

**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:

(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>
<u>Gold Futures</u>	<u>100</u>
<u>USD Gold Futures</u>	<u>30</u>
<u>CNH Gold Futures</u>	<u>30</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>Gold Futures</u>	<u>House/Client a/c</u> <u>MM a/e</u>	<u>USD1.30/Lot</u> <u>USD1.30/Lot</u> <u>-or such lesser amount as the</u> <u>Exchange may from time to</u> <u>time agree with the relevant</u> <u>Exchange Participant</u>
<u>CNH Gold Futures</u>	<u>House/Client a/c</u> <u>MM a/c</u>	<u>RMB6.00/Lot</u> <u>RMB6.00/Lot</u> <u>or such lesser amount as the</u> <u>Exchange may from time to</u> <u>time agree with the relevant</u> <u>Exchange Participant</u>
<u>USD Gold 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</u> <u>Exchange may from time to</u> <u>time agree with the relevant</u> <u>Exchange Participant</u>

<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

Contract Specifications  
For  
USD Gold Futures

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

Underlying 1 kilogram gold of not less than 0.9999 fineness bearing a serial number and identifying stamp of a Recognized Refiner

Contract Size 1 kilogram

Trading Currency U.S. dollars

Contract Months 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

Price Quotation U.S. dollars and cents per gram

Minimum Fluctuation USD0.01 per gram

Maximum Fluctuation As prescribed by the Exchange from time to time

Contracted Price The price at which a USD Gold Futures Contract is registered by the Clearing House

Contracted Value Contracted Price multiplied by the Contract Size

Position Limits USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and

USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Client

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

	<u>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</u>
<u>Trading Hours on Last Trading Day (Hong Kong time)</u>	<u>8:30 a.m. to 4:30 p.m.</u>
	<u>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.</u>
<u>Trading Method</u>	<u>The Exchange's Automated Trading System (HKATS)</u>
<u>Last Trading Day</u>	<u>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</u>
<u>Final Settlement Day</u>	<u>The second Hong Kong Business Day after the Last Trading Day</u>
<u>Settlement Method</u>	<u>Physical settlement</u>
<u>Settlement Currency</u>	<u>U.S. dollars</u>
<u>Final Settlement Price</u>	<u>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 size. 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</u>
<u>Delivery Site</u>	<u>An Approved Depository</u>
<u>Minimum Delivery Size</u>	<u>1 kilogram</u>
<u>Trading Fee (per contract per side)</u>	<u>Exchange Fee <span style="float: right;">USD1.00</span> The amount indicated above is subject to change from time to time</u>
<u>Settlement Fee (per contract per side)</u>	<u>USD2.00 The amount indicated above is subject to change from time to time</u>
<u>Levies (per contract per side)</u>	<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>

Contract Specifications  
For  
CNH Gold Futures

The following Contract Specifications shall apply to the CNH Gold Futures Contract:

Underlying 1 kilogram gold of not less than 0.9999 fineness bearing a serial number and identifying stamp of a Recognized Refiner

Contract Size 1 kilogram

Trading Currency RMB

Contract Months 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

Price Quotation RMB per gram

Minimum Fluctuation RMB0.05 per gram

Maximum Fluctuation As prescribed by the Exchange from time to time

Contracted Price The price at which a CNH Gold Futures Contract is registered by the Clearing House

Contracted Value Contracted Price multiplied by the Contract Size

Position Limits USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Exchange Participant for the Exchange Participant's own behalf; and

USD Gold Futures and CNH Gold Futures combined of 10,000 net long or short contracts in the Spot Month and 20,000 net long or short contracts in other months per Client

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

	<u>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</u>
<u>Trading Hours on Last Trading Day (Hong Kong time)</u>	<u>8:30 a.m. to 4:30 p.m.</u> <u>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.</u>
<u>Trading Method</u>	<u>The Exchange's Automated Trading System (HKATS)</u>
<u>Last Trading Day</u>	<u>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</u>
<u>Final Settlement Day</u>	<u>The second Hong Kong Business Day after the Last Trading Day</u>
<u>Settlement Method</u>	<u>Physical settlement</u>
<u>Settlement Currency</u>	<u>RMB</u>
<u>Final Settlement Price</u>	<u>Volume weighted average price (VWAP) of all trades except 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 size. 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</u>
<u>Delivery Site</u>	<u>An Approved Depository</u>
<u>Minimum Delivery Size</u>	<u>1 kilogram</u>
<u>Trading Fee (per contract per side)</u>	<u>Exchange Fee RMB6.00</u> <u>The amount indicated above is subject to change from time to time</u>
<u>Settlement Fee (per contract per side)</u>	<u>RMB12.00</u> <u>The amount indicated above is subject to change from time to time</u>
<u>Levies (per contract per side)</u>	<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>

