

**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 (no. of contracts)</b>
Gold Futures	100

**APPENDIX B – FEES**

<b>Description</b>	<b>Amount<sup>1</sup></b>
<i>Exchange trading fees</i>	
Gold Futures	House/Client a/c USD1.30/Lot

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

<sup>2</sup> The number of contracts that are eligible for a reduced Exchange Fee may be limited as specified in the Procedures relating to Stock Index Futures and Stock Index Options contained in these Rules

<p>Contract Specifications For Gold Futures</p>
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The following Contract Specifications shall apply to the Gold Futures Contract:-

Underlying	Gold of not less than 995 fineness
Contract Size	100 troy ounces
Trading Currency	U.S. dollars
Contract Months	Spot Month and the next two 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
Price Quotation	U.S. dollars and cents per troy ounce
Minimum Fluctuation	USD0.1 per troy ounce
Contracted Price	The price at which a Gold Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size
Position Limits	Nil
Large Open Positions	500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and  500 open contracts, in any one Contract Month, per Client
Trading Hours	8:30 a.m. - 5:00 p.m. (Hong Kong time)  There is no trading after 12:00 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. – 12:00 p.m. (Hong Kong time)
Trading Hours on Last Trading Day	8:30 a.m. - 5:00 p.m. (Hong Kong Time)  There shall be no trading after 12:00 p.m. if the Last Trading Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve
Trading Method	The Exchange's Automated Trading System (HKATS)

Last Trading Day	The third last Hong Kong Business Day of the Contract Month. If it is not a London Business Day, the Last Trading Day shall be the immediately preceding London Business Day which is also a Hong Kong Business Day	
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day	
Settlement Method	Cash settled contract for differences	
Settlement Currency	US dollars	
Final Settlement Price	The price of gold per troy ounce in USD at London Morning Gold Fixing carried out by The London Gold Market Fixing Limited and published by The London Bullion Market Association on the Last Trading Day, rounded up to the nearest 1 decimal place if the figure in the second decimal place is 5 or above and rounded down to the nearest 1 decimal place 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 (per contract per side)	Exchange Fee	USD1.30
	The amount indicated above is subject to change from time to time.	
Levies (per contract per side)	Commission Levy	USD0.10
	Investor Compensation Levy	Nil
	Commission Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance. The amount indicated above is the US Dollar equivalent (at the conversion rate determined by the Exchange, rounded to the nearest US Cents) of the amount currently prescribed under the Ordinance. No Investor Compensation Levy shall be payable for as long as an exemption notice published under section 25 of the Securities and Futures (Investor Compensation – Levy) Rules is in force. Exchange Participants will be notified accordingly of the exemption notice (and its termination).	
Commission Rate	Negotiable	

Note: All references to the London Gold Fixing prices are used with the permission of The London Gold Market Fixing Limited, which for the avoidance of doubt has no involvement with and accepts no responsibility whatsoever for the underlying product to which the Fixing prices may be referenced.

## **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.

“Buyer”	an HKCC Participant registered as the buyer of a Metal Futures Contract pursuant to the Clearing House Rules;
“Contract Months”	in respect of any Metal Futures Contract, the month and year by which that contract is so designated by the Board for cash settlement under these Regulations and in which cash 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;
“Cash Settlement Value”	the Final Settlement Price multiplied by the Contract Size;
“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;
“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;
“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”	means any day during which the London Gold Fixing carried out by The London Gold Market Fixing Limited and published by The London Bullion Market Association is available;
“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;
“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; and
“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.

## **CONTRACT SPECIFICATIONS**

- 003 The terms and conditions for each Metal Futures Contract shall include, among other things:
- (a) Cash Settlement Value;
  - (b) Commission Rate;
  - (c) Contract Months;
  - (d) Contract Size;
  - (e) Contracted Price;
  - (f) Contracted Value;
  - (g) Final Settlement Day;
  - (h) Final Settlement Price;
  - (i) Large Open Positions;
  - (j) Last Trading Day;
  - (k) Minimum Fluctuation;
  - (l) Position Limits;
  - (m) Price Quotation;
  - (n) Settlement Currency;
  - (o) Settlement Method;
  - (p) Trading Currency;
  - (q) Trading Hours; and
  - (r) Trading Method.
- 004 Contract Specifications for Metal Futures Contracts may be changed from time to time by the Board in consultation with the Commission. Exchange Participants shall be given notice of a change in the Contract Specifications prior to implementation of the change.

