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Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER VIII

TRADING ARRANGEMENTS - PRACTICES AND SYSTEMS

Execution of Block Trades

815A. An Exchange Participant must ensure that the following criteria are satisfied when conducting a Block Trade:

(2) Minimum Volume Threshold

(a) Subject to Rule 815A(2A), an Exchange Participant shall not execute any order as a Block Trade unless that order meets the applicable Minimum Volume Threshold set forth below and the Exchange Participant has received instructions or has been specifically authorized to execute the order as a Block Trade:

Exchange Contract	**Minimum Volume Threshold** [Note 3] **(no. of contracts)**
~~Five-Year MOF T-Bond Futures~~	~~50~~
Five-Year CGB Futures	50

[Note 3] *Notwithstanding the provisions of Rule 815A(2A), for the purposes of determining whether the Minimum Volume Threshold is satisfied, two separate orders belonging to the Exchange Participant or the same Client relating to the same contract month or option series that are executed at two different prices via two separate legs under a strategy combination Block Trade will be considered as having satisfied the Minimum Volume Threshold if the aggregate of the two orders meets the Minimum Volume Threshold.*

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APPENDIX B - FEES

Description		Amount[1]
Exchange trading fees		
~~Five-Year MOF T-Bond Futures~~	~~House/Client a/c~~ ~~MM a/c~~	~~RMB 5.00/Lot~~ ~~RMB 5.00/Lot~~ ~~or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant~~
Five-Year CGB Futures	House/Client a/c MM a/c	RMB 5.00/Lot RMB 5.00/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant

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

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BOND FUTURES CONTRACT SPECIFICATIONS

Contract Specifications
For
Five-Year China Government Bond ("CGB") Futures

The following Contract Specifications shall apply to the Five-Year China Government Bond Futures Contract:

Underlying Bond	Onshore Five-Year China Government Bonds with 3% coupon rate and annual coupon payment
Contract Size	RMB500,000
Contract Months	The two nearest quarter months (where quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	As a percentage of the Contract Size, quoted to 3 decimal places
Minimum Fluctuation	0.005 percent of the Contract Size, which is equivalent to RMB25
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price at which the Five-Year CGB Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by Contract Size divided by 100 (e.g. (101.000 x RMB500,000) / 100)
Trading Hours (Hong Kong time)	9:30 a.m. - 4:30 p.m. (day trading session)
Trading Hours on Last Trading Day (Hong Kong time)	9:30 a.m. - 4:30 p.m. (day trading session)
Trading Method	The Exchange's Automated Trading System (HKATS)
Position Limits	22,000 net contracts in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and 22,000 net contracts in all Contract Months combined per Client

Large Open Positions	2,500 open contracts in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 2,500 open contracts in any one Contract Month per Client
Settlement Method	Cash settled contract for difference
Settlement Currency	RMB
Final Settlement Day	The first Trading Day after the Last Trading Day
Last Trading Day	The second Friday of the Contract Month If it is not a Trading Day or it falls on a Mainland China public holiday, the Last Trading Day shall be the preceding Trading Day which is also a business day in Mainland China
Final Settlement Price	The Final Settlement Price for Five-Year CGB Futures Contracts shall be a number, rounded up to the nearest 3 decimal places if the figure in the fourth decimal place is 5 or above and rounded down to the nearest 3 decimal places if it is below 5, determined by the Clearing House and shall be the onshore Five-Year CGB basket reference price provided by ChinaBond Pricing Center Co., Ltd. on the Last Trading Day
Cash Settlement Value	Final Settlement Price multiplied by Contract Size divided by 100 (e.g. Final Settlement Price x (RMB500,000) / 100)
Trading Fee (per contract per side)	Exchange Fee RMB5.00 The amount indicated above is subject to change from time to time
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable

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~~Contract Specifications~~
~~For~~
~~Five-Year Ministry of Finance Treasury Bond ("MOF T-Bond") Futures~~

~~The following Contract Specifications shall apply to the Five-Year MOF T-Bond Futures Contract:~~

~~Underlying Bond~~	~~Onshore Five-Year China Ministry of Finance Treasury Bonds with 3% coupon rate and annual coupon payment~~
~~Contract Size~~	~~RMB500,000~~
~~Contract Months~~	~~The two nearest quarter months (where quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate~~
~~Price Quotation~~	~~As a percentage of the Contract Size, quoted to 3 decimal places~~
~~Minimum Fluctuation~~	~~0.002 percent of the Contract Size, which is equivalent to RMB10~~
~~Maximum Fluctuation~~	~~As prescribed by the Exchange from time to time~~
~~Contracted Price~~	~~The price at which the Five-Year MOF T-Bond Futures Contract is registered by the Clearing House~~
~~Contracted Value~~	~~Contracted Price multiplied by Contract Size divided by 100 (e.g. (101.000 x RMB500,000) / 100)~~
~~Trading Hours (Hong Kong time)~~	~~9:00 a.m. – 12:00 noon (morning trading session) and 1:00 p.m. – 4:30 p.m. (afternoon trading session)~~ ~~There is no afternoon trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon~~
~~Trading Hours on Last Trading Day (Hong Kong time)~~	~~9:00 a.m. – 12:00 noon (morning trading session) and 1:00 p.m. – 4:30 p.m. (afternoon trading session)~~ ~~There is no afternoon trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon~~
~~Trading Method~~	~~The Exchange's Automated Trading System (HKATS)~~
~~Position Limits~~	~~20,000 net contracts in all Contract Months combined, per~~

