

**Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited**

**CHAPTER VIII**

**TRADING ARRANGEMENTS - PRACTICES AND SYSTEMS**

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:

<b>Exchange Contract</b>	<b>Minimum Volume Threshold<sup>Note 3</sup> (no. of contracts)</b>
Hang Seng TECH Index Options	50
<u>Weekly Hang Seng TECH Index Options</u>	<u>50</u>
MSCI AC Asia ex Japan Net Total Return Index Futures	50

**APPENDIX B - FEES**

<b>Description</b>		<b>Amount<sup>1</sup></b>
<i>Exchange trading fees</i>		
Hang Seng TECH Index Futures	House/Client a/c	5.00/Lot
	MM in Hang Seng TECH Index Options, <u>Weekly Hang Seng TECH Index Options</u> or Hang Seng TECH Index Futures Options <sup>2</sup>	1.75/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant
Hang Seng TECH Index Options	House/Client a/c	5.00/Lot
	MM a/c	1.00/Lot
	MM in <u>Weekly Hang Seng TECH Index Options</u> or Hang Seng TECH Index Futures Options <sup>2</sup>	1.75/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant
<u>Weekly Hang Seng TECH Index Options</u>	<u>House/Client a/c</u>	<u>5.00/Lot</u>
	<u>MM a/c</u>	<u>1.00/Lot</u>
	<u>MM in Hang Seng TECH Index Options or Hang Seng TECH Index Futures Options<sup>2</sup></u>	<u>1.75/Lot</u> <u>or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant</u>
Hang Seng TECH Index Futures Options	House/Client a/c	5.00/Lot
	MM a/c	1.00/Lot
	MM in Hang Seng TECH Index Options <u>or Weekly Hang Seng TECH Index Options<sup>2</sup></u>	1.75/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant

Contract Specifications  
For  
Hang Seng TECH Index Futures

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The following Contract Specifications shall apply to the Hang Seng TECH Index Futures Contract:

Position Limits

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Exchange Participant for the Exchange Participant's own behalf; and

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Client

Contract Specifications  
For  
Hang Seng TECH Index Options

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The following Contract Specifications shall apply to the Hang Seng TECH Index Option Contract:-

Position Limits

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Exchange Participant for the Exchange Participant's own behalf; and

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Client

Contract Specifications  
For  
Hang Seng TECH Index Futures Options

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The following Contract Specifications shall apply to the Hang Seng TECH Index Futures Option Contract:-

Position Limits

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Exchange Participant for the Exchange Participant's own behalf; and

Position delta for Hang Seng TECH Index Futures, Hang Seng TECH Index Options, ~~and~~ Hang Seng TECH Index Futures Options and Weekly Hang Seng TECH Index Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Client

Contract Specifications  
For  
Weekly Hang Seng TECH Index Options

The following Contract Specifications shall apply to the Weekly Hang Seng TECH Index Option Contract:

<u>Underlying Index/Index</u>	<u>Hang Seng TECH Index (the share price index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)*</u>
<u>Contract Multiplier</u>	<u>HK\$50 per Index point*</u>
<u>Contract Weeks</u>	<u>Spot Week and the next week, except where the Expiry Day of the Weekly Contract is the same as the Expiry Day of the Spot Month Hang Seng TECH Index Option Contract</u>
<u>Trading Hours (Hong Kong time)</u>	<u>9:15 a.m. - 12:00 noon (morning trading session)</u> <u>1:00 p.m. - 4:30 p.m. (afternoon trading session)</u> <u>5:15 p.m. - 3:00 a.m. (after-hours trading session)</u>  <u>There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. - 12:30 p.m.</u>  <u>There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States</u>
<u>Trading Hours on Expiry Day (Hong Kong time)</u>	<u>9:15 a.m. - 12:00 noon (morning trading session)</u> <u>1:00 p.m. - 4:00 p.m. (afternoon trading session)</u>  <u>There shall be no afternoon or after-hours trading session if the Expiry Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve</u>
<u>Trading Method</u>	<u>The Exchange's Automated Trading System (HKATS)</u>
<u>Expiry Day</u>	<u>The last Trading Day of the Contract Week</u>
<u>Option Premium</u>	<u>Quoted in whole Index points</u>
<u>Contracted Value</u>	<u>Option Premium multiplied by the Contract Multiplier</u>

Strike Prices

Strike Prices shall be set as follows:

<u>Hang Seng TECH Index (Index points)</u>	<u>Intervals</u>
<u>Below 5,000</u>	<u>50</u>
<u>At or above 5,000 but below 20,000</u>	<u>100</u>
<u>At or above 20,000</u>	<u>200</u>