## **TRADING**

- 005 Bids and offers for Metal Futures Contracts shall be expressed in terms of a number in multiples of the Minimum Fluctuation. The Minimum Fluctuation shall be as prescribed in the Contract Specifications from time to time.
- 006 Trading in Metal Futures Contracts shall be carried out through HKATS in accordance with the Rules, these Regulations and the applicable Procedures.
- 007 The Metal Futures Market shall be open for trading in Metal Futures Contracts on every Hong Kong Business Day subject to the Exchange Rules. Trading hours shall be as prescribed by the Board from time to time.
- 008 Subject to the Exchange Rules, trading in Metal Futures Contracts shall cease at the close of trading hours on the applicable Last Trading Day or at such other times as specified by the Board.
- 009 All disputes as to bids, offers, acceptances or withdrawals during trading sessions shall be governed by the Exchange Rules.

### **FINAL SETTLEMENT PRICE**

- 010 The Exchange shall, in conjunction with the Clearing House, announce the Final Settlement Price as soon as practicable after it has been determined.
- 011 Subject to Regulation 012, the Final Settlement Prices for Metal Futures Contracts shall be determined by the Clearing House in accordance with the Contract Specifications.
- 012 If, in the opinion of the Chief Executive, circumstances have developed which prevent the determination of a Final Settlement Price in accordance with the Contract Specifications, or which may render a Final Settlement Price unrepresentative of the price of the underlying metal at the close of trading hours on the Last Trading Day, the Chief Executive, after consultation with the Commission, may either on his own or in conjunction with the Clearing House take such steps as he deems appropriate to enable the Final Settlement Price to be determined.

### **CASH SETTLEMENT**

- 013 Trading in Metal Futures Contracts shall be conducted in and confined to Exchange Contracts for the delivery, by cash settlement on the Final Settlement Day, of an amount in the Settlement Currency, equal to the difference between the Cash Settlement Value and the Contracted Value of such Metal Futures Contracts.
- 014 (a) The obligations of the Buyer and the Seller under a Metal Futures Contract are as follows:-
- (i) If the Contracted Value is less than the Cash Settlement Value, the Seller shall be liable to pay to the Clearing House the difference between that Contracted Value and the Cash Settlement Value.
  - (ii) If the Contracted Value is greater than the Cash Settlement Value, the Buyer shall be liable to pay to the Clearing House the difference between that Contracted Value and the Cash Settlement Value.
- (b) The rights of the Buyer and the Seller under a Metal Futures Contract are as follows:-
- (i) If the Contracted Value is less than the Cash Settlement Value, the Buyer shall be entitled to receive from the Clearing House the difference between that Contracted Value and the Cash Settlement Value.
  - (ii) If the Contracted Value is greater than the Cash Settlement Value, the Seller shall be entitled to receive from the Clearing House the difference between that Contracted Value and the Cash Settlement Value.
- 015 The obligations and rights of the Buyer and the Seller shall be satisfied by cash settlement of an amount, in the Settlement Currency, by or with the Clearing House on the Final Settlement Day in accordance with the Clearing House Rules.

## **SETTLEMENT CURRENCY AND CONVERSION RATES**

- 016 Where the amount required to be settled by an Exchange Participant is not in the same currency as the Settlement Currency, it shall be converted to the Settlement Currency equivalent. The conversion rate to be applied shall be determined by the Clearing House in accordance with the Contract Specifications.
- 017 The Clearing House will promptly announce these rates after they are determined. Exchange Participants must use these rates for conversions at the Client account level.

## **REGISTRATION**

- 018 All Exchange Participants trading in Metal Futures Contracts shall comply with applicable Procedures. The Clearing House Rules shall govern the registration and clearing of Metal Futures Contracts.

## **MARGIN AND VARIATION ADJUSTMENTS**

- 019 Clearing House margin, additional margin and variation adjustments shall be set, collected or distributed in respect of Metal Futures Contracts in accordance with the Rules.