	~~Exchange Participant for the Exchange Participant's own behalf; and~~ ~~20,000 net contracts in all Contract Months combined per Client~~
~~Large Open Positions~~	~~1,000 open contracts in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and~~ ~~1,000 open contracts in any one Contract Month per Client~~
~~Settlement Method~~	~~Cash settled contract for difference~~
~~Settlement Currency~~	~~RMB~~
~~Final Settlement Day~~	~~The second Trading Day after the Last Trading Day~~
~~Last Trading Day~~	~~The second Friday of the Contract Month~~ ~~If it falls on a Hong Kong or Mainland China public holiday, the Last Trading Day will be the preceding Trading Day and which is also a business day in Mainland China~~
~~Final Settlement Price~~	~~The Final Settlement Price for Five-Year MOF T-Bond Futures Contracts shall be a number, rounded up to the nearest 3 decimal places if the figure in the fourth decimal place is 5 or above and rounded down to the nearest 3 decimal places if it is below 5, determined by the Clearing House and shall be the onshore Five-Year China MOF T-Bond basket reference price provided by China Central Depository & Clearing Co., Ltd. at approximately 6:00 p.m. on the Last Trading Day~~
~~Cash Settlement Value~~	~~Final Settlement Price multiplied by Contract Size divided by 100 (e.g. Final Settlement Price x (RMB500,000) / 100)~~
~~Trading Fee (per contract per side)~~	~~Exchange Fee RMB5.00~~ ~~The amount indicated above is subject to change from time to time~~
~~Levies (per contract per side)~~	~~Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance~~
~~Commission Rate~~	~~Negotiable~~

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REGULATIONS FOR TRADING BOND FUTURES CONTRACTS

INTERPRETATION

002 The Exchange Rules and the Clearing House Rules (referred to collectively as the "Rules") including the definitions, rules of interpretation and administrative provisions shall apply for the purposes of these Regulations. Unless specifically provided otherwise, the terms and expressions set out below shall have the meanings attributed to them herein. In the event of any conflict or inconsistency between the Rules (other than these Regulations) and these Regulations, including the Contract Specifications (which form part of these Regulations), the Regulations shall in all cases prevail.

"Bond Futures Contract"	an Exchange Contract subject to these Regulations;
"Bond Futures Market"	a Market subject to these Regulations;
"Buyer"	an HKCC Participant registered as the buyer of a Bond Futures Contract pursuant to the Clearing House Rules;
"Cash Settlement Value"	the amount required to be paid by a Buyer on the Final Settlement Day in satisfaction of its settlement obligations, the calculation of which is specified in the Contract Specifications;
"Closing Quotation"	the quotation established by the Clearing House at the end of a trading session for any Bond Futures Contract according to the applicable procedures as prescribed by the Clearing House from time to time;
"Contract Month"	in respect of any Bond Futures Contract, the month and year by which that contract is so designated by the Board for settlement under these Regulations and in which settlement of that contract must be made in accordance with these Regulations;
"Contract Size"	for any Bond Futures Contract, the size so designated in the applicable Contract Specifications;
"Contracted Price"	the price as specified in the Contract Specifications;
"Contracted Value"	the value as specified in the Contract Specifications;

"Final Settlement Day"	the day on which a Bond Futures Contract must be settled as specified in the Contract Specifications;
"Final Settlement Price"	the price as determined by the Clearing House pursuant to Regulation 012 or the Chief Executive pursuant to Regulation 013;
"Maximum Fluctuation"	the maximum allowable movement in the price of any Bond Futures Contract per trading session above or below the last Closing Quotation or such reference price as may be specified by the Exchange from time to time pursuant to Regulation 024;
"Minimum Fluctuation"	the minimum allowable movement in the price of any Bond Futures Contract as specified in the Contract Specifications; and
"Seller"	an HKCC Participant registered as the seller of a Bond Futures Contract pursuant to the Clearing House Rules.

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TRADING PROCEDURES FOR BOND FUTURES TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE ("HKATS")

CHAPTER 3

DEALING FUNCTIONALITY

3.5 *Pre-Market Opening*

3.5.4 A COP will be calculated only if the highest bid price of the Limit Orders entered into HKATS is greater than or equal to the lowest ask price of the Limit Orders. If more than one price satisfies this criterion, the COP shall be calculated according to the following rules:

3.5.4.1 The COP shall be one of the bid or offer prices falling at or within the highest bid price and the lowest ask price of the Limit Orders;

3.5.4.2 The COP shall be the price at which the number of contracts matched would be maximized;

3.5.4.3 If more than one price satisfies the rule in procedure 3.5.4.2, the COP shall be the price at which the normal order imbalance is the lowest. For the purposes of this procedure, normal order imbalance is defined as the difference between the number of bid contracts and the number of ask contracts that can be matched at a certain price;

3.5.4.4 If more than one price satisfies the rule in procedure 3.5.4.3, the COP shall be the price at which (i) the aggregate number of contracts comprising the bid Auction Orders and bid Limit Orders at or above that price or (ii) the aggregate number of contracts comprising the ask Auction Orders and ask Limit Orders at or below that price would be the highest;

3.5.4.5 If more than one price satisfies the rule in procedure 3.5.4.4, (i) the COP in the case of the morning trading session or the day trading session, as the case may be, shall be the price closest to the previous Closing Quotation (as defined in the Clearing House Rules) of the relevant Bond Futures Contract and (ii) the COP in the case of the afternoon trading session shall be the price closest to the last traded price if the relevant Bond Futures Contract was traded in the immediately preceding morning trading session or if there was no trading in the immediately preceding morning trading session, the rule in this procedure 3.5.4.5 shall be disregarded and the calculation of the COP shall proceed in accordance with the rule set forth in procedure 3.5.4.6;

3.5.4.6 If more than one price satisfies the rule in procedure 3.5.4.5, the COP shall be the highest of such prices.