

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

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Subject: Bundled Liquidity Providing Incentive Program for Currency Derivative Products in 2022

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Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) is pleased to announce the renewal of the Bundled Liquidity Providing Incentive Program (“Bundled”) Program for Proprietary Traders (“PTs”) for Currency Derivatives Products for the six months period from 4 July 2022 (T session) until 30 December 2022 (T session)<sup>1</sup> and the extension of the exchange trading fee waiver for Mini USD/CNH Futures for the three months period from 4 July 2022 (T session) until 30 September 2022 (T session). With reference to the circular dated 3 December 2021 (Ref. No.: [MKS/FIC/010/21](#)) regarding the Incentive Programs for Currency Derivative Products in 2022, the existing appointments of PTs under the current Bundled Program will expire on 30 June 2022 (T session).

### 1. Bundled Program

The Bundled Program is designed for market participants to support the liquidity development of currency derivatives through participation as a PT, who is defined as follows:

- PT – an EP trading through its House Account or any entity or individual represented by an EP trading through an Individual Client Account<sup>2</sup> and commits to meeting the minimum monthly clearing volume in the Eligible Products assigned.

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<sup>1</sup> There shall be no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on these days shall be 8:30 a.m. – 12:30 p.m.

<sup>2</sup> Or other accounts as assigned by the Exchange.

PT applicants may apply to participate in the Bundled Program with respect to one or combination of the following products:

#### *Eligible Products*

- RMB Currency Futures Basket, namely AUD/CNH, JPY/CNH, EUR/CNH and CNH/USD Futures;
- USD/CNH Futures;
- Mini USD/CNH Futures;
- USD/CNH Options; and
- INR/USD and INR/CNH Futures.

#### *Obligations*

The number of contracts of the monthly clearing volume commitments for each product and applicable PT types are set out as follows:

PT type	RMB Currency Futures Basket <sup>3</sup>	USD/CNH Futures	Mini USD/CNH Futures	USD/CNH Options	INR Currency Futures <sup>4</sup>
<b>Period</b>	From 4 July 2022 (T session) to 30 December 2022 (T session)				
<b>Type 1</b>	N/A	50,000	250,000	N/A	N/A
<b>Type 2</b>	N/A	28,000	115,000	N/A	N/A
<b>Type 3</b>	N/A	20,000	60,000	N/A	6,000
<b>Type 4</b>	5,000	14,000	50,000	2,000	3,500
<b>Type 5</b>	2,500	8,000	40,000	1,000	2,000
<b>Type 6</b>	1,250	6,000	30,000	500	1,000
<b>Type 7</b>	500	3,000	15,000	200	500
<b>Type 8</b>	250	2,000	10,000	100	250

The Exchange will determine a PT's monthly clearing volume solely based on the clearing volume in the House Account of the EP, the Individual Client Account of the client trading through the EP or other accounts as assigned by the Exchange. For the avoidance of doubt, the average price trades performed by PTs should be excluded from the monthly clearing volume commitment.

<sup>3</sup> Aggregate volume of AUD/CNH, JPY/CNH, EUR/CNH and CNH/USD Futures contracts.

<sup>4</sup> Aggregate volume of INR/USD and INR/CNH Futures contracts.

### Incentives

Upon fulfilment of the obligations set forth in the above section, PTs will be entitled to the following fee rebates:

- 100% of Exchange trading fee on PT's transactions effected in the assigned Eligible Products in the calendar month in which those Eligible Products are traded;
- Exchange trading fees in Hang Seng Index Futures ("HSIF") and Hang Seng China Enterprises Index Futures ("HSCEIF");
- Market data (derivatives/securities) fee; and
- Hosting services fee.

Category	Maximum incentives per month, HK\$		
	Combination of:		
	HSIF/HSCEIF Exchange Trading Fee Rebate	Market Data Fee Rebate <sup>5</sup> (Derivatives/Securities)	Hosting Services Fee Rebate
<b>Type 1</b>	Up to \$250,000 in total		
<b>Type 2</b>	Up to \$140,000 in total		
<b>Type 3</b>	Up to \$100,000 in total		
<b>Type 4</b>	Up to \$70,000 in total		
<b>Type 5</b>	Up to \$40,000 in total		
<b>Type 6</b>	Up to \$20,000 in total		
<b>Type 7</b>	Up to \$10,000 in total		
<b>Type 8</b>	Up to \$5,000 in total		

Details of Exchange trading fee rebate:

Product	HSIF*	HSCEIF*
Exchange trading fee rebate per contract	HK\$6.50 (i.e. 65% rebate)	HK\$2.50 (i.e. 71% rebate)

\* HSIF / HSCEIF contracts that have been used by HSI / HSCEI options market makers in claiming trading fee discount are not entitled to further trading fee rebate.

A PT can apply to participate in one or combination of the Eligible Products or different categories of PTs Types, but the aggregate incentives to which a PT is entitled will be subject to an overall cap as set up in the table above. The Exchange has the absolute discretion to change the overall cap and quota allocation between the products.

<sup>5</sup> Market data fee rebate includes relevant license fees, connection fees and usage fees.

### *Quota*

As the PT quota is limited<sup>6</sup>, the Exchange may allocate and / or re-assign the quota depending on the Exchange's business plan at the time of selection and the applicant's indication of commitment. If the same level of commitment is indicated by more than one applicant, the Exchange will consider the applicants' past performance.

## **2. Extension of the Exchange trading fee waiver for Mini USD/CNH Futures**

The Exchange trading fee waiver for the Mini USD/CNH Futures contract will be extended until 30 September 2022 (T session) for **all EPs and their clients**.

### **Notification to EPs and their clients and Application Procedure**

EPs are requested to notify their staff and clients about the renewal of the Bundled Program for PTs and the Exchange trading fee waiver for Mini USD/CNH futures. The Bundled Program is now open for applications and applicants, who wish to participate in it starting from the first day (i.e. 4 July 2022), are required to submit their applications on or before 22 June 2022. Interested parties should contact Ms. Emily Huang ([EmilyHuang@hkex.com.hk](mailto:EmilyHuang@hkex.com.hk)), Mr. Alan Shum ([AlanShum@hkex.com.hk](mailto:AlanShum@hkex.com.hk)), Ms. Tracy Zhang ([TracyYTZhang@hkex.com.hk](mailto:TracyYTZhang@hkex.com.hk)) and Mr. Aaron Thio ([AaronThio@hkex.com.hk](mailto:AaronThio@hkex.com.hk)) for application and enquiry.

**Julien Martin**

**Co-Head of Emerging Business Development**

**Markets Division**

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

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<sup>6</sup> The quota is indicative and could be revised subject to the Exchange's plan or budget.