## **COMMISSION AND LEVIES**

- 020 (a) The rate of commission for each Metal Futures Contract shall be negotiable between an Exchange Participant and its Client.
- (b) Trading of Metal Futures Contracts shall be subject to an Exchange fee which shall become immediately payable to the Exchange upon registration of each Contract with the Clearing House. The Exchange fee shall be paid to the Exchange through the Clearing House and shall be set by the Board from time to time.
- (c) Any levies required to be paid pursuant to the Ordinance in consequence of trading in Metal Futures Contracts shall be paid to the Exchange through the Clearing House in such manner as the Exchange shall, in consultation with the Commission, prescribe from time to time.

## **NON-COMPLIANCE**

- 021 An Exchange Participant which does not comply with these Regulations, the Rules and the applicable Procedures in any respect (including, without limitation, cash settlement with the Clearing House on the Final Settlement Day) shall be liable to disciplinary proceedings under the Exchange Rules.



**LARGE OPEN POSITION**

- 022 (a) The Board shall specify Large Open Positions in the Contract Specifications as provided for in the Exchange Rules.
- (b) Exchange Participants shall report Large Open Positions to the Chief Executive or the designated HKEx staff as required by the Rules and the applicable Procedures.

**POSITION LIMITS**

- 023 (a) The Chief Executive may impose Position Limits on Exchange Participants and their Clients as provided for in the Rules and such Position Limits shall be specified in the Contract Specifications.
- (b) Subject to Rules 629(e) and 630(e), the Chief Executive may, on a case-by-case basis, increase, decrease or remove the Position Limits imposed pursuant to the Rules by giving notice in writing to the Clearing House, the Exchange Participant and the Commission.
- (c) The Chief Executive shall not be required to give any reasons for his decision to increase, decrease or remove the Position Limits pursuant to the Rules.
- (d) Failure to comply with the Position Limits is governed by the Rules.

*Note: The Commission may also impose contract limits under the Ordinance.*

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

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These procedures shall be read in conjunction with and shall form part of the Exchange Rules. Unless otherwise indicated, the terms used herein shall have the same meanings as contained in the Exchange Rules and/or the Clearing House Rules.

## **CHAPTER 1**

### **TRADING**

#### *1.1 Method of Trading*

Trading in Metal Futures Contracts shall be conducted exclusively through the Automated Trading System of the Exchange (“HKATS”) in accordance with the Exchange Rules, the Clearing House Rules, applicable Regulations, Contract Specifications and Procedures, the Clearing House Procedures and the HKATS User’s Guide.

## **CHAPTER 2**

### **ELIGIBILITY TO TRADE METAL FUTURES CONTRACTS**

#### *2.1 Metal Futures Trading Privileges*

An Exchange Participant must be approved by and registered with the Exchange to trade through HKATS.

An Exchange Participant must be approved by the Exchange to trade Metal Futures Contracts through HKATS.

To be approved to trade Metal Futures Contracts an Exchange Participant shall have at least one (1) HKATS Exchange Participant Representative who is registered with the Exchange to trade Metal Futures Contracts.

#### *2.2 Training Required for Registration as an HKATS Exchange Participant Representative for Metal Futures Contracts*

The Exchange offers the training course “HKATS Rules & Procedures” for persons applying to become registered as HKATS Exchange Participant Representatives for Metal Futures Contracts.

## CHAPTER 3

### DEALING FUNCTIONALITY

#### 3.1 *Order Entry*

An Order in a Metal Futures Contract may be entered into HKATS only during the trading hours and, where applicable, the pre-opening session (in respect of Limit Orders and Auction Orders) and the pre-open allocation session (in respect of Auction Orders only) of the Pre-Market Opening Period for the Metal Futures Contract.

#### 3.2 *Automatic Cancellation of an Order due to Suspension of Trading or Site Failure*

An Order resident on the Central Orderbook for a Metal Futures Contract will be canceled upon the suspension of trading in that Metal Futures Contract.

Notification of a suspension of trading in a Metal Futures Contract will be made on the HKATS Market Message display window.

Notification of the resumption of trading in a suspended Metal Futures Contract will be made on the HKATS Market Message display window not less than ten (10) minutes, or such shorter period as the Chief Executive may determine, prior to the resumption of trading in that Metal Futures Contract.

An Order automatically canceled due to the suspension of trading in a Metal Futures Contract may be re-entered into HKATS upon the resumption of trading in that Metal Futures Contract.

