

Intercommodity Spread - Supplementary Information

- 1) The following HKD and RMB denominated index futures and stock option are pre-defined in the sample Risk Parameter File (RPF) for testing purposes:

Combined Commodity Code	Currency	Contract Multiplier	Decimal locator for fixing value
FEXXX	HKD	50	0
FEYYY	HKD	50	0
FEZZZ	RMB	50	0
SEX XO	HKD	100	2
SEY YO	HKD	500	2
SEZ ZO	RMB	1,000	2

- 2) The priority, Delta per Spread Ratio and Spread Credit Rate for each Intercommodity Spread are set by the clearing houses which will be available from the Record 6 in the RPF. The updated RPF specification can be downloaded from the HKEx website :

http://www.hkex.com.hk/eng/market/rm/rm_dcrm/rm_dcrm_clearing/Documents/Risk%20Parameter%20File%20Descriptions.pdf

- 3) The updated PRiME Margining Guide can be downloaded from the HKEx website :

http://www.hkex.com.hk/eng/market/rm/rm_dcrm/rm_dcrm_clearing/Documents/PRiME%20Margining%20Guide_version%201.1.pdf

- 4) Test cases:

Below are sample portfolios in a net margined account and the margin requirements calculated by using the sample RPFs released in December 2015.

HKCC

Set A (with Intercommodity Spread): Using sample RPF file name: rpf-intercommodity spread Set A with ICS-151214.lis

Set B: Using sample RPF file name: rpf-intercommodity spread Set B-151214.lis

	Sample Portfolio			Set A (with Intercommodity Spread)		Set B	
Case	Combined Commodity	Series	Net Position	Total Margin Requirement in		Total Margin Requirement in	
				HKD	RMB	HKD	RMB
1	FEXXX FEYYY	XXXF6 YYYG6	+8 -4	110,000	0	350,000	0
2	FEXXX FEZZZ	XXXH6 ZZZM6	-10 +7	75,000	175,000	250,000	350,000
3	FEYYY FEZZZ	YYYF6 ZZZG6	+4 +4	60,000	110,000	150,000	200,000
4	FEXXX FEYYY FEZZZ	XXXF6 YYYF6 YYYU6 ZZZH6	+10 -2 -2 -2	90,000	30,000	400,000	100,000
5	FEXXX FEYYY	XXX10000A6 YYYH6	12 -3	84,785	0	181,116	0

SEOCH

Set A (with Intercommodity Spread): Using sample RPF file name: rpf-intercommodity spread Set A with ICS-151214.lis

Set B: Using sample RPF file name: rpf-intercommodity spread Set B-151214.lis

	Sample Portfolio			Set A(with Intercommodity Spread)		Set B	
Case	Combined Commodity	Series	Net Position	Total Margin Requirement in		Total Margin Requirement in	
				HKD	RMB	HKD	RMB
1	SEXXO SEYYO	XXO195.00M6 YYO100.00A6	-10 -5	29,220	0	38,195	0
2	SEXXO SEZZO	XXO195.00A6 ZZO5.25A6	+10 -28	0	39,335.59	0	42,676.37
3	SEYYO SEZZO	YYO100.00A6 ZZO5.25A6	-5 -50	17,877	74,962	21,835	78,350

*Exchange Rate used in the calculation: 1.1837