

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: Cash Liquidity Provider 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 Cash Liquidity Provider Incentive (“Cash LP”) Program for trading USD/CNH Futures, Mini USD/CNH Futures, USD/CNH Options and INR/USD Futures contracts from 4 July 2022 (T session) to 30 December 2022 (T session)¹.

The Cash LP Program is designed to attract more Liquidity Providers (“LPs”) to the market and will allow LPs to receive a cash stipend for liquidity providing activities on its derivative products upon fulfilment of their obligations. For the avoidance of doubt, the Cash LP Program and Market Maker Program are mutually exclusive, and the entities participating in one program, will not be allowed to participate in the other program for the same product and in the same trading session.

Eligible Products

USD/CNH Futures, Mini USD/CNH Futures, USD/CNH Options and INR/USD Futures contracts (the “Contract” or collectively the “Contracts”) are eligible products for the Cash LP Program.

An LP is defined as a person performing the liquidity providing activities (i.e. an Exchange Participant (“EP”) or an entity or individual, who has entered into a liquidity providing arrangement with an EP) and commits to meet the quoting obligations for the minimum number of the Contract as assigned by the Exchange.

¹ 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.

Incentives

LPs will be entitled to the following incentives:

1. **Nil Exchange trading fee** on LPs' transactions effected in the assigned contract(s).
The nil Exchange trading fee shall only apply to the trades conducted by the LP on and after the Trading Day in which its appointment comes into effect.
2. Upon fulfilment of its obligations, each LP will also be offered incentives set out in the table below:

Eligible Products	USD/CNH Futures or USD/CNH Futures	Mini	USD/CNH Options	INR/USD Futures
Cash incentive, per month and per trading session (where applicable) ²	Tier A: HKD 100,000 Tier B: HKD 60,000 Tier C: HKD 40,000 Tier D: HKD 25,000		Tier A: HKD 100,000	Tier A: USD 10,000 Tier B: USD 7,000
Maximum number of OMnet Application Programming Interface ("OAPI") sub-licence fee waivers ³	Up to HKD 13,000 (i.e. 5 OAPIs) for USD/CNH Futures Up to HKD 26,000 (i.e. 10 OAPIs) for Mini USD/CNH Futures		Nil	Nil

Where the appointment in respect of the Contract(s) commences later than the first Trading Day of a calendar month, the amount of cash incentive in the first month of its appointment will be pro-rated based on the number of Trading Days in which the appointment is in effect over the total number of Trading Days in that month.

In addition, the LPs of USD/CNH Futures and Mini USD/CNH Futures will be granted a waiver for OAPI sub-licence fee for up to a maximum amount per month.

An LP can apply to participate in one or more Eligible Products, but the aggregated incentives in OAPI waivers to which an LP is entitled will be subject to the 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.

² For INR/USD Futures per month for both T and T+1 sessions.

³ Currently HK\$2,600 per month for each OAPI with 5 transactions per second (TPS).

Quota

Applicants may apply to provide liquidity to one or a combination of Contracts. However, as the LP quota is limited⁴, 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.

Application Procedure

The Cash LP Program is now open for application 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 17 June 2022. Interested parties should contact Ms. Emily Huang (EmilyHuang@hkex.com.hk), Mr. Alan Shum (AlanShum@hkex.com.hk), Ms. Tracy Zhang (TracyYTZhang@hkex.com.hk) and Mr. Aaron Thio (AaronThio@hkex.com.hk) for application and enquiry.

Julien Martin

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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.

⁴ The quota is indicative and could be revised subject to the Exchange's plan or budget.