In the event of a system failure at an Exchange Participant's site, the Exchange Participant shall contact the Exchange at the HKATS hotline listed in the HKATS User's Guide and advise the Exchange if it wishes to have all its outstanding Orders canceled or remain activated. An Order of an Exchange Participant resident on the Central Orderbook will be inactivated 10 minutes after the occurrence of a system failure at the Exchange Participant's site unless the Exchange Participant has requested the Exchange to keep the Order activated within 10 minutes of the site failure. The Exchange shall not be liable to an Exchange Participant for canceling or keeping activated any Order of the Exchange Participant at its instructions or purported instructions.

An Exchange Participant affected by a system failure at its site may arrange with other Exchange Participants to handle new Orders and subsequently reallocate resulting trades to the corresponding accounts through external allocation according to the Clearing House Rules.

#### 3.3 *Order Amendments and Cancellations*

An Order in a Metal Futures Contract entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; (ii) will be immediately converted into an inactive Order if the amendment is made during the 30-minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable); and (iii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable).

### 3.4 *Execution of Standard Combinations*

- 3.4.1 In the event an Order for a spread or strategy combination listed in the “Series/Combinations” window of HKATS (“standard combination”) involving Metal Futures Contracts is entered into HKATS, HKATS will automatically generate derived Orders (“Bait Orders”) based on the prevailing market price of each individual market series comprising the standard combination and the price of the Order for the standard combination. Prices of these Bait Orders will be automatically adjusted according to price movement in the individual market series comprising the standard combination.
- 3.4.2 The ranking of Bait Orders shall be in accordance with the time the original Order for the standard combination is entered into HKATS and not the time the Bait Orders are generated.
- 3.4.3 In the event an Order for a standard combination is executed separately as Bait Orders in the individual market series, each Metal Futures Contract comprising the standard combination will be matched at the prevailing market price of the individual market series. Any matched Contracts will be recorded in HKATS as separate trades in the individual market series.
- 3.4.4 In the event an Order for a standard combination is executed in the standard combination market and not as Bait Orders in the individual market series, the executed price of the standard combination may not necessarily correspond with the prevailing market prices of the Metal Futures Contracts comprising the standard combination. The matched standard combination will be recorded in HKATS as separate trades in the individual market series. The letters “STDC” will be displayed in the “DealSrc/Source” column of the Company Trades, Clearing Trades and Ticker windows to differentiate these trades from trades executed in the individual market series.

3.5 *Execution of Non-Standard Combinations*

- 3.5.1 Combinations defined by Exchange Participants using the “Enter Combination” window of HKATS (“non-standard combinations”) may only be executed as “fill or kill” Orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual Contracts comprising the non-standard combination.
- 3.5.2 The Exchange may from time to time prescribe the maximum number of order entries which an Exchange Participant is allowed to enter into HKATS each Business Day in relation to non-standard combinations. Unless otherwise determined by the Exchange, such prescribed maximum number shall be whichever is the higher of (i) the number of non-standard combination trades actually executed by the Exchange Participant that Business Day multiplied by 25; or (ii) 2,000, and for the purposes of this procedure 3.5.2, each leg of a non-standard combination shall be construed as a separate order entry and each trade executed from a non-standard combination leg shall be construed as a separate non-standard combination trade.
- 3.5.3 Without prejudice to the rights of the Exchange and the Chief Executive under Rules 807A(b) and 1201(e), an Exchange Participant which exceeds the maximum number of order entries prescribed shall be liable to pay to the Exchange such fees as specified in Appendix B to the Rules.

3.6 *Bulletin Board*

- 3.6.1 The application of the Bulletin Board to any Metal Futures Contract(s) shall be notified to Exchange Participants.
- 3.6.2 Where the Bulletin Board is applicable to any Metal Futures Contract(s), an Exchange Participant may define and place Orders for strategy trades involving such Metal Futures Contract(s) in the Bulletin Board Orderbook window for execution by other Exchange Participants provided the following criteria are satisfied:
- a price shall be entered in respect of each strategy trade Order;
  - the quantity shall be specified in respect of each futures contract month (“leg”) comprising the strategy trade;
  - the total number of legs comprising each strategy trade shall not be less than two or more than eight; and
  - no two futures contract months comprising a strategy trade shall be identical.
- 3.6.3 Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.