Contract Specifications  
For  
Gold Futures

The following Contract Specifications shall apply to the Gold Futures Contract:-

<del>Underlying</del>	<del>Gold of not less than 995 fineness</del>
<del>Contract Size</del>	<del>100 troy ounces</del>
<del>Trading Currency</del>	<del>U.S. dollars</del>
<del>Contract Months</del>	<del>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</del>
<del>Price Quotation</del>	<del>U.S. dollars and cents per troy ounce</del>
<del>Minimum Fluctuation</del>	<del>USD0.1 per troy ounce</del>
<del>Contracted Price</del>	<del>The price at which a Gold Futures Contract is registered by the Clearing House</del>
<del>Contracted Value</del>	<del>Contracted Price multiplied by the Contract Size</del>
<del>Position Limits</del>	<del>Nil</del>
<del>Large Open Positions</del>	<del>500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and</del>
	<del>500 open contracts, in any one Contract Month, per Client</del>
<del>Trading Hours</del>	<del>8:30 a.m. – 5:00 p.m. (Hong Kong time)</del>
	<del>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)</del>
<del>Trading Hours on Last Trading Day</del>	<del>8:30 a.m. – 5:00 p.m. (Hong Kong Time)</del>
	<del>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</del>
<del>Trading Method</del>	<del>The Exchange's Automated Trading System (HKATS)</del>
<del>Last Trading Day</del>	<del>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</del>

~~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~~ — ~~Exchange Fee~~ — ~~USD1.30~~  
(per contract per side) —

~~The amount indicated above is subject to change from time to time.~~

~~Levies~~ — ~~Commission Levy is payable at the rate or of the amount~~  
(per contract per side) — ~~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~~

~~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

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.

<u>“Approved Depository”</u>	<u>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;</u>
<u>“Approved Depository Account Agreement”</u>	<u>an agreement between an HKCC Participant and an Approved Depository containing such terms as the Clearing House may require;</u>
<u>“Cash Settled Metal Futures Contract”</u>	<u>a Metal Futures Contract which specifies “Cash settled contract for difference” as the settlement method in the applicable Contract Specifications;</u>
“Cash Settlement Value”	<u>in respect of any Cash Settled Metal Futures Contract, the Final Settlement Price multiplied by the Contract Size;</u>
“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 <u>or physical settlement</u> under these Regulations and in which cash settlement <u>or physical settlement</u> of that contract must be made in accordance with these Regulations;
<u>“Deliverable Metal”</u>	<u>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;</u>
<u>“Delivery Agent”</u>	<u>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;</u>
<u>“Delivery Agreement”</u>	<u>means an agreement between an HKCC Participant and its Delivery Agent containing such terms as may be specified by the Clearing House;</u>
<u>“Delivery Notice”</u>	<u>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;</u>

<u>“Final Settlement Value”</u>	<u>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;</u>
<u>“London Business Day”</u>	<del>for Gold Futures, 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;</del>  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;
<u>“Non-delivery HKCC Participant”</u>	<u>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>
<u>“Physically Settled Metal Futures Contract”</u>	<u>a Metal Futures Contract which specifies “Physical Settlement” as the settlement method in the applicable Contract Specifications;</u>
<u>“Recognized Assayer”</u>	<u>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;</u>
<u>“Recognized Depository”</u>	<u>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;</u>
<u>“Recognized Forwarder”</u>	<u>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;</u>
<u>“Recognized Refiner”</u>	<u>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;</u>
<u>“Re-novated Contract”</u>	<u>has the meaning given to it in Rule 309A of the Clearing House Rules and “Contract Re-novation” shall be construed accordingly;</u>

## CONTRACT SPECIFICATIONS

003 The terms and conditions for each Metal Futures Contract shall include, among other things:

- (a) Cash Settlement Value (for Cash Settled Metal Futures Contracts only);
- (b) Commission Rate;
- (c) Contract Months;
- (d) Contract Size;
- (e) Contracted Price;
- (f) Contracted Value;
- (g) Final Settlement Day;
- (h) Final Settlement Price;
- (i) Final Settlement Value;
- ~~(j)~~ Large Open Positions;
- ~~(k)~~ Last Trading Day;
- ~~(l)~~ Maximum Fluctuation;
- ~~(m)~~ Minimum Fluctuation;
- ~~(n)~~ Position Limits;
- ~~(o)~~ Price Quotation;
- ~~(p)~~ Settlement Currency;
- ~~(q)~~ Settlement Method;
- ~~(r)~~ Trading Currency;
- ~~(s)~~ Trading Hours; and
- ~~(t)~~ Trading Method.

