

<p>Contract Specifications For Hang Seng TECH Index Futures Options</p>

The following Contract Specifications shall apply to the Hang Seng TECH Index Futures Option Contract:-

Underlying	Hang Seng TECH Index Futures traded on the Exchange
Contract Multiplier	HK\$50 per Index point*
Contract Months	<p>For Short-dated Options: Spot Month, the next three calendar months and the next three calendar quarter months (i.e. quarter months are March, June, September and December)</p> <p>For Long-dated Options: the three months of June and December following the Contract Months specified for Short-dated Options</p>
Trading Hours (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)</p> <p>There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.</p> <p>There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States</p>
Trading Hours on Last Trading Day (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:00 p.m. (afternoon trading session)</p> <p>There shall be no afternoon or after-hours trading session if the Expiry Day falls on Christmas Eve, New Year’s Eve or Lunar New Year’s Eve</p>

Trading Method	The Exchange's Automated Trading System (HKATS)
Expiry Day	The third Friday of the Contract Month and if it is not a Trading Day, the Expiry Day shall be the preceding Trading Day
Last Trading Day	Same as the Expiry Day
Option Premium	Option Premium is quoted in whole Index points
Contracted Value	Option Premium multiplied by the Contract Multiplier
Strike Prices	Strike Prices shall be set as follows:

Hang Seng TECH Index Futures (Index points)

Short-dated Options

	<u>Intervals</u>
Below 5,000	50
At or above 5,000 but below 20,000	100
At or above 20,000	200

Long-dated Options

Below 5,000	100
At or above 5,000 but below 20,000	200
At or above 20,000	400

On any Trading Day, new consecutive Strike Prices may be set for, or added to, each Short-dated Option Contract (other than the Spot Month Option Contract on or after the 5th Trading Day preceding the Expiry Day) such that at all times there will be Strike Prices representing not less than 10% above, at, and not less than 10% below the at-the-money Strike Price of the Option Contract. On any Trading Day in a given month, the at-the-money Strike Price of each Short-dated Option Contract shall be the previous Trading Day's Closing Quotation (as defined in the Clearing House Rules) of (i) the Spot Month Hang Seng TECH Index Futures Contract for any day prior to the Expiry Day; and (ii) the next month Hang Seng TECH Index Futures Contract for any day on or after the Expiry Day, rounded off to the nearest Strike Price, unless the Closing Quotation is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For Long-dated Options, Strike Prices shall be set or added in the same manner as for Short-dated Options except that there shall at all times be Strike Prices representing 20% above, at and 20% below the at-the-money Strike Price, rounded off to the nearest Strike Price, unless the 20% is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For both Short- and Long-dated Options, Strike Prices shall be set on a temporary basis at other intervals as may from time to time be determined by the Chief Executive in consultation with the Commission or at other intervals as may from time to time be determined by the Board in consultation with the Commission. The Exchange reserves the right to introduce new or delete existing Strike Prices at any time

Exercise Style	European Style options which may only be exercised on Expiry Day
Settlement on Exercise	Physical Delivery on Exercise. Exercise results in a long position in the Hang Seng TECH Index Futures Contract with the same Contract Month for a Holder of a Call Option or a Writer of a Put Option and a short position in the Hang Seng TECH Index Futures Contract with the same Contract Month for a Holder of a Put Option or a Writer of a Call Option, with a Contracted Price which is equal to the Strike Price of the Option. All in-the-money options are automatically exercised upon expiry. No overriding instructions would be accepted
Official Settlement Price	The Official Settlement Price for the Hang Seng TECH Index Futures Options shall be a number, rounded down to the nearest whole number, determined by the Clearing House and shall be the average of the quotations of the Hang Seng TECH Index Futures Contract of the same Contract Month, taken at five (5) second intervals from 3:55 p.m. – 4:00 p.m. on the Expiry Day of the Hang Seng TECH Index Futures Options**. The Chief Executive of the Exchange has the power under the Regulations for Trading Stock Index Option Contracts to determine the Official Settlement Price under certain circumstances

discount calculated on the previous Trading Day. The premium or discount is computed by taking the difference between the daily Closing Quotation of the underlying Hang Seng TECH Index Futures Contract (as determined by the Clearing House pursuant to the Clearing House Rules) and the closing price of the Hang Seng TECH Index