3.6.4 Subject to procedure 3.6.5, an Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:

- (i) notwithstanding that the Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule; and
- (ii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.

For the purpose of this procedure 3.6.4,

“x” means the total number of legs comprising the strategy trade;

“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;

“Net Price” means the net premium that the Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and

“Calc Net Price” means the net premium that the Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.

3.6.5 Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid strategy trade from HKATS and the “deal file” of the clearing system as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or the Clearing House directly or indirectly in connection with the deletion of any invalid strategy trades.

3.6.6 Notwithstanding the provisions of procedure 3.3, any amendment to an Order for strategy trade involving Metal Futures Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the Order.

3.7 *Pre-Market Opening*

- 3.7.1 The pre-market opening algorithm of HKATS shall apply to such Metal Futures Contract(s) as the Exchange may from time to time notify to Exchange Participants.
- 3.7.2 The Pre-Market Opening Period shall comprise (i) the pre-opening session; (ii) the pre-open allocation session; and (iii) the open allocation session, the duration of which may be changed by the Exchange and notified to Exchange Participants from time to time at its discretion.
- 3.7.3 During the pre-opening session, Limit Orders and Auction Orders may be entered into HKATS and may be amended or canceled subject to the provisions of procedure 3.3. During the pre-open allocation session, only Auction Orders may be entered into HKATS. No Orders may be amended or canceled during the pre-open allocation session. During the open allocation session, no Orders may be entered into HKATS and no Orders may be amended or canceled. The Calculated Opening Price (COP), if any, will be calculated, and Orders will be matched subject to Rule 1215 or converted into Limit Orders or inactive Orders in accordance with the procedures set forth below during the open allocation session.
- 3.7.4 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:
- 3.7.4.1 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;
- 3.7.4.2 The COP shall be the price at which the number of contracts matched would be maximized;
- 3.7.4.3 If more than one price satisfies the rule in procedure 3.7.4.2, 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;
- 3.7.4.4 If more than one price satisfies the rule in procedure 3.7.4.3, 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;
- 3.7.4.5 If more than one price satisfies the rule in procedure 3.7.4.4, (i) the COP in the case of the morning trading session shall be the price closest to the previous Closing Quotation (as defined in the Clearing House Rules) of the relevant Metal 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 Metal 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 3.7.4.5 shall be disregarded and the calculation of the COP shall proceed in accordance with the rule set forth in procedure 3.7.4.6;

- 3.7.4.6 If more than one price satisfies the rule in procedure 3.7.4.5, the COP shall be the highest of such prices.
- 3.7.5 If a COP is calculated, Auction Orders and Limit Orders with ask prices at or below, or bid prices at or above, such determined COP shall be matched at the COP to the extent possible and any unmatched Auction Order shall be converted into a Limit Order with a bid or ask price equal to the COP immediately before Market open. The ranking of such converted Auction Orders and Limit Orders at the COP shall be in accordance with the time the converted Auction Orders and Limit Orders were originally entered into HKATS.
- 3.7.6 If no COP can be calculated according to procedure 3.7.4 but bid and ask prices exist, all bid Auction Orders will be converted immediately before Market open into bid Limit Orders at the highest bid price and all ask Auction Orders will be converted immediately before Market open into ask Limit Orders at the lowest ask price of the Limit Orders entered into HKATS. The ranking of such converted Auction Orders and Limit Orders with the highest bid price or lowest ask price, as the case may be, shall be in accordance with the time the Auction Orders and Limit Orders were originally entered into HKATS.
- 3.7.7 If no COP can be calculated according to procedure 3.7.4 and no bid price or ask price exists, all bid Auction Orders (if no bid price exists) and all ask Auction Orders (if no ask price exists) will be converted into inactive Orders immediately before Market open.
- 3.7.8 The conduct of the Pre-Market Opening Period shall be under the surveillance of designated HKATS Officials. A designated HKATS Official may cancel any Order entered into HKATS during the Pre-Market Opening Period which in his opinion is a manifest error and which would disproportionately affect the Calculated Opening Price.

