

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

**CHAPTER I**

**INTERPRETATION ADMINISTRATION  
AND AMENDMENT OF THE RULES**

**Definitions and Interpretation**

101. In these Rules, unless the context otherwise requires, the following expressions shall bear the following meanings:-

"commodity"	means any item and includes, without limitation, agricultural commodities, metals <u>(including minerals and ores)</u> , currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;
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**CHAPTER VIII**

**TRADING ARRANGEMENTS - PRACTICES AND SYSTEMS**

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

(1) Block Trade Contracts

A Block Trade may be transacted only in Block Trade Contracts designated by the Board and notified to Exchange Participants from time to time.

(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 (no. of contracts)</b>
Stock Index Futures	100
Stock Index Options	100**
Stock Futures	100
Options on Stock Futures	100
HIBOR Futures (other than HIBOR strips)	80*
HIBOR strips	20
Five-Year MOF T-Bond Futures	50
EFN Futures	200
USD Gold Futures	30
CNH Gold Futures	30
Currency Futures	50
Currency Options	50
London Aluminium Mini Futures	50
London Zinc Mini Futures	50
London Copper Mini Futures	50
London Nickel Mini Futures	50
London Tin Mini Futures	50
London Lead Mini Futures	50
<u>TSI Iron Ore Fines 62% Fe CFR China Futures</u>	<u>50</u>

\* For a single order involving a spread or a strategy combination except HIBOR strips, at least one of the legs of the spread or strategy combination must meet the Minimum Volume Threshold.

\*\* For any order of Stock Index Options Contracts, all legs of a spread or a strategy combination that relate to Flexible Options must meet the Minimum Volume Threshold.

**APPENDIX B - FEES**

Description	Amount <sup>1</sup>
<i>Exchange trading fees</i>	
<u>TSI Iron Ore Fines 62% Fe CFR China Futures</u>	<u>House/Client a/c</u> <u>MM a/c</u>
	<u>USD1.00/Lot</u> <u>USD1.00/Lot</u> <u>or such lesser amount as the Exchange may from time to time agree with the relevant Exchange Participant</u>

<sup>1</sup> Unless otherwise specified, the amounts listed in this appendix are in HK dollars

Contract Specifications  
For  
TSI Iron Ore Fines 62% Fe CFR China  
Futures

The following Contract Specifications shall apply to the TSI Iron Ore Fines 62% Fe CFR China Futures Contract:-

<u>Underlying</u>	<u>TSI Iron Ore Fines 62% Fe CFR China Index</u>
<u>Contract Size</u>	<u>100 tonnes</u>
<u>Trading Currency</u>	<u>U.S. dollars</u>
<u>Contract Months</u>	<u>For Monthly Contracts: Spot Month and the next 23 calendar months</u>  <u>For Quarterly Contracts: Spot Quarter and the next seven calendar quarters (i.e. calendar quarters are January to March, April to June, July to September and October to December)</u>  <u>The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate</u>
<u>Price Quotation</u>	<u>U.S. dollars and cents per tonne</u>
<u>Minimum Fluctuation</u>	<u>USD 0.01 per tonne</u>
<u>Maximum Fluctuation</u>	<u>As prescribed by the Exchange from time to time</u>
<u>Contracted Price</u>	<u>The price at which a TSI Iron Ore Fines 62% Fe CFR China Futures Contract is registered by the Clearing House</u>
<u>Contracted Value</u>	<u>Contracted Price multiplied by the Contract Size</u>
<u>Position Limits</u>	<u>30,000 net long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf; and</u>  <u>30,000 net long or short in all Contract Months combined, per Client</u>
<u>Large Open Positions</u>	<u>500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and</u>  <u>500 open contracts, in any one Contract Month, per Client</u>

Pre-Market Opening Period Nil

Trading Hours (Hong Kong time) 9:00 a.m. – 4:30 p.m. (day trading session) and  
5:15 p.m. – 1:00 a.m. (after-hours trading session)

There is no trading after 12:30 p.m. on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:30 p.m.

