

Rules and Procedures of HKFE Clearing Corporation Limited

APPENDIX A

Fees

Description	Amount¹
<i>Settlement Fees (Futures) and Exercise Fees (Options)</i>	
<u>Equity index products</u>	
HSI Futures	10.00/Lot
HSI Options	10.00/Lot
Mini-HSI Futures	3.50/Lot
Mini-HSI Options	2.00/Lot
HSCEI Futures	3.50/Lot
HSCEI Options	3.50/Lot
Mini-HSCEI Futures	2.00/Lot
FTSE/Xinhua China 25 Index Futures	5.00/Lot
FTSE/Xinhua China 25 Index Options	5.00/Lot
Hang Seng China H-Financials Index Futures	5.00/Lot
HSI Dividend Point Index Futures	3.00/Lot
HSCEI Dividend Point Index Futures	1.50/Lot
HSI Volatility Index Futures	10.00/Lot
IBOVESPA Futures	10.00/Lot
MICEX Index Futures	5.00/Lot
Sensex Index Futures	5.00/Lot
FTSE/JSE Top40 Futures	5.00/Lot

¹ Unless otherwise specified, the amounts listed in this appendix are in HK dollars

Note: In addition to the fees specified herein, the Clearing House reserves the right to charge HKCC Participants for any disbursements and out-of-pocket expenses it incurs in the delivery of services and facilities to HKCC Participants.

Chapter 2 Settlement Procedures

2.3 Variation Adjustment

After Market close, all open positions held at the Clearing House are treated as if they were closed out and re-opened at the relevant Closing Quotation. Profits and losses arising from this “mark to market” mechanism (except those arising from Physical Delivery Contracts after the last trading day) are credited to and debited from the relevant HKCC Participant’s CCMS Collateral Account each Business Day as the variation adjustment. In the case of Physical Delivery Contracts after the last trading day, profits arising from the “mark to market” mechanism will be used to offset against, while losses arising from such mechanism will be added to and collected as, Clearing House margin payable in respect of the relevant CCMS Collateral Account of the HKCC Participant. Any profits in excess of the Clearing House margin requirement will not be credited to the relevant CCMS Collateral Account of the HKCC Participant.

Subject to section 2.6A and the treatment of variation adjustment for Physical Delivery Contracts after the last trading day as mentioned above, variation adjustment arising from trades executed in all Markets shall be settled using cash in the Settlement Currency only.

2.3.1 Futures Contracts

2.3.1.1 Except for the Closing Quotation of (i) the Mini-Hang Seng Index Futures Contract, which shall be the Closing Quotation set for the Hang Seng Index Futures Contract; (ii) the Mini-Hang Seng China Enterprises Index Futures Contract, which shall be the Closing Quotation set for the Hang Seng China Enterprises Index Futures Contract; and (iii) a Physical Delivery Contract after the last trading day until the day of settlement of that Contract, which shall be determined according to section 2.3.1.2, prices of Futures Contracts entered into during the final two minutes of trading prior to the Market close will normally be used by the Clearing House to determine the Closing Quotation for each Futures Contract. Unless otherwise determined by the Clearing House under special circumstances, the Closing Quotation of a Futures Contract, other than the Mini-Hang Seng Index Futures Contract, Mini-Hang Seng China Enterprises Index Futures Contract and a Physical Delivery Contract after the last trading day to the day of settlement of that Contract, shall be calculated as follows:

- (a) Subject to paragraph (d), if there was a trade during the final two-minute period the following will apply:
 - (1) if the last trade was at or below the best bid price amongst the last bid price(s) that had any corresponding offer price(s) during the final two-minute period, the Closing Quotation will be such best bid price;
 - (2) if the last trade was at or above the best offer price amongst the last offer price(s) that had any corresponding bid price(s) during the final two-minute period, the Closing Quotation will be such best offer price;

- (3) if the last trade was between the best bid price amongst the last bid price(s) that had any corresponding offer price(s) during the final two-minute period and the best corresponding offer price, then the Closing Quotation will be the price of such last trade; and
 - (4) if no pairs of bid and corresponding offer prices were available during the final two-minute period, then the Closing Quotation will be the price of such last trade.
- (b) If there was no trade during the final two-minute period, the Closing Quotation will be calculated as the midpoint between the best bid price amongst the last bid price(s) that had any corresponding offer price(s) during the final two-minute period and the best corresponding offer price, rounded to the nearest tick. However, if the Clearing House determines that the bid-offer spread is not consistent with those of other months, and the resultant Closing Quotation does not reflect the true market conditions, the Clearing House will disregard this Closing Quotation and proceed to the procedures laid down in paragraph (ba).
- (ba) If neither a trade nor a pair of bid and offer prices was available during the final two-minute period, or if the Clearing House determines according to paragraph (b) that the procedures laid down in this paragraph (ba) should be followed, the Closing Quotation will be set by the Clearing House with reference to the prices in the final two-minute period of a similar local/overseas instrument or commodity that the Clearing House considers appropriate.
- (c) If the Clearing House considers that no similar local/overseas instrument or commodity is appropriate, or there was no appropriate prices in the final two-minute period for the similar local/overseas instrument or commodity that the Clearing House considers appropriate in paragraph (ba), the Closing Quotation will be set by the Clearing House with reference to the prices of the underlying instrument or commodity and the following:
- (1) the last trade in the Futures Contract prior to the final two-minute period;
 - (2) the premiums/discounts of the Futures Contract to the spot month Futures Contract on the previous Business Day or that of a similar local/overseas instrument or commodity that the Clearing House considers appropriate, whichever is the latest, if there was no trade prior to the final two-minute period; and

- (3) other information provided by Market Makers in the relevant Market if premiums/discounts of the Futures Contract to the spot month Futures Contract on the previous Business Day were not available.

or if the Clearing House determines that reference to the prices of the underlying instrument or commodity is inappropriate, the Closing Quotation will be set with reference to the following:

- (1) the last trade in the Futures Contract prior to the final two-minute period;
 - (2) the Closing Quotation of the Futures Contract or that of a similar local/overseas instrument or commodity that the Clearing House considers appropriate, whichever is the latest, on the previous Business Day if there was no trade prior to the final two-minute period; and
 - (3) other information provided by Market Makers in the relevant Market if the Closing Quotation of the Futures Contract on the previous Business Day was not available.
- (d) Block Trade prices will not be used by the Clearing House in determining the Closing Quotation.
 - (da) The Closing Quotation so determined shall be within the Maximum Fluctuation of the Futures Contract where applicable.
 - (e) Notwithstanding the above, the Clearing House may, in its discretion, adjust or otherwise determine the Closing Quotation of a Futures Contract.