

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:

(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:

| Exchange Contract | Minimum Volume Threshold (no. of contracts) |
|---------------------------|--|
| <u>CNH Silver Futures</u> | <u>30</u> |
| <u>USD Silver Futures</u> | <u>30</u> |

Note 1 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.

Note 2 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

Note 3 Other than MSCI AC Asia ex Japan Net Total Return Index Futures, Hang Seng Index (Gross Total Return Index) Futures, Hang Seng Index (Net Total Return Index) Futures, Hang Seng China Enterprises Index (Gross Total Return Index) Futures and Hang Seng China Enterprises Index (Net Total Return Index) Futures.

APPENDIX B - FEES

| Description | | Amount ¹ |
|------------------------------|-------------------------|------------------------------------|
| <i>Exchange trading fees</i> | | |
| <u>CNH Silver Futures</u> | <u>House/Client a/c</u> | <u>RMB6.00/Lot</u> |
| | <u>MM a/c</u> | <u>RMB6.00/Lot</u> |
| | | <u>or such lesser amount as</u> |
| | | <u>the Exchange may from</u> |
| | | <u>time to time agree with the</u> |
| | | <u>relevant Exchange</u> |
| | | <u>Participant</u> |
| <u>USD Silver Futures</u> | <u>House/Client a/c</u> | <u>USD1.00/Lot</u> |
| | <u>MM a/c</u> | <u>USD1.00/Lot</u> |
| | | <u>or such lesser amount as</u> |
| | | <u>the Exchange may from</u> |
| | | <u>time to time agree with the</u> |
| | | <u>relevant Exchange</u> |
| | | <u>Participant</u> |

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

Contract Specifications
For
USD Silver Futures

The following Contract Specifications shall apply to the USD Silver Futures Contract:

| | |
|-----------------------------|---|
| <u>Underlying</u> | <u>30 kilogram silver, with weight tolerance of +/- 10%, of not less than 0.9999 fineness, and bearing a serial number and identifying stamp of a Recognized Refiner</u> |
| <u>Contract Size</u> | <u>30 kilogram</u> |
| <u>Trading Currency</u> | <u>U.S. dollars</u> |
| <u>Contract Months</u> | <u>Spot Month and the next eleven calendar months. 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 kilogram</u> |
| <u>Minimum Fluctuation</u> | <u>USD 0.05 per kilogram</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 USD Silver 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>USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and</u> <u>USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months 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> |

500 open contracts, in any one Contract Month, per Client

Trading Hours 8:30 a.m. to 4:30 p.m. (day trading session) and
(Hong Kong time) 5:15 p.m. to 3:00 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 8:30 a.m. – 12:30 p.m.

There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People’s Republic of China

Trading Hours on 8:30 a.m. to 4:30 p.m.

Last Trading Day

(Hong Kong time)

There shall be 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 8:30 a.m. – 12:30 p.m.

Trading Method

The Exchange’s Automated Trading System (HKATS)

Last Trading Day

The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day

Final Settlement Day

The second Hong Kong Business Day after the Last Trading Day

Settlement Method

Physical settlement

Settlement Currency

U.S. dollars

Final Settlement Price

Volume weighted average price (VWAP) of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick.

If there is no valid traded price during the last thirty minutes of trading on the Last Trading Day, the Final Settlement Price shall be determined,

rounded to the nearest tick, with reference to the following in the order as they appear:

- (i) the Final Settlement Price of the CNH Silver Futures Contract, converted to USD at such conversion rate as the Exchange may in its absolute discretion determine to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate;
- (ii) the mid point of the best bid and corresponding offer prices of the Spot Month Contract during the last thirty minutes of trading on the Last Trading Day; or
- (iii) any such relevant market indicators quoted or published at or immediately before the close of trading on the Last Trading Day, as the Exchange considers appropriate.

In addition, 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.

