

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:

Exchange Contract	Minimum Volume Threshold (no. of contracts)
Hang Seng TECH Index Futures	50
Hang Seng TECH Index Futures Options	50
Hang Seng TECH Index Options	50

APPENDIX B - FEES

Description		Amount ¹
<i>Exchange trading fees</i>		
Hang Seng TECH Index Futures	House/Client a/c	5.00/Lot
	MM in Hang Seng TECH Index Options or Hang Seng TECH Index Futures Options ²	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 Hang Seng TECH Index Futures Options ²	1.75/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant
HSCEIF Options	House/Client a/c	3.50/Lot
	MM a/c	0.50/Lot
	MM in HSCEI Futures, Weekly HSCEI Options or Mini-HSCEI Options ²	1.00/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant
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 ²	1.75/Lot or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant

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 Market Making Requirements of a Regular Market Maker in a Stock Index Option Contract for the T Session

3.2.2.2 Responding to Quote Requests during the T Session

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

- a. For Hang Seng Index Option Contract, Hang Seng Index Futures Option Contract, Hang Seng China Enterprises Index Option Contract, Hang Seng China Enterprises Index Futures Option Contract, Hang Seng TECH Index Option Contract or Hang Seng TECH Index Futures Option Contract:

<u>Contract Month</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
1 st to 4 th calendar months	1 – 750 points	30 points or 10% of bid price, whichever is higher
	751 points or more	75 points
1 st and 2 nd calendar quarter months following the 4 th calendar month	1 – 750 points	40 points or 20% of bid price, whichever is higher
	751 points or more	150 points
3 rd calendar quarter month following the 4 th calendar month	1 – 750 points	50 points or 25% of bid price, whichever is higher
	751 points or more	200 points

3.2.2.3 Providing Continuous Quotes during the T Session

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:

- a. For Hang Seng Index Option Contract, Hang Seng Index Futures Option Contract, Hang Seng China Enterprises Index Option Contract, Hang Seng China Enterprises Index Futures Option Contract, Hang Seng TECH Index Option Contract or Hang Seng TECH Index Futures Option Contract:

<u>Contract Month</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
1 st to 4 th calendar months	1 – 750 points	30 points or 10% of bid price, whichever is higher
	751 points or more	75 points
1 st and 2 nd calendar quarter months following the 4 th calendar month	1 – 750 points	40 points or 20% of bid price, whichever is higher
	751 points or more	150 points
3 rd calendar quarter month following the 4 th calendar month	1 – 750 points	50 points or 25% of bid price, whichever is higher
	751 points or more	200 points

3.2.2A Market Making Requirements of a Regular Market Maker in a Stock Index Option Contract for the T+1 Session

3.2.2A.2 Responding to Quote Requests during the T+1 Session

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

- a. For Hang Seng Index Option Contract, Hang Seng Index Futures Option Contract, Hang Seng China Enterprises Index Option Contract, Hang Seng China Enterprises Index Futures Option Contract, Hang Seng TECH Index Option Contract or Hang Seng TECH Index Futures Option Contract:

<u>Contract Month</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
1 st to 4 th calendar months	1 – 750 points	40 points or 20% of bid price, whichever is higher

	751 points or more	150 points
1 st and 2 nd calendar quarter months following the 4 th calendar month	1 – 750 points	60 points or 30% of bid price, whichever is higher
	751 points or more	225 points
3 rd calendar quarter month following the 4 th calendar month	1 – 750 points	80 points or 40% of bid price, whichever is higher
	751 points or more	300 points

3.2.2A.3 Providing Continuous Quotes during the T+1 Session

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:

- a. For Hang Seng Index Option Contract, Hang Seng Index Futures Option Contract, Hang Seng China Enterprises Index Option Contract, Hang Seng China Enterprises Index Futures Option Contract, Hang Seng TECH Index Option Contract or Hang Seng TECH Index Futures Option Contract:

<u>Contract Month</u>	<u>Call/Put Option Price</u>	<u>Maximum Bid/Offer Spread</u>
1 st to 4 th calendar months	1 – 750 points	40 points or 20% of bid price, whichever is higher
	751 points or more	150 points
1 st and 2 nd calendar quarter months following the 4 th calendar month	1 – 750 points	60 points or 30% of bid price, whichever is higher
	751 points or more	225 points
3 rd calendar quarter month following the 4 th calendar month	1 – 750 points	80 points or 40% of bid price, whichever is higher
	751 points or more	300 points