**CHAPTER 4**

**CONTINGENCY PROCEDURES**

4.1 *Typhoon Signals and Black Rainstorm Warnings*

Unless otherwise decided by the Exchange, the trading arrangements upon approach and retreat of typhoons and/or issuance and discontinuation of black rainstorm warnings shall be as follows:

<b>(a) Trading Arrangement Upon Approach/Retreat of Typhoon</b>	
1. Typhoon signal no. 8 or above hoisted at any time prior to 8:30 a.m.	<p>Resumption of Trading <sup>(Note)</sup>:</p> <ul style="list-style-type: none"> <li>- From 8:30 a.m. if signal no. 8 is lowered at or before 6:30 a.m.</li> <li>- From 9:00 a.m. if signal no. 8 is lowered at or before 7:00 a.m.</li> <li>- From 9:30 a.m. if signal no. 8 is lowered at or before 7:30 a.m.</li> <li>- From 10:00 a.m. if signal no. 8 is lowered at or before 8:00 a.m.</li> <li>- From 10:30 a.m. if signal no. 8 is lowered at or before 8:30 a.m.</li> <li>- From 11:00 a.m. if signal no. 8 is lowered at or before 9:00 a.m.</li> <li>- From 11:30 a.m. if signal no. 8 is lowered at or before 9:30 a.m.</li> <li>- From 12:00 noon if signal no. 8 is lowered at or before 10:00 a.m.</li> <li>- From 12:30 p.m. if signal no. 8 is lowered at or before 10:30 a.m.</li> <li>- From 1:00 p.m. if signal no. 8 is lowered at or before 11:00 a.m.</li> <li>- From 1:30 p.m. if signal no. 8 is lowered at or before 11:30 a.m.</li> <li>- From 2:00 p.m. if signal no. 8 is lowered at or before 12:00 noon</li> <li>- No trading for the day if signal no. 8 is lowered after 12:00 noon</li> </ul>
2. Typhoon signal no. 8 or above hoisted during trading hours between 8:30 a.m. and 12:00 noon	<p>Trading will be terminated 15 minutes after hoisting of typhoon signal no. 8 or above, and:</p> <ul style="list-style-type: none"> <li>- Trading will resume from 2:00 p.m. if signal no. 8 is lowered at or before 12:00 noon <sup>(Note)</sup></li> <li>- There will be no trading in the afternoon if signal no. 8 is lowered after 12:00 noon</li> </ul>

<p>3. Typhoon signal no. 8 or above hoisted during trading hours after 12:00 noon</p>	<p>- Trading will be terminated 15 minutes after the hoisting of typhoon signal no. 8 or above, and there will be no trading for the rest of the afternoon, 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.</p>
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Note: 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.

<p><b>(b) Trading Arrangement Upon Issuance/Discontinuation of Black Rainstorm Warning</b></p>	
<p>1. Black rainstorm warning issued at any time prior to 8:30 a.m.</p>	<p>Resumption of Trading <sup>(Note)</sup>:</p> <ul style="list-style-type: none"> <li>- From 8:30 a.m. if black rainstorm warning is discontinued at or before 6:30 a.m.</li> <li>- From 9:00 a.m. if black rainstorm warning is discontinued at or before 7:00 a.m.</li> <li>- From 9:30 a.m. if black rainstorm warning is discontinued at or before 7:30 a.m.</li> <li>- From 10:00 a.m. if black rainstorm warning is discontinued at or before 8:00 a.m.</li> <li>- From 10:30 a.m. if black rainstorm warning is discontinued at or before 8:30 a.m.</li> <li>- From 11:00 a.m. if black rainstorm warning is discontinued at or before 9:00 a.m.</li> <li>- From 11:30 a.m. if black rainstorm warning is discontinued at or before 9:30 a.m.</li> <li>- From 12:00 noon if black rainstorm warning is discontinued at or before 10:00 a.m.</li> <li>- From 12:30 p.m. if black rainstorm warning is discontinued at or before 10:30 a.m.</li> <li>- From 1:00 p.m. if black rainstorm warning is discontinued at or before 11:00 a.m.</li> <li>- From 1:30 p.m. if black rainstorm warning is discontinued at or before 11:30 a.m.</li> <li>- From 2:00 p.m. if black rainstorm warning is discontinued at or before 12:00 noon.</li> <li>- No trading for the day if black rainstorm warning is discontinued after 12:00 noon</li> </ul>
<p>2. Black rainstorm warning issued during any trading hours</p>	<p>Trading will continue as normal</p>

Note: 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.