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| <u>Final Settlement Value</u> | <u>Calculated by the Clearing House in accordance with the Clearing House Rules with reference to the Final Settlement Price and the weight of the Deliverable Metal. The weight of each silver bar shall be rounded up to the nearest one gram if the figure in the first decimal place is 5 or above and rounded down to the nearest gram if it is below 5 for the purpose of calculating the Final Settlement Value.</u> |
| <u>Delivery Site</u> | <u>An Approved Depository</u> |
| <u>Minimum Delivery Size</u> | <u>30 kilogram</u> |
| <u>Trading Fee</u> (per contract per side) | <u>Exchange Fee</u> <u>USD 1.00</u> The amount indicated above is subject to change from time to time |
| <u>Settlement Fee</u> (per contract per side) | <u>USD 2.00</u> The amount indicated above is subject to change from time to time |
| <u>Levies</u> (per contract per side) | <u>Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance</u> |
| <u>Commission Rate</u> | <u>Negotiable</u> |

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| <p><u>Contract Specifications</u> <u>For</u> <u>CNH Silver Futures</u></p> |
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The following Contract Specifications shall apply to the CNH Silver Futures Contract:

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|-----------------------------|---|
| <u>Underlying</u> | <u>30 kilogram silver, with weight tolerance of +/- 10%, of not less than 0.9999 fineness, and bearing a serial number and identifying stamp of a Recognized Refiner</u> |
| <u>Contract Size</u> | <u>30 kilogram</u> |
| <u>Trading Currency</u> | <u>RMB</u> |
| <u>Contract Months</u> | <u>Spot Month and the next eleven calendar months. 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>RMB per kilogram</u> |
| <u>Minimum Fluctuation</u> | <u>RMB 0.25 per kilogram</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 CNH Silver 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>USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and</u> <u>USD Silver Futures and CNH Silver Futures combined of 3,000 net long or short contracts in the Spot Month and 6,000 net long or short contracts in other months 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> |

500 open contracts, in any one Contract Month, per Client

Trading Hours 8:30 a.m. to 4:30 p.m. (day trading session) and
(Hong Kong time) 5:15 p.m. to 3:00 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 8:30 a.m. – 12:30 p.m.

There is no after-hours trading session if it is a bank holiday in the United Kingdom, the United States and the People’s Republic of China

Trading Hours on 8:30 a.m. to 4:30 p.m.

Last Trading Day

(Hong Kong time)

There shall be 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 8:30 a.m. – 12:30 p.m.

Trading Method

The Exchange’s Automated Trading System (HKATS)

Last Trading Day

The third Monday of the Contract Month and if it is not a Hong Kong Business Day, the Last Trading Day shall be the immediately following Hong Kong Business Day

Final Settlement Day

The second Hong Kong Business Day after the Last Trading Day

Settlement Method

Physical settlement

Settlement Currency

RMB

Final Settlement Price

Volume weighted average price (VWAP) of all trades other than Block Trades in the expiring Contract Month that result from the matching on HKATS of (i) two orders in the individual market series; or (ii) a standard combination order and an order in the individual market series, and executed during the last thirty minutes of trading on the Last Trading Day, rounded to the nearest tick.

If there is no valid traded price during the last thirty minutes of trading on the Last Trading Day, the Exchange will use the Final Settlement Price of the USD Silver Futures Contract (converted to RMB at such conversion rate as the Exchange may in its absolute discretion determine

to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate) to determine the Final Settlement Price.

In addition, 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.

Final Settlement Value Calculated by the Clearing House in accordance with the Clearing House Rules with reference to the Final Settlement Price and the weight of the Deliverable Metal. The weight of each silver bar shall be rounded up to the nearest one gram if the figure in the first decimal place is 5 or above and rounded down to the nearest gram if it is below 5 for the purpose of calculating the Final Settlement Value.

Delivery Site An Approved Depository

Minimum Delivery Size 30 kilogram

Trading Fee Exchange Fee RMB 6.00
(per contract per side) The amount indicated above is subject to change from time to time

Settlement Fee RMB 12.00
(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
(per contract per side) at the rate or of the amount prescribed from time to time pursuant to the Ordinance

Commission Rate Negotiable

REGULATIONS FOR TRADING METAL 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.

| | |
|---------------------------------|--|
| “Delivery Agent” | means in respect of a Physically Settled Metal Futures Contract, an HKCC Participant appointed as such by another HKCC Participant for the delivery of Deliverable Metal <u>underlying such Physically Settled Metal Futures Contract</u> for such other HKCC Participant under the terms of a Delivery Agreement; |
| “Final Settlement Value” | in respect of any Physically Settled Metal Futures Contract, means the final settlement value as specified in the Contract Specifications which is 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 for the Deliverable Metal which is to be delivered to it by the relevant Seller; |
| “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 <u>relating to the Deliverable Metal underlying such Physically Settled Metal Futures Contract</u> ; |

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:

(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

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, USD Silver Futures and CNH Silver Futures

(b) Trading arrangement for all trading days where the Hong Kong Observatory has issued or cancelled a Black Rainstorm Warning

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, USD Silver Futures and CNH Silver Futures