Trading Hours on Last Trading Day (Hong Kong time) 9:00 a.m. – 4:30 p.m. (day trading session) and  
5:15 p.m. – 6:30 p.m. (after-hours trading session)

There is no trading after 12:30 p.m. on the Last Trading Day that is the last Hong Kong Business Day before New Year's Day or the Lunar New Year, and which is also the last day before New Year's Day or the Lunar New Year on which the TSI Iron Ore Fines 62% Fe CFR China Index is published. The trading hours on those two days shall be 9:00 a.m. – 12:30 p.m.

Trading Method The Exchange's Automated Trading System (HKATS)

Last Trading Day For Monthly Contracts: The last Hong Kong Business Day of a calendar month that is not a Singapore public holiday

For Quarterly Contracts: The Last Trading Day of the last Monthly Contract in the calendar quarter

Final Settlement Day The second Hong Kong Business Day after the Last Trading Day, provided that if (i) the Last Trading Day is on the last Hong Kong Business Day before New Year's Day or the Lunar New Year, (ii) the Trading Hours of the Spot Month Contract and the Spot Quarter Contract end at 12:30 p.m., and (iii) the day trading session of other Contract Months ends at 4:30 p.m., the Final Settlement Day shall be the first Hong Kong Business Day after the Last Trading Day

Settlement Method Cash settled contract of difference

Settlement Currency U.S. dollars

Final Settlement Price For Monthly Contracts:  
The Final Settlement Price shall be the arithmetic average of all TSI Iron Ore Fines 62% Fe CFR China Index values published in that Contract Month, rounded to 2 decimal places. It is rounded up if the figure in the third decimal place is 5 or above and rounded down if it is below 5;

For Quarterly Contracts:  
The Final Settlement Price shall be the arithmetic average of the Final Settlement Prices of the three corresponding Monthly Contracts in that Contract Quarter, rounded to 2 decimal places. It is rounded up if the figure in the third decimal place is 5 or above and rounded down if it is below 5

The Chief Executive of the Exchange has the power under the Regulations for trading Metal Futures Contracts to determine the Final Settlement Price under certain circumstances.

Cash Settlement Value                      The Final Settlement Price multiplied by the Contract Size

Trading Fee                                      Exchange Fee                                      USD1.00  
(per contract per side)                      The amount indicated above is subject to change from time to time

Levies    Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance

Exchange Participants shall pay the prescribed amount of Commission Levy in US Dollar equivalent (at the conversion rate determined by the Exchange, rounded to the nearest US Cents)

Commission Rate                              Negotiable

## REGULATIONS FOR TRADING METAL FUTURES CONTRACTS

### INTERPRETATION

001 These Regulations may be cited as the Regulations for trading Metal Futures Contracts (hereinafter referred to as the "Regulations").

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.

“Approved Depository” in respect of a Physically Settled Metal Futures Contract, a depository for precious metals approved by the Clearing House and included on the list of Approved Depositories published by the Clearing House from time to time;

“Approved Depository Account Agreement” an agreement between an HKCC Participant and an Approved Depository containing such terms as the Clearing House may require;

“British Summer Time” the last Sunday of March to the last Sunday of October, which is the period when the United Kingdom is one hour ahead of Greenwich Mean Time;

“Buyer” an HKCC Participant registered as the buyer of a Metal Futures Contract pursuant to the Clearing House Rules;

“Cash Settled Metal Futures Contract” a Metal Futures Contract which specifies “Cash settled contract ~~for~~of difference” as the settlement method in the applicable Contract Specifications;

“Cash Settlement Value” in respect of any Cash Settled Metal Futures Contract, the Final Settlement Price multiplied by the Contract Size;

“Contract Month” in respect of any Metal Futures Contract, the month and year by which that contract is so designated by the Board for cash settlement or physical settlement under these Regulations and in which cash settlement or physical settlement of that contract must be made in accordance with

