

Revised Client Margining Methodology – Supplementary Information

- 1) The following HKD denominated futures and options in the sample Risk Parameter File (RPF) are for testing purposes:

Combined Commodity Code	Currency	Contract Multiplier	Decimal locator for fixing value
FEXXX	HKD	50	0
FEYYY	HKD	50	0
SEAIA	HKD	1000	2
SEHEX	HKD	100	2
SETCH	HKD	100	2

- 2) 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%201.2.pdf
- 3) The Revised Client Margining Methodology can be downloaded from the HKEX website :
http://www.hkex.com.hk/eng/market/rm/rm_dcrm/rm_dcrm_clearing/Documents/Revised%20Client%20Margining%20Methodology%20v.1.0.pdf
- 4) Test cases:
Below are sample portfolios in a gross and net margined account and the margin requirements calculated by using the sample RPFs released in September 2016.

All figures are in dominated in HKD. Client margin multiplier: 1.33.

HKCC	Sample Portfolio			Clearing House Total Margin Requirement		Client Total Margin Requirement			
Case	Combined Commodity Code	Series	Position	Gross	Net	Gross		Net	
						Client Risk Margin	Long Option Value*	Client Risk Margin	Long Option Value*
1	FEXXX	XXXM8	-6	342,300	342,300	342,300 x 1.33	N/A	342,300 x 1.33	N/A
						Total: 455,259		Total: 455,259	
2	FEXXX	XXXM8	-6	389,918	389,918	342,300 x 1.33	N/A	342,300 x 1.33	N/A
	FEYYY FEYYY	YYY6800R7 YYY6900R7	+10 +4			47,618 x 1.33	55,000^	47,618 x 1.33	55,000^
	Total: 510,259		Total: 510,259						
3	FEYYY	YYY6800R7	+10	176,250	43,855	32,990 x 1.33	38,000^	32,435 x 1.33	38,000^
	FEXXX FEXXX	XXX17400R8 XXX18200R8	+2 -2			143,260 x 1.33	N/A	11,420 x 1.33	N/A
	Total: 228,536		Total: 53,189						
4	FEYYY	YYY12600X7	+2	189,534	121,287	57,954 x 1.33	317,800	38,432 x 1.33	317,800
	FEXXX	XXX32000X7	-2			131,580 x 1.33	N/A	82,855 x 1.33	N/A
	Total: 252,080		Total: 161,312						

SEOCH	Sample Portfolio			Clearing House Total Margin Requirement		Client Total Margin Requirement					
Case	Combined Commodity Code	Series	Position	Gross	Net	Gross			Net		
						Client Risk Margin	Long Option Value*	Mark-to- Market Margin	Client Risk Margin	Long Option Value*	Mark-to-Market Margin
1	SEHEX	HEX165.00U7	-5	8,485	8,485	4,795 x 1.33	N/A	3,690	4,795 x 1.33	N/A	3,690
						Total: 10,067			Total: 10,067		
2	SEHEX	HEX165.00U7	-5	8,485	8,485	4,795 x 1.33	N/A	3,690	4,795 x 1.33	N/A	3,690
	SEAIA	AIA28.00O7	+5			Long Position is non-marginable			50 x 1.33	50^	-50
	Total: 10,067					Total: 10,067					
3	SEHEX	HEX130.00U7	+1	0	0	Long Position is non-marginable			127 x 1.33	132^	-132
	SETCH	TCH115.00R7	+5						75 x 1.33	75^	-75
	Total: 0					Total: 0					
4	SEHEX	HEX125.00U7	-5	2,755	2,198	1,715 x 1.33	N/A	470	1,305 x 1.33	N/A	338
	SEHEX	HEX130.00U7	+1			Long Position is non-marginable					
	SETCH	TCH110.00R7	-5			525 x 1.33	N/A	45	525 x 1.33	N/A	30
	SETCH	TCH115.00R7	+1			Long Position is non-marginable					
	Total: 3,494					Total: 2,802					

*Only applicable when the client's portfolio has solely long option positions in this Combined Commodity and the Client Risk Margin is to be capped by the Long Option Value of that Combined Commodity

^ The Client Risk Margin is higher than the Long Option Value so Client Risk Margin is to be reduced to the Long Option Value.