Where the Expiry Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve, the Official Settlement Price shall be the average of the quotations of the Hang Seng TECH Index Futures Contract of the same Contract Month, taken at five (5) second intervals from 11:55 a.m. – 12:00 noon

Where trading of the underlying Hang Seng TECH Index Futures Contract is not available due to typhoon, Extreme Conditions, black rainstorm warnings or otherwise during part of a Trading Day, the Official Settlement Price shall be the average of the quotations of the Hang Seng TECH Index Futures Contract of the same Contract Month, taken at five (5) second intervals during the last five (5) minutes of continuous trading of the Hang Seng TECH Index Futures Contract, until 4:00 p.m., during such Trading Day

Attachment II

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 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 HS TECH OOF is illustrated as below.

Product	Block Trade Permissible Price Range
Short-dated Options	If Options price: > 300 index points: 10%; or ≤300 index points: 30 index points
Long-dated Options	If Options price: > 300 index points: 30%; or ≤300 index points: 90 index points

Error Trade Parameters

The price parameters for the purposes of the error trade rule under HKFE Rule 819B is illustrated as below.

Product	Error Trade Parameters
Short-dated Options	If notation price: ≥ 300 index points: 10%; or < 300 index points: 30 index points
Long-dated Options	If notation price: ≥ 300 index points: 20%; or < 300 index points: 60 index points

Determination of the notation price of the HS TECH OOF will be based on the followings:

- 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 illustrated as below.

Product	Large-Scale Error Trade Parameters
Short-dated Options	If notation price: ≥ 300 index points: 20%; or < 300 index points: 60 index points
Long-dated Options	If notation price: ≥ 300 index points: 40%; or < 300 index points: 120 index points

Notation Price Determination

Theoretical price calculated with the following parameters:

- a. Implied Volatility from the latest RPF; and
- b. Underlying Futures price^{note 1} at or immediate before the time of the Options trade

Note 1: The underlying Futures prices for respective Options contract months are defined as follows:

From the trading day after the Last Trading Day of the underlying Futures to the Last Trading Day of HS TECH OOF

Options Contract Months	Underlying Futures Prices
Spot month of HS TECH OOF	Underlying spot month Futures price at or immediate before the time of the Options trade
Other months of HS TECH OOF	Underlying spot month Futures price at or immediate before the time of the Options trade plus previous day's rollover spread between the daily

	settlement price of the Options contract month under evaluation relative to the daily settlement price of the spot month Futures
--	--

From the trading day after the Last Trading Day of HS TECH OOF to trading day before the Last Trading Day of the underlying Futures

Options Months	Contract	Underlying Futures Prices
Spot month of HS TECH OOF		Underlying spot month Futures price at or immediate before the time of the Options trade plus previous day's rollover spread between the daily settlement price of the Options contract month under evaluation relative to the daily settlement price of the spot month Futures
Other months of HS TECH OOF		Underlying spot month Futures price at or immediate before the time of the Options trade plus previous day's rollover spread between the daily settlement price of the Options contract month under evaluation relative to the daily settlement price of the spot month Futures

On Last Trading Day of the underlying Futures

Options Months	Contract	Underlying Futures Prices
Spot month of HS TECH OOF		Underlying spot next month Futures price at or immediate before the time of the Options trade
Other months of HS TECH OOF		Underlying spot next month Futures price at or immediate before the time of the Options trade plus previous day's rollover spread between the daily settlement price of the Options contract month under evaluation relative to the daily settlement price of the spot next month Futures

Attachment III

Primary Market Maker Programme Details

Service Term

1. The PMM program for HS TECH OOF and HS TECH Index Options shall be between 28 November 2022 and 30 June 2023 (both dates inclusive).

Obligations

2. PMM will be required to:
 - a. provide continuous quotes (“CQ”) in not less than **100** option series out of 238 option series in CQ series selection pool in Day Session (See Table 1A in Appendix I for details) in at least **90%** of trading hours in Day Session; and
 - b. respond to at least **70%** of the quote requests (“QR”) issued for all short-dated expiry months in Day Session (See Table 1B in Appendix I for details).