	these Regulations;
“Contract Size”	for any Metal Futures Contract, the size so designated in the applicable Contract Specifications;
“Contract Specifications”	those terms and conditions of a Metal Futures Contract as from time to time specified by the Board pursuant to Regulations 003 – 004;
“Contracted Price”	the price at which a Metal Futures Contract is registered by the Clearing House;
“Contracted Value”	the Contracted Price multiplied by the Contract Size;
“Deliverable Metal”	in respect of any Physically Settled Metal Futures Contract, the metal underlying such contract which is to be delivered by the Seller to the Buyer;
“Delivery Agent”	means an HKCC Participant appointed as such by another HKCC Participant for the delivery of Deliverable Metal for such other HKCC Participant under the terms of a Delivery Agreement;
“Delivery Agreement”	means an agreement between an HKCC Participant and its Delivery Agent containing such terms as may be specified by the Clearing House;
“Delivery Notice”	means any notice to be provided by a Seller under a Physically Settled Metal Futures Contract in a form prescribed and published by the Clearing House from time to time;
“Final Settlement Day”	the day on which a Metal 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 011 or the Chief Executive pursuant to Regulation 012;
“Final Settlement Value”	in respect of any Physically Settled Metal Futures Contract, means the amount payable by a Buyer calculated by the Clearing House in accordance with the



	Clearing House Rules with reference to the Final Settlement Price and the weight and fineness of the Deliverable Metal which is to be delivered to it by the relevant Seller;
“HKATS”	the Exchange's automated trading system, as defined in the Rules;
“Hong Kong Business Day”	means any day during which the Exchange is open for trading Exchange Contracts according to the trading calendar prescribed by the Exchange from time to time based on the Hong Kong holiday schedule;
“Large Open Position”	the number of open Exchange Contracts determined by the Board to be a Large Open Position pursuant to Rule 628 of the Exchange Rules;
“Last Trading Day”	the last day of trading for a Metal Futures Contract as specified in the Contract Specifications;
“London Business Day”	for London Aluminium/ Zinc/ Copper/ Nickel/ Tin/ Lead Mini Futures, means any day during which the official settlement price for the relevant metal determined and published by The London Metal Exchange is available;
“Maximum Fluctuation”	the maximum allowable movement in the price of any Metal 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;
“Metal Futures Contract”	an Exchange Contract subject to these Regulations;
“Metal Futures Market”	a Market subject to these Regulations;
“Minimum Fluctuation”	the minimum allowable movement in the price of any Metal Futures Contract as specified in the Contract Specifications;
<u>“Monthly Contract”</u>	<u>an Exchange Contract that has a term of one month;</u>
“Non-delivery HKCC Participant”	means, in respect of a Physically Settled Metal Futures Contract, an HKCC

	Participant which neither has itself entered into, nor has entered into a Delivery Agreement with another HKCC Participant which has entered into, an Approved Depository Account Agreement with each of the Approved Depositories;
“Physically Settled Metal Futures Contract”	a Metal Futures Contract which specifies “Physical Settlement” as the settlement method in the applicable Contract Specifications;
<u>“Quarterly Contract”</u>	<u>an Exchange Contract that has a quarterly term starting in January, April, July or October;</u>
“Recognized Assayer”	in respect of a Physically Settled Metal Futures Contract, an assayer for precious metals which is included on the list of Recognized Assayers published by the Exchange from time to time;
“Recognized Depository”	in respect of a Physically Settled Metal Futures Contract, a depository for precious metals which is included on the list of Recognized Depositories published by the Exchange from time to time;
“Recognized Forwarder”	in respect of a Physically Settled Metal Futures Contract, a transportation firm specializing in transporting precious metals which is included on the list of Recognized Forwarders published by the Exchange from time to time;
“Recognized Refiner”	in respect of a Physically Settled Metal Futures Contract, a precious metal refinery which is included on the list of Recognized Refiners published by the Exchange from time to time;
“Re-novated Contract”	has the meaning given to it in Rule 309A of the Clearing House Rules and “Contract Re-novation” shall be construed accordingly;
“Seller”	an HKCC Participant registered as the seller of a Metal Futures Contract pursuant to the Clearing House Rules;
"Settlement Currency"	in respect of any Metal Futures Contract, the currency in which the Metal Futures Contract shall be settled, as specified in