## CASH SETTLEMENT

013 Trading in Cash Settled 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 Cash Settled Metal Futures Contracts.

- 014 (a) The obligations of the Buyer and the Seller under a Cash Settled 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 Cash Settled 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 of a Cash Settled Metal Futures Contract 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.

### **PHYSICAL DELIVERY**

- 016 Trading in Physically Settled Metal Futures Contracts shall be conducted in and confined to Exchange Contracts for the delivery by the Seller of the Deliverable Metal and the payment by the Buyer of the Final Settlement Value on the Final Settlement Day.
- 017 After trading ceases on the Last Trading Day, open positions of Buyers in a Physically Settled Metal Futures Contract will be allocated to open positions of Sellers pursuant to a matching process in accordance with the Clearing House Rules. Subject to Regulation 018 below, each relevant F/O Contract of a Buyer and each relevant F/O Contract of a Seller registered with and novated to the Clearing House under the Clearing House Rules shall be novated and substituted with a Re-novated Contract which shall arise between the matched Buyer and the corresponding matched Seller in accordance with the Clearing House Rules. The creation of the Re-novated Contract shall simultaneously discharge and replace all rights and obligations between the Clearing House and the Buyer or Seller in respect of the F/O Contracts to which the re-novation relates. The Clearing House shall be fully and finally discharged and released from all its obligations as a central counterparty in respect of such contracts and the Re-novated Contract shall be settled between the matched Buyer and the corresponding matched Seller.
- 018 Notwithstanding Regulations 016 and 017 above, if a Seller or a Buyer under a Physically Settled Metal Futures Contract is a Non-delivery HKCC Participant, and that Non-delivery HKCC Participant fails to close out or transfer its open position in that Physically Settled Metal Futures Contract before the System Input Cutoff Time of the Last Trading Day in respect of that Physically Settled Metal Futures Contract as required by Rule 606A of the Clearing House Rules, the open position of that Non-delivery HKCC Participant in that Physically Settled Metal Futures Contract will be included in the matching process referred to in the first sentence of Regulation 017 above. If, pursuant to such matching process, the open position of that Non-delivery HKCC Participant is allocated to the open position of any other HKCC Participant, Contract Re-novation in respect of the relevant F/O Contract(s) of that Non-delivery HKCC Participant and the HKCC Participant whose open positions have been allocated to each other shall not take place. In such circumstances, the delivery and payment obligations of the Clearing House under each F/O Contract with the Non-delivery HKCC Participant and the HKCC Participant whose open positions have been allocated to each other may be settled in cash as provided in section 2A.3.3 of the Clearing House Procedures and such payment shall constitute full and final settlement of the Clearing House's obligations under the relevant F/O Contract.
- 018A Exchange Participants shall have fair and transparent written procedures in place which disclose to their Clients how they intend to settle Client positions following the matching process referred to in Rule 017 above. In formulating such written procedures, the Exchange Participants shall make reference to the matching process set out in the Clearing House Rules and guidelines prescribed by the Exchange from time to time.
- 019 The obligations and rights of the Buyer and the Seller under a Physically Settled Metal Futures Contract (other than under a Physically Settled Metal Futures Contract in respect of which Contract Re-novation does not take place) shall be satisfied by delivery of the Deliverable Metal to the Buyer by the Seller and payment of the Final Settlement Value to the Clearing House by the Buyer and the release of such Final Settlement Value to the Seller on the Final Settlement Day in accordance with the Clearing House Rules.

020 Each Seller under a Physically Settled Metal Futures Contract (other than under a Physically Settled Metal Futures Contract in respect of which Contract Re-novation does not take place) makes the following warranties to the Buyer at the time that Contract Re-novation in relation to that Physically Settled Metal Futures Contract takes place (collectively, the "Delivery Warranties"):

- (a) it has good title to the Deliverable Metal that it delivers, and which is earmarked for delivery, under each Re-novated Contract, and such Deliverable Metal is, and will at the time of delivery to the Buyer be, free and clear from any encumbrance, lien, claim, mortgage, charge, security interest or any other interest of any nature whatsoever save for any liens or any rights as bailee of any Approved Depository in respect of such Deliverable Metal arising pursuant to the terms of any Approved Depository Account Agreement between an HKCC Participant and an Approved Depository;
- (b) the Deliverable Metal that is earmarked for delivery and which it delivers under each Re-novated Contract complies in all respects with the applicable Contract Specifications, the Clearing House Procedures, the Clearing House Rules and the Exchange Rules, including, without limitation, that such Deliverable Metal is of the prescribed weight, quality and fineness as specified in the Contract Specifications and is in the amount in aggregate, in respect of each Re-novated Contract, specified in the relevant Delivery Notice; and
- (c) all information provided by the Seller or its Delivery Agent to the Clearing House under section 2A of the Clearing House Procedures in connection with the delivery by the Seller or its Delivery Agent of Deliverable Metal, including all information contained in any Delivery Notice, is true, accurate and complete in all respects.

021 In respect of Physically Settled Metal Futures Contract (other than a Physically Settled Metal Futures Contract in respect of which Contract Re-novation does not take place), notwithstanding any other provision of these Rules or the Clearing House Rules, the Exchange makes no representation or warranty as to, and is under no obligation to investigate or verify that, any Deliverable Metal complies with the terms of these Rules, the Clearing House Rules, or any Re-novated Contract, including that such metal complies with the Delivery Warranties. The Exchange shall have no liability to any person of any nature whatsoever in connection with any dispute or claim relating to the delivery (or non-delivery) of Deliverable Metal, or that Deliverable Metal does not comply with the Delivery Warranties, these Rules, the Clearing House Rules or the terms of a Re-novated Contract.

## **SETTLEMENT CURRENCY AND CONVERSION RATES**

~~016~~022 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~~023 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**

~~018024~~ All Exchange Participants trading in Metal Futures Contracts shall comply with applicable Procedures. The Clearing House Rules shall govern the registration and clearing, and where applicable, the re-novation of Metal Futures Contracts.

## **MARGIN AND VARIATION ADJUSTMENTS**

~~019025~~ 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**

- ~~020026~~ (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**

~~021027~~ 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 or delivery of the Deliverable Metal or payment of the Final Settlement Value on the Final Settlement Day) shall be liable to disciplinary proceedings under the Exchange Rules.

## **LARGE OPEN POSITION**

- ~~022028~~ (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**

- ~~023029~~ (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.*

## **LIQUIDITY PROVISION**

**024030** Notwithstanding anything contained in the Rules, the Exchange may from time to time, in its absolute discretion, appoint Exchange Participants to provide liquidity for Metal Futures Contracts in the Metal Futures Market at any time and on such terms and conditions as the parties may agree. For the avoidance of doubt, the terms and conditions of any appointment, including the liquidity providing activities, the liquidity providing arrangements, the liquidity providing requirements, the Exchange Fee concessions and/or other incentives upon meeting the liquidity providing requirements, are subject to negotiation between the Exchange and the relevant Exchange Participant and may therefore vary among different appointments of different Exchange Participants.

## **MAXIMUM FLUCTUATION**

**025-031** The Chief Executive, after consultation with the Commission and the Exchange Board, may from time to time, specify a Maximum Fluctuation. Whenever a Maximum Fluctuation has been specified, trading can only occur at prices within the limit of the Closing Quotation from the last trading session or a reference price specified by the Exchange, plus or minus the Maximum Fluctuation.

## **CERTIFICATION AND SHIPMENT OF DELIVERABLE METALS**

**032** All Deliverable Metals must be certified as to quality and weight by a Recognized Refiner and must be accompanied by documentation issued by the HKCC Participant or its Recognized Forwarder evidencing that the Deliverable Metals have been shipped or otherwise transported to an Approved Depository by a Recognized Forwarder from another Approved Depository, a Recognized Assayer, Recognized Refiner or a Recognized Depository.

Deliverable Metals shall be placed into an Approved Depository accompanied by the information required by the Exchange and communicated to Exchange Participants and the Approved Depository.

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

**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.

To be approved to trade Physically Settled Metal Futures Contracts, an Exchange Participant shall either (a) be a Clearing Participant who is entitled to record, register and clear Contracts in Physically Settled Metal Futures Contracts under the Clearing House Rules, or (b) have entered into a Clearing Agreement with a General Clearing Participant who is entitled to record, register and clear Contracts in Physically Settled Metal Futures Contracts under the Clearing House Rules.

**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:

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| <p><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> |
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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) 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