

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

APPENDIX B - FEES

Description	Amount ¹
<i>Exchange trading fees</i>	
HSI Volatility Index Futures	10.00/Lot
House/Client a/c	
MM a/c	2.00/Lot

REGULATIONS FOR TRADING STOCK INDEX FUTURES CONTRACTS

STOCK INDEX

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.

“Stock Index” or “Index” an index (including sub-index) that indicates the relative level of prices, value or dividend of a number of stocks whose inclusion and relative representation in the index are determined by reference to certain factors including the current market prices of the stocks and their market capitalisation or an index (including sub-index) that indicates the relative level of volatilities implied by a range of index options contracts;

FINAL SETTLEMENT PRICE

013 If, in the opinion of the Chief Executive, circumstances are developing or have developed which are capable of preventing the calculation of a Final Settlement Price, or which may render a Final Settlement Price unrepresentative of the level of prices at which underlying shares are traded on the Last Trading Day on the stock exchange(s) on which such underlying shares are traded, of the cumulated dividends of such underlying shares on the Business Day following the Last Trading Day or of the 30-day implied volatility of the underlying options on the Last Trading Day, then 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.

REGULATIONS FOR TRADING STOCK INDEX OPTIONS 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.

“Stock Index” or “Index” an index (including sub-index) that indicates the relative level of prices, value or dividend of a number of stocks whose inclusion and relative representation in the index are determined by reference to certain factors including the current market prices of the stocks and their market capitalisation or an index (including sub-index) that indicates the relative level of volatilities implied by a range of index options contracts;

OFFICIAL SETTLEMENT PRICE

011 If, in the opinion of the Chief Executive, circumstances are developing or have developed which are capable of preventing calculation of the Official Settlement Price of an Index, or which may render an Official Settlement Price unrepresentative of the level of prices at which the shares comprising the Index are traded during the Expiry Day, of the cumulated dividends of such underlying shares on the Business Day following the Expiry Day or of the 30-day implied volatility of the underlying options on the Expiry Day, then 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 Official Settlement Price to be determined.

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 OPTIONS CONTRACTS

3.2.1.4 The maximum bid / offer spread and minimum size requirements for a Market Maker in the following Stock Index Futures Contracts shall be as follows:

<u>Stock Index Futures Contracts</u>	<u>Maximum Bid / Offer Spread</u>	<u>Minimum Quote Size</u>
HSI Dividend Point Index Futures Contract	30.00 points or 10% of bid price, whichever is higher	50 contracts
HSCEI Dividend Point Index Futures Contract	30.00 points or 10% of bid price, whichever is higher	50 contracts
HSI Volatility Index Futures Contracts	0.50 points or 5% of bid price, whichever is higher	5 contracts

<p>Contract Specifications For HSI Volatility Index (VHSI) Futures</p>

The following Contract Specifications shall apply to the HSI Volatility Index Futures Contract:

Underlying Index/Index	HSI Volatility Index (the volatility index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$5,000 per Index point
Contract Months	Spot Month, the next two calendar months
Minimum Fluctuation	0.05 Index point
Maximum Fluctuation	Nil
Contracted Price	The price in 0.05 Index point at which an HSI Volatility Index Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	10,000 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 10,000 open contracts, in any one Contract Month, per Client
Large Open Positions	1,000 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and 1,000 open contracts, in any one Contract Month, per Client
Pre-Market Opening Period	Nil
Trading Hours	9:30 a.m. – 12:00 p.m. and 1:30 p.m. – 4:15 p.m. (Hong Kong time) (prior to 5 March 2012) 1:00 p.m. – 4:15 p.m. (Hong Kong time) (on or after 5 March 2012) There is no afternoon trading session on the eves of Christmas, New Year and Lunar New Year.
Trading Hours on Last Trading Day	9:30 a.m. – 12:00 p.m. and 1:30 p.m. – 4:00 p.m. (Hong Kong time) (prior to 5 March 2012) 1:00 p.m. – 4:00 p.m. (Hong Kong time) (on or after 5 March 2012) There shall be no afternoon trading session 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)

HKEX 香港交易所

Final Settlement Day	The first Business Day after the Last Trading Day of the Contract Month
Settlement Method	Cash (Hong Kong dollar) settled contract for difference
Last Trading Day	30 calendar days prior to the second last Business Day of the calendar month immediately following the Contract Month. If it is not a Business Day, the Last Trading Day shall be the immediately preceding Business Day.
Final Settlement Price	The Final Settlement Price for HSI Volatility Index Futures Contracts shall be a number, rounded down to the nearest two (2) decimal places, determined by the Clearing House and shall be the average of quotations of the HSI Volatility Index compiled, computed and disseminated by Hang Seng Indexes Company Limited taken at (i) one (1) minute intervals between 3:30 p.m. and up to 4:00 p.m. on the Last Trading Day; or (ii) one (1) minute intervals between 11:15a.m. and up to 11:45 a.m. on the Last Trading Day which falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances
Trading Fee (per contract per side)	Exchange Fee HK\$10.00 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.
Commission Rate	Negotiable

Note:

HSI Volatility Index (the "Index") is published by Hang Seng Indexes Company Limited ("HSIL"), which has contracted with Standard & Poor's Financial Services LLC ("S&P") to maintain and calculate the Index. "Standard & Poor's" and "S&P" are trademarks of S&P and have been licensed for use by HSIL. "VIX®" is a trademark of Chicago Board Options Exchange, Incorporated ("CBOE") and S&P has granted a license to HSIL, with permission from CBOE, to use such mark for purposes relating to the Index. The Index is not owned, sponsored, endorsed or promoted by S&P or CBOE and neither S&P nor CBOE makes any representation regarding the advisability of investing in products that are based on such Index or otherwise relying on such Index for any purposes and neither S&P, CBOE nor HSIL shall have any liability for any errors or omissions in the Index or any values thereof.