On any Trading Day, new consecutive Strike Prices may be set for, or added to, each Weekly Hang Seng TECH Index Option Contract such that at all times there will be Strike Prices representing not less than 10% above, and not less than 10% below the at-the-money Strike Price of the Weekly Hang Seng TECH Index Option Contract. On any Trading Day in a given week, the at-the-money Strike Price of each Weekly Hang Seng TECH Index Option Contract shall be the previous Trading Day's official closing value of the Hang Seng TECH Index, rounded off to the nearest Strike Price, unless the official closing value of the Hang Seng TECH Index is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

Strike Prices shall be set on a temporary basis at other intervals as may from time to time be determined by the Chief Executive in consultation with the Commission or at other intervals as may from time to time be determined by the Board in consultation with the Commission. The Exchange reserves the right to introduce new or delete existing Strike Prices at any time

Exercise Style

European Style options which may only be exercised on Expiry Day

Settlement on Exercise

Cash settlement of the Final Settlement Value

Final Settlement Day

The first Trading Day after the Expiry Day

Official Settlement Price

The Official Settlement Price for Weekly Hang Seng TECH Index Options shall be a number, rounded down to the nearest whole number, determined by the Clearing House and shall be the average of the quotations of the Hang Seng TECH Index compiled, computed and disseminated by Hang Seng Indexes Company Limited\* taken at (i) five (5)-minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Expiry Day. The Chief Executive of the Exchange has the power under the

Regulations for Trading Stock Index Option Contracts to determine the Official Settlement Price under certain circumstances

Position Limits

Position delta for Weekly Hang Seng TECH Index Options, Hang Seng TECH Index Futures, Hang Seng TECH Index Options and Hang Seng TECH Index Futures Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Exchange Participant for the Exchange Participant's own behalf; and

Position delta for Weekly Hang Seng TECH Index Options, Hang Seng TECH Index Futures, Hang Seng TECH Index Options and Hang Seng TECH Index Futures Options combined of 21,000 long or short in all Contract Months and Contract Weeks (where applicable) combined, per Client

Large Open Positions

500 open contracts in any one series per Exchange Participant for the Exchange Participant's own behalf; and

500 open contracts in any one series per Client

Minimum Fluctuation

One Index point

Trading Fees  
(per contract per side)

Exchange Fee                      HK\$5.00

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

Cabinet Trade

No Exchange Fee is payable. Commission Levy and Investor Compensation Levy are applicable

Exercise Fee

Options that are exercised on Expiry Day shall attract an Exercise Fee of HK\$2.50 per contract

Contracts not exercised will be deemed to have expired worthless and will not attract any Exercise Fee

Commission Rate

Negotiable

\* Same as the Hang Seng TECH Index Futures Contract and Hang Seng TECH Index Option Contract



**TRADING PROCEDURES FOR STOCK INDEX FUTURES AND STOCK INDEX OPTIONS TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

**CHAPTER 3**

**MARKET MAKERS IN STOCK INDEX FUTURES AND STOCK INDEX OPTION CONTRACTS**

*3.2 Market Making Requirements of a Market Maker*

3.2.2.2.4 quote the Stock Index Option Contract with a bid/offer spread of not greater than:

c. For Weekly Hang Seng Index Options Contract, ~~or~~ Weekly Hang Seng China Enterprises Index Options Contract or Weekly Hang Seng TECH Index Options Contract:

<u>Contract Week</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
Spot Week and the next Weekly Contract (where applicable)	1 – 750 points	30 points or 10% of bid price, whichever is higher
	751 points or more	75 points

3.2.2.3.3 quote the assigned option series in the Stock Index Option Contract with a bid/offer spread of not greater than:

c. For Weekly Hang Seng Index Options Contract, ~~or~~ Weekly Hang Seng China Enterprises Index Options Contract or Weekly Hang Seng TECH Index Options Contract:

<u>Contract Week</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
Spot Week and the next Weekly Contract (where applicable)	1 – 750 points	30 points or 10% of bid price, whichever is higher
	751 points or more	75 points

3.2.2A.2.4 quote the Stock Index Option Contract with a bid/offer spread of not greater than:

c. For Weekly Hang Seng Index Options Contract, ~~or~~ Weekly Hang Seng China Enterprises Index Options Contract or Weekly Hang Seng TECH Index Options Contract:

<u>Contract Week</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>

Spot Week and the next Weekly Contract (where applicable)	1 – 750 points	40 points or 20% of bid price, whichever is higher
	751 points or more	150 points

3.2.2A.3.3 quote the assigned option series in the Stock Index Option Contract with a bid/offer spread of not greater than:

- c. For Weekly Hang Seng Index Options Contract, ~~or~~ Weekly Hang Seng China Enterprises Index Options Contract or Weekly Hang Seng TECH Index Options Contract:

<u>Contract Week</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
Spot Week and the next Weekly Contract (where applicable)	1 – 750 points	40 points or 20% of bid price, whichever is higher
	751 points or more	150 points