Eligibility and Selection Criteria

3. Eligible applicants will be restricted to existing liquidity providers and market makers* (i.e. PMM, CQMM⁵ or QRMM⁶) of HS TECH Index Options and the relevant Options product⁷ who have not had any market maker permits being revoked in any option products in the past 6 months. Successful PMM candidates must surrender their liquidity provider permits before the start date of their PMM appointment.

*Note: For the case of market making arrangement via a corporate entity, the corporate entity should be currently providing market making for that Market Maker either as PMM, CQMM or QRMM of the relevant Options product.

4. The maximum quota of PMM is 10 for each product. If the number of applicants exceeds the quota, applicants will be ranked in the following orders:
 - a. Existing Liquidity Providers of HS TECH Index Options
 - b. Existing PMMs of the relevant Options
 - c. Existing CQMM of the relevant Options in both Day and AHT Sessions
 - d. Existing CQMM of the relevant Options in either Day or AHT Session
 - e. Existing QRMM of the relevant Options in both Day and AHT Sessions
 - f. Existing QRMM of the relevant Options in either Day or AHT Session
5. If the number of applicants in the same ranking exceeds the remaining quota, we will consider the applicant’s past Market Maker performance, followed by their trading volume in past 6 calendar months. The Exchange shall retain sole discretion in the selection of the applicants.

⁵ CQMM = Market Makers which are obligated to provide continuous quotes

⁶ QRMM = Market Makers which are obligated to respond to quote requests

⁷ Relevant Options products include HSI Options and HSCEI Options, HSI Futures and HSCEI Futures

6. If there is vacancy during the service term, applicants can apply for PMM permits if the remaining service term is not less than 3 months.

Incentives

7. PMM may apply to the Exchange for a waiver of the monthly sub-licence fee for the OMnet Application Programming Interface (“OAPI”) connections⁸ to HKATS:

Products	No. of OAPIs with Monthly Sub-licence Fee Waiver
HS TECH OOF and HS TECH Options	Up to 8 OAPIs (i.e. HK\$20,800 per month or equivalent)

8. Upon fulfillment of its obligations, each PMM shall be entitled to pay:

- a. a discounted trading fee for each HS TECH OOF and HS TECH Options contract traded:

Product	Standard	PMM / CQMM / QRMM
HS TECH OOF	HK\$ 5.00	HK\$ 1.00
HS TECH Options	HK\$ 5.00	HK\$ 1.00

- b. a discounted trading fee on transactions effected in other Stock Index Futures and Stock Index Options products with the same underlying index, provided that the number of contracts that are eligible for a discounted trading fee in any calendar month should not exceed the volume of the HS TECH OOF or HS TECH Options traded by the PMM in that calendar month (adjusted to equivalent contract size in the respective products). For details, please refer to Chapter 3 of Trading Procedures for Stock Index Futures and Stock Index Options of the HKFE Rules.

9. In addition, additional throughput with Mass Quote function (“MQ”) and Market Maker Protection function will be available to PMM.

Transaction per second (“TPS”) with MQ:	1 TPS with MQ for every 3 assigned CQ series
OAPI Settings for TPS with MQ:	Optional to select 5, 10, 20 or 50 TPS
Market Maker Protection Function:	Available for option products in respect of which PMM permits are granted

10. PMM that fails its obligations but meets the obligation of CQMM or QRMM shall entitle to monthly sub-licence fee waiver for up to 4 free OAPIs for HS TECH OOF and HS TECH

⁸ Currently HK\$2,600 per month for 1 OAPI connection with 5 transactions per second

Options (instead of 8 free OAPIs). PMM that fails its PMM obligations and also fail to meet CQMM and QRMM obligation will be subject to charge-back on the waived OAPI sub-licence fees.

Appendix I

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	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 Day 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	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 seconds		
Min. Display Time	20 seconds		

Attachment IV

Illustration of Available Contract Months for Trading, from November 2022 to June 2023

	2022		2023										2024				2025	
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Dec	Mar	June	Sep	Dec	June	Dec
Nov-22																		
Dec-22																		
Jan-23																		
Feb-23																		
Mar-23																		
Apr-23																		
May-23																		
Jun-23																		

 Existing Contract
 Proposed New Contract