

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER VIII

TRADING ARRANGEMENTS – PRACTICES AND SYSTEMS

Execution of Block Trades

815. Exchange Participants may execute orders as a Block Trade provided that they are executed in such manner and within such trading hours or other time, and satisfy the criteria laid down in Rule 815A and such other criteria, as may be prescribed by the Board and notified to Exchange Participants from time to time. Any Block Trade which is not so executed will not be considered as a valid trade by the Exchange and will not be registered or cleared by the Clearing House.

815A. (2A) Block Trade Order Aggregation

An Exchange Participant cannot aggregate separate orders or combine separate orders to generate a spread or strategy combination Block Trade unless:

- (a) (deleted)
- (b) in the case of a Block Trade which involves Futures Contracts only, each separate order comprising the Block Trade satisfies the applicable Minimum Volume Threshold; and
- (c) in the case of a spread or strategy combination which involves Futures Contracts and/or Option Contracts, at least one of the separate orders comprising an option leg satisfies the applicable Minimum Volume Threshold; and
- (d) in the case 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, and
- (e) authorizations have been received by the Exchange Participant from Clients whose orders are being aggregated or combined.

(3) Block Trade Order Entry

- (a) A Block Trade must be negotiated during the trading hours of the Block Trade Contract concerned and be executed immediately on HKATS via the Block Trade Facility in one of the following ways:

(i) A Block Trade order entry by one Exchange Participant

A Block Trade which is negotiated internally between accounts of an Exchange Participant or negotiated between two Exchange Participants may be entered into HKATS by one Exchange Participant. When two Exchange Participants are involved, either one of the Exchange Participants shall be responsible for transferring to the other Exchange Participant its positions by way of trade adjustment in accordance with the Clearing House Rules, which require the transferring Exchange Participant or where applicable, its General Clearing Participant to inform the Clearing House of the trade adjustment request as soon as it has been confirmed by the receiving Exchange Participant or where applicable, its General Clearing Participant on DCASS.

(ii) A Block Trade order entry by two Exchange Participants

A Block Trade which is negotiated between two Exchange Participants may be separately entered into HKATS by the respective buying and selling Exchange Participants. The time difference between the input of one side of a Block Trade and the input of the other side of the Block Trade must be within the prescribed time period as set forth in the HKATS User's Guide. Any Block Trade order entered into HKATS but not matched within the prescribed time period will be cancelled automatically.

(b) Where a Block Trade involves a spread or strategy combination, each leg must be entered into the Block Trade Facility with such reference information and in such manner as may be specified by the Exchange from time to time.

(c) Notwithstanding paragraph (a) of this Rule 815A(3) or any other provisions of Rule 815A, if an Exchange Participant is unable to enter orders for Block Trades negotiated during a trading session into HKATS in that trading session due to the suspension of trading in any Market, any failure, error, defect in, or unavailability of, HKATS or any other contingencies, or if any such contingencies render it necessary for an Exchange Participant to negotiate and enter into Block Trades for the purpose of mitigating its risks arising from such contingencies and not any other purpose, the Chief Executive may by notice to Exchange Participants allow Exchange Participants to enter orders for such Block Trades into HKATS in the next available trading session or during such other time as the Chief Executive may determine, and may relax any of the Block Trade criteria, including

but not limited to the lowering of the applicable Minimum Volume Thresholds, the expansion of the price parameters within which a Block Trade must be executed and the use of such other reference price as may be determined by the Chief Executive for determining the price parameters.