<p>Contract Specifications For Hang Seng TECH Index Futures</p>

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

Contract Months	<p>For Short-dated Futures: Spot Month, the next three calendar months and the next three calendar quarter months (i.e. quarterly months are March, June, September and December)</p> <p>For Long-dated Futures: the three months of June and December following the Contract Months specified for Short-dated Futures</p>
Position Limits	<p>Position delta for 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 combined, per Exchange Participant for the Exchange Participant's own behalf; and</p> <p>Position delta for 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 combined, per Client</p>
Trading Hours (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)</p> <p>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.</p> <p>There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States</p>
Trading Fee (per contract per side)	<p>Exchange Fee HK\$5.00</p> <p>The amount indicated above is subject to change from time to time</p>
Levies (per contract per side)	<p>Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance</p>

Contract Specifications
For
Hang Seng TECH Index Options

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

Contract Multiplier	HK\$50 per Index point*										
Contract Months	For Short-dated <u>Options</u> : Spot Month, the next three calendar months and the next three calendar quarter months (i.e. quarter months are March, June, September and December) For Long-dated Options: the three months of June and December following the Contract Months specified for Short-dated Options										
Trading Hours (Hong Kong time)	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session) 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. There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States										
Trading Hours on Expiry Day (Hong Kong time)	9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:00 p.m. (afternoon trading session) 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										
Trading Method	The Exchange's Automated Trading System (HKATS)										
Option Premium	Option Premium is quoted in whole Index points										
Contracted Value	Option Premium multiplied by the Contract Multiplier										
Strike Prices	Strike Prices shall be set as follows:										
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Hang Seng TECH Index (Index points)</u></th> <th style="text-align: left;"><u>Intervals</u></th> </tr> </thead> <tbody> <tr> <td colspan="2"><i>Short-dated Options</i></td> </tr> <tr> <td>Below 5,000</td> <td style="text-align: right;">50</td> </tr> <tr> <td>At or above 5,000 but below 20,000</td> <td style="text-align: right;">100</td> </tr> <tr> <td>At or above 20,000</td> <td style="text-align: right;">200</td> </tr> </tbody> </table>	<u>Hang Seng TECH Index (Index points)</u>	<u>Intervals</u>	<i>Short-dated Options</i>		Below 5,000	50	At or above 5,000 but below 20,000	100	At or above 20,000	200
<u>Hang Seng TECH Index (Index points)</u>	<u>Intervals</u>										
<i>Short-dated Options</i>											
Below 5,000	50										
At or above 5,000 but below 20,000	100										
At or above 20,000	200										

Long-dated Options

Below 5,000	100
At or above 5,000 but below 20,000	200
At or above 20,000	400

On any Trading Day, new consecutive Strike Prices may be set for, or added to, each Short-dated Option Contract (other than the Spot Month Option Contract on or after the 5th Trading Day preceding the Expiry Day) such that at all times there will be Strike Prices representing not less than 10% above, at, and not less than 10% below the at-the-money Strike Price of the Option Contract. On any Trading Day in a given month, the at-the-money Strike Price of each Short-dated Option Contract shall be the previous Trading Day's Closing Quotation (as defined in the Clearing House Rules) of (i) the Spot Month Hang Seng TECH Index Futures Contract for any day prior to the Expiry Day; and (ii) the next month Hang Seng TECH Index Futures Contract for any day on or after the Expiry Day, rounded off to the nearest Strike Price, unless the Closing Quotation is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For Long-dated Options, Strike Prices shall be set or added in the same manner as for Short-dated Options except that there shall at all times be Strike Prices representing 20% above, at and 20% below the at-the-money Strike Price, rounded off to the nearest Strike Price, unless the 20% is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For both Short- and Long-dated Options, 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

Position Limits

Position delta for 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 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 combined of 21,000 long or short in all Contract Months 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 Fee (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 Fees	Options that are exercised on Expiry Day shall attract an Exercise Fee of HK\$2.50 per contract
	Contracts that are not exercised by the Clearing House will be deemed to have expired worthless and will not attract an Exercise Fee