	the Contract Specifications;
“Spot Month”	in a given month: (i) on day(s) prior to and on the Last Trading Day of that month, a Spot Month Metal Futures Contract refers to a Metal Futures Contract traded on such days that has a Last Trading Day in that same given month; and (ii) on the day after the Last Trading Day of that month, a Spot Month Metal Futures Contract refers to a Metal Futures Contract traded on such a day that has a Last Trading Day in the immediately following month; <del>and</del>
<u>“Spot Quarter”</u>	<u>in a given calendar quarter: (i) on day(s) prior to and on the Last Trading Day of the last month of that quarter, a Spot Quarter Metal Futures Contract refers to a Quarterly Contract in the Metal Futures Contract traded on such days that has a Last Trading Day in that same given quarter; and (ii) on the day after the Last Trading Day of that quarter, a Spot Quarter Metal Futures Contract refers to a Quarterly Contract in the Metal Futures Contract traded on such a day that has a Last Trading Day in the last month of the immediately following quarter; and</u>
“Trading Hours”	such period or periods, approved by the Board, within a Hong Kong Business Day in which trading in any or all Metal Futures Contracts occurs, as specified in the Contract Specifications.

**TRADING PROCEDURES FOR METAL FUTURES TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

**CHAPTER 4**

**CONTINGENCY PROCEDURES**

4.1 *Typhoon Signals and Black Rainstorm Warnings*

Unless otherwise decided by the Exchange, the trading arrangements upon the approach and the retreat of Typhoons and/or the issuance and cancellation of Black Rainstorm Warnings shall be as follows:

<b>(a) Trading arrangement for all trading days except the eves of Christmas, New Year and Lunar New Year where the Hong Kong Observatory has hoisted or lowered a Typhoon Signal No. 8 or above</b>	
(i) If a Typhoon Signal no. 8 or above is hoisted at any time prior to <u>commencement of the day trading session-8:30 a.m.:</u>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Commencement of trading will take place <sup>(Note 1)</sup>:</li> <li>- at 8:30 a.m. if the Signal is lowered at or before 6:30 a.m.; <sup>(Note 2)</sup></li> <li>- at 9:00 a.m. if the Signal is lowered at or before 7:00 a.m.;</li> <li>- at 9:30 a.m. if the Signal is lowered at or before 7:30 a.m.;</li> <li>- at 10:00 a.m. if the Signal is lowered at or before 8:00 a.m.;</li> <li>- at 10:30 a.m. if the Signal is lowered at or before 8:30 a.m.;</li> <li>- at 11:00 a.m. if the Signal is lowered at or before 9:00 a.m.;</li> <li>- at 11:30 a.m. if the Signal is lowered at or before 9:30 a.m.;</li> <li>- at 12:00 noon if the Signal is lowered at or before 10:00 a.m.;</li> <li>- at 12:30 p.m. if the Signal is lowered at or before 10:30 a.m.;</li> <li>- at 1:00 p.m. if the Signal is lowered at or before 11:00 a.m.;</li> </ul>

	<ul style="list-style-type: none"> <li>- at 1:30 p.m. if the Signal is lowered at or before 11:30 a.m.; or</li> <li>- at 2:00 p.m. if the Signal is lowered at or before 12:00 noon;</li> <li>- There will be no trading for the day if the Signal is lowered after 12:00 noon.</li> </ul>
(ii) If a Typhoon Signal no. 8 or above is hoisted <u>at or between commencement of the day trading session</u> <del>during the trading hours at or between 8:30 a.m.</del> and 12:00 noon:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Trading will be terminated 15 minutes after the hoisting of the Signal.</li> <li>- Trading will resume from 2:00 p.m. if the Signal is lowered at or before 12:00 noon <sup>(Note 1)</sup>.</li> <li>- There will be no trading for the rest of the day if the Signal is lowered after 12:00 noon.</li> </ul>
(iii) If a Typhoon Signal no. 8 or above is hoisted during the trading hours after 12:00 noon:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Trading will be terminated 15 minutes after the hoisting of the Signal and there will be no trading for the rest of the day, except that if Typhoon Signal no. 8 or above is hoisted at or after 3:45 p.m. but before 4:00 p.m., trading will be terminated at 4:15 p.m.</li> </ul>
(iv) If a Typhoon Signal no. 8 or above is hoisted after the end of the day trading session but before the commencement of the after-hours trading session:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- There will be no trading in the after-hours trading session.</li> </ul>
(v) If a Typhoon Signal no. 8 or above is hoisted during the after-hours trading session:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Trading will be terminated 15 minutes after the hoisting of the Signal and there will be no trading in the after-hours trading session.</li> </ul>

<b>(aa) Trading arrangement for the eves of Christmas, New Year and Lunar New Year where the Hong Kong Observatory has hoisted or lowered a Typhoon Signal No. 8 or above</b>	
<p>(i) If a Typhoon Signal no. 8 or above is hoisted at any time prior to <u>commencement of the day trading session 8:30 a.m.:</u></p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Commencement of trading will take place <sup>(Note 1)</sup>:</li> <li>- at 8:30 a.m. if the Signal is lowered at or before 6:30 a.m.; <sup>(Note 2)</sup></li> <li>- at 9:00 a.m. if the Signal is lowered at or before 7:00 a.m.;</li> <li>- at 9:30 a.m. if the Signal is lowered at or before 7:30 a.m.;</li> <li>- at 10:00 a.m. if the Signal is lowered at or before 8:00 a.m.; or</li> <li>- at 10:30 a.m. if the Signal is lowered at or before 8:30 a.m..</li> <li>- There will be no trading for the day if the Signal is lowered after 8:30 a.m..</li> </ul>
<p>(ii) If a Typhoon Signal no. 8 or above is hoisted <u>at or between commencement of the day trading session during the trading hours at or between 8:30 a.m. and 12:30 p.m.:</u></p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Trading will be terminated 15 minutes after the hoisting of the Signal and there will be no trading for the rest of the day, except that if Typhoon Signal no. 8 or above is hoisted at or after 11:45 a.m. but before 12:00 noon, trading will be terminated at 12:15 p.m.</li> </ul>

Note 1: In the event the Pre-Market Opening Period applies to any Metal Futures Contract, the Pre-Market Opening Period for that Metal Futures Contract will commence thirty (30) minutes before the indicated time of resumption of trading.

Note 2: Applicable only to the trading of the USD Gold Futures and CNH Gold Futures

<b>(b) Trading arrangement for all trading days where the Hong Kong Observatory has issued or cancelled a Black Rainstorm Warning</b>	
<p>(i) If a Black Rainstorm Warning is issued at any time prior to <u>commencement of the day trading session</u> 8:30 a.m.:</p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> <li>- Commencement of trading will take place <sup>(Note 1)</sup>:</li> <li>- at 8:30 a.m. if the Warning is cancelled at or before 6:30 a.m.; <sup>(Note 2)</sup></li> <li>- at 9:00 a.m. if the Warning is cancelled at or before 7:00 a.m.;</li> <li>- at 9:30 a.m. if the Warning is cancelled at or before 7:30 a.m.;</li> <li>- at 10:00 a.m. if the Warning is cancelled at or before 8:00 a.m.;</li> <li>- at 10:30 a.m. if the Warning is cancelled at or before 8:30 a.m.;</li> <li>- at 11:00 a.m. if the Warning is cancelled at or before 9:00 a.m.;</li> <li>- at 11:30 a.m. if the Warning is cancelled at or before 9:30 a.m.;</li> <li>- at 12:00 noon if the Warning is cancelled at or before 10:00 a.m.;</li> <li>- at 12:30 p.m. if the Warning is cancelled at or before 10:30 a.m.;</li> <li>- at 1:00 p.m. if the Warning is cancelled at or before 11:00 a.m.;</li> <li>- at 1:30 p.m. if the Warning is cancelled at or before 11:30 a.m.; or</li> <li>- at 2:00 p.m. if the Warning is cancelled at or before 12:00 noon.</li> <li>- There will be no trading for the day if the Warning is cancelled after 12:00 noon.</li> </ul>
<p>(ii) If a Black Rainstorm Warning is issued during any trading hours:</p>	<p>Trading will continue as normal.</p>

(iii) If a Black Rainstorm Warning is issued after the end of the day trading session but before the commencement of the after-hours trading session:	The position will be as follows:  - If there was trading in the day trading session, trading in the after-hours trading session will take place.
(iv) If a Black Rainstorm Warning is issued during the after-hours trading session:	Trading will continue as normal.

Note 1: In the event the Pre-Market Opening Period applies to any Metal Futures Contract, the Pre-Market Opening Period for that Metal Futures Contract will commence thirty (30) minutes before the indicated time of resumption of trading.

Note 2: Applicable only to the trading of the USD Gold Futures and CNH Gold Futures