

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

APPENDIX B - FEES

Description		Amount¹
<i>Exchange trading fees</i>		
Hong Kong Stock Futures		
<u>Tier 1</u>	House/Client a/c MM a/c	3.50/Lot 0.50/Lot
<u>Tier 2</u>	<u>House/Client a/c</u> <u>MM a/c</u>	<u>1.00/Lot</u> <u>0.15/Lot</u>
<u>Tier 3</u>	<u>House/Client a/c</u> <u>MM a/c</u>	<u>0.50/Lot</u> <u>0.07/Lot</u>

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

CONTRACT SPECIFICATIONS FOR STOCK FUTURES CONTRACTS

I. HONG KONG STOCK FUTURES

HONG KONG STOCK FUTURES CONTRACT SPECIFICATIONS

Final Settlement Price ~~The Final Settlement Price shall be the average of readings of (i) the midpoints of the best bid and best ask prices for the underlying stock taken at five minute intervals from five minutes after the start of, and up to five minutes before the end of, the Continuous Trading Session of SEHK and (ii) the Official closing price of the underlying stock as quoted by SEHK on the Last Trading Day as provided in Regulation 012A and subject to Regulation 013~~

Trading Fee
(per contract per side)

Exchange Fee

<u>Tier 1</u>	<u>HK\$3.00</u>
<u>Tier 2</u>	<u>HK\$1.00</u>
<u>Tier 3</u>	<u>HK\$0.50</u>

Exchange Fee

Regulation 018A sets out the mechanism for the determination of the tier level for a Hong Kong Stock Futures Contract. The tier levels and the corresponding Exchange Fee are subject to change from time to time.
HK\$3.50 per contract per side

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

Levies
(per contract per side)
~~—Commission Levy~~
~~—Investor Compensation Levy~~

Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.

REGULATIONS FOR TRADING STOCK FUTURES CONTRACTS

TRADING

- 007 Subject to the Rules of the Exchange, trading in Stock Futures Contracts in a given Contract Month shall cease at the close of Trading Hours on the Last Trading Day or at such other times as specified by the Board. Unless otherwise determined by the Exchange, the Exchange will, by notice to Exchange Participants using the Market Messages Window of HKATS and/or such other means as it considers appropriate, suspend trading of a Stock Futures Contract as soon as practicable after trading of the underlying stock is suspended in the stock market on which the underlying stock is listed. If the trading of the underlying stock has been suspended for three months or more, or if a shareholders' resolution is passed and the relevant regulatory authority's approval is granted for the privatization of the issuer of the underlying stock, the Chief Executive, in consultation with the Commission, may discontinue the trading of the Stock Futures Contract. 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 directly or indirectly in connection with any such suspension of Stock Futures Contracts.

FINAL SETTLEMENT PRICE

- 012A The Final Settlement Price of a Hong Kong Stock Futures Contract shall, subject to Regulation 013, be ~~the average of readings of (i) the midpoints of the best bid and best ask prices for the underlying stock taken at five minute intervals from five minutes after the start of, and up to five minutes before the end of, the Continuous Trading Session of SEHK and (ii) the official closing price of the underlying stock as quoted by SEHK on the Last Trading Day, rounded to the nearest cent, as calculated and published by the Exchange,~~ provided that if no official closing price is available on the Last Trading Day due to events such as typhoon or black rainstorm warning, or trading suspension of the underlying stock, the Final Settlement Price of a Hong Kong Stock Futures Contract shall be the last available official closing price of the underlying stock as quoted by SEHK before the Last Trading Day.
- ~~(a) In the event there is only best bid or best offer or no best bid and best offer at a particular five minute interval, the midpoint of the best bid and best offer in the previous one minute shall be the midpoint for this particular five minute interval.~~
- ~~(b) In the event there is only best bid or best offer or no best bid and best offer at a particular five minute interval and the previous one minute, the midpoint of the best bid and best offer in the previous two minutes shall be the midpoint for this particular five minute interval.~~

- ~~(c) In the event there is only best bid or best offer or no best bid and best offer at a particular five minute interval and the previous two minutes, the midpoint of the best bid and best offer in the previous three minutes shall be the midpoint for this particular five minute interval.~~
- ~~(d) In the event there is only best bid or best offer or no best bid and best offer at a particular five minute interval and the previous three minutes, the midpoint of the best bid and best offer in the previous four minutes shall be the midpoint for this particular five minute interval.~~
- ~~(e) In the event there is only best bid or best offer or no best bid and best offer at a particular five minute interval and the previous four minutes, the midpoint of the best bid and best offer in the previous five minute interval shall be the midpoint for this particular five minute interval.~~

COMMISSIONS AND LEVIES

018 Every Stock Futures Contract shall be subject to an Exchange ~~fee~~ Fee which shall become immediately payable to the Exchange upon registration of the Stock Futures Contract with the Clearing House. The Exchange ~~fee~~ Fee shall be set from time to time by the Board and shall be paid to the Exchange through the Clearing House.

~~018A (a) Hong Kong Stock Futures Contracts shall be classified into three tiers as follows with reference to their nominal values and the rate of Exchange Fee for each Hong Kong Stock Futures Contract will depend on the tier of the Stock Futures Contract:~~

<u>Hong Kong Stock Futures Contract</u>	<u>Nominal value per contract</u>
<u>Tier 1</u>	<u>More than HK\$25,000 (or an equivalent amount)</u>
<u>Tier 2</u>	<u>More than HK\$10,000 and up to HK\$25,000 (or an equivalent amount)</u>
<u>Tier 3</u>	<u>Equal to or less than HK\$10,000 (or an equivalent amount)</u>

~~(b) Unless otherwise expressly specified by the Exchange, the nominal value of a Hong Kong Stock Futures Contract will be determined by the Exchange at its absolute discretion with reference to the prevailing official closing price of the underlying stock before introduction of such Hong~~

Kong Stock Futures Contract. If the underlying stock has no prior trading on the Exchange, the nominal value shall be the final offer price (exclusive of brokerage, Transaction Levy and Investor Compensation Levy) under the initial public offering of the underlying stock, and if the final offer price has not been decided at the time of determination of the nominal value, the lowest price of the indicative offer price range stated in the prospectus or such other reference or indicative price as the Exchange may consider appropriate. The Exchange will review the nominal value of each Hong Kong Stock Futures Contract on an annual basis to adjust for any substantial changes due to market development or as and when there are capital adjustments to the underlying stock of the Hong Kong Stock Futures Contract.

- (c) The classification of the Hong Kong Stock Futures Contracts into the three tiers and the re-classification from time to time of any Hong Kong Stock Futures Contract will be notified to Exchange Participants via HKATS, email or such other means as the Exchange considers appropriate.

LIQUIDITY PROVISION

029 Notwithstanding anything contained in the Rules, the Exchange may from time to time, in its absolute discretion, appoint Exchange Participants to provide liquidity for Stock Futures Contracts in the Stock 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.