<p>Contract Specifications For Hang Seng TECH Index Futures Options</p>

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

Underlying	Hang Seng TECH Index Futures traded on the Exchange
Contract Multiplier	HK\$50 per Index point*
Contract Months	<p>For Short-dated Options: Spot Month, the next three calendar months and the next three calendar quarter months (i.e. quarter months are March, June, September and December)</p> <p>For Long-dated Options: the three months of June and December following the Contract Months specified for Short-dated Options</p>
Trading Hours (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 3:00 a.m. (after-hours trading session)</p> <p>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.</p> <p>There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States</p>
Trading Hours on Last Trading Day (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:00 p.m. (afternoon trading session)</p> <p>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</p>
Trading Method	The Exchange's Automated Trading System (HKATS)
Expiry Day	The third Friday of the Contract Month and if it is not a Trading Day, the Expiry Day shall be the preceding Trading Day
Last Trading Day	Same as the Expiry Day
Option Premium	Option Premium is quoted in whole Index points

Contracted Value

Option Premium multiplied by the Contract Multiplier

Strike Prices

Strike Prices shall be set as follows:

<u>Hang Seng TECH Index Futures (Index points)</u>	<u>Intervals</u>
<i>Short-dated Options</i>	
Below 5,000	50
At or above 5,000 but below 20,000	100
At or above 20,000	200
<i>Long-dated Options</i>	
Below 5,000	100
At or above 5,000 but below 20,000	200
At or above 20,000	400

On any Trading Day, new consecutive Strike Prices may be set for, or added to, each Short-dated Option Contract (other than the Spot Month Option Contract on or after the 5th Trading Day preceding the Expiry Day) such that at all times there will be Strike Prices representing not less than 10% above, at, and not less than 10% below the at-the-money Strike Price of the Option Contract. On any Trading Day in a given month, the at-the-money Strike Price of each Short-dated Option Contract shall be the previous Trading Day's Closing Quotation (as defined in the Clearing House Rules) of (i) the Spot Month Hang Seng TECH Index Futures Contract for any day prior to the Expiry Day; and (ii) the next month Hang Seng TECH Index Futures Contract for any day on or after the Expiry Day, rounded off to the nearest Strike Price, unless the Closing Quotation is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For Long-dated Options, Strike Prices shall be set or added in the same manner as for Short-dated Options except that there shall at all times be Strike Prices representing 20% above, at and 20% below the at-the-money Strike Price, rounded off to the nearest Strike Price, unless the 20% is precisely midway between two Strike Prices in which case it shall be rounded off to the lower Strike Price

For both Short- and Long-dated Options, 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	Physical Delivery on Exercise. Exercise results in a long position in the Hang Seng TECH Index Futures Contract with the same Contract Month for a Holder of a Call Option or a Writer of a Put Option and a short position in the Hang Seng TECH Index Futures Contract with the same Contract Month for a Holder of a Put Option or a Writer of a Call Option, with a Contracted Price which is equal to the Strike Price of the Option. All in-the-money options are automatically exercised upon expiry. No overriding instructions would be accepted
Official Settlement Price	The Official Settlement Price for the Hang Seng TECH Index Futures 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 Futures Contract of the same Contract Month, taken at five (5) second intervals from 3:55 p.m. – 4:00 p.m. on the Expiry Day of the Hang Seng TECH Index Futures Options**. 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 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 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 combined of 21,000 long or short in all Contract Months 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 Fee (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 Fees	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 an Exercise Fee
Commission Rate	Negotiable

* Same as the Hang Seng TECH Index Futures Contract

** The quotation for each five-second period shall be taken according to the following sequence: (1) the last traded price of the underlying Hang Seng TECH Index Futures Contract within the five-second period; and if not available, (2) when both bid and offer prices are available, the mid-price of the last highest bid and lowest offer prices on the order book of the underlying Hang Seng TECH Index Futures Contract; and if no bid or offer price is available, (3) the index level of the Hang Seng TECH Index as disseminated by the index provider at the end of the five-second period, as adjusted by the premium or discount calculated on the previous Trading Day. The premium or discount is computed by taking the difference between the daily Closing Quotation of the underlying Hang Seng TECH Index Futures Contract (as determined by the Clearing House pursuant to the Clearing House Rules) and the closing price of the Hang Seng TECH Index

Where the Expiry Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve, the Official Settlement Price shall be the average of the quotations of the Hang Seng TECH Index Futures Contract of the same Contract Month, taken at five (5) second intervals from 11:55 a.m. – 12:00 noon

Where trading of the underlying Hang Seng TECH Index Futures Contract is not available due to typhoon, Extreme Conditions, black rainstorm warnings or otherwise during part of a Trading Day, the Official Settlement Price shall be the average of the quotations of the Hang Seng TECH Index Futures Contract of the same Contract Month, taken at five (5) second intervals during the last five (5) minutes of continuous trading of the Hang Seng TECH Index Futures Contract, until 4:00 p.m., during such Trading Day