

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER I

**INTERPRETATION ADMINISTRATION
AND AMENDMENT OF THE RULES**

Definitions and Interpretation

101. In these Rules, unless the context otherwise requires, the following expressions shall bear the following meanings:-

“Market Maker” means an Exchange Participant approved as such by the Chief Executive under Rule 11A01. ~~For the purposes of these Rules and the Procedures, the term “Market Maker” shall include “Primary Market Maker” and “Regular Market Maker”;~~

“Market Maker Incentives” means fee concessions or other incentives which are set forth in these Rules, the Procedures or from time to time announced by the Exchange and which are given to a Market Maker upon meeting such market making requirements as may from time to time be prescribed by the Exchange;

~~“Primary Market Maker” means a Market Maker which is registered as a Primary Market Maker by the Exchange, as more particularly described in Chapter XIA to these Rules;~~

~~“Regular Market Maker” means a Market Maker which is not a Primary Market Maker;~~

CHAPTER XIA

MARKET MAKERS

Introduction

- 11A01. The Chief Executive may, on application by an Exchange Participant and in his absolute discretion, grant approval for the Exchange Participant to be a Market Maker in any Market(s), ~~whether as a Primary Market Maker or a Regular Market Maker~~, in order that such Exchange Participant may be eligible for Market Maker Incentives.
- 11A02. The Chief Executive may from time to time prescribe requirements, obligations, restrictions and conditions which must be complied with by Market Makers in order to receive Market Maker Incentives. In addition, the Procedures may provide for different categories of Market Makers and prescribe different requirements, obligations, restrictions, conditions and incentives for specific categories of Market Makers.

Application for Market Maker Permits

- 11A03. An Exchange Participant may apply to the Exchange for permission to make a market ~~as a Regular Market Maker~~ in a particular Market(s) by itself or by way of a market making arrangement, by lodging with the Chief Executive an application in such prescribed form and containing such information as may be required by the Chief Executive. ~~In considering whether a Regular Market Maker permit should be granted, the Chief Executive may give regard to such matters as he may in his absolute discretion consider to be appropriate and the Exchange Participant shall demonstrate to the satisfaction of the Chief Executive that it is suitably qualified to make a market as a Regular Market Maker in the Market(s) in respect of which the application is made, having regard to such matters as the financial standing, trading record, personnel, computer equipment and internal security procedures and risk management policy and procedures of the Exchange Participant and, where applicable, whether its market making arrangements fulfill such requirements as may be prescribed by the Chief Executive.~~

~~The Exchange may from time to time by email or circular invite Exchange Participants to apply to the Exchange for permission to make a market as a Primary Market Maker in a particular Market(s) by itself or by way of a market making arrangement. The Chief Executive has the sole discretion to determine the total number of Primary Market Makers that may be appointed for each Market from time to time. If the number of applicants exceed the total number determined by the Chief Executive, Exchange Participants may be required to undergo a bidding process in accordance with such procedures or requirements as may be specified by the Exchange. In considering whether a Primary Market Maker permit should be granted, the Chief Executive may give regard to such matters as he may in his~~

~~absolute discretion consider to be appropriate, including Exchange Participants' market making commitment levels in terms of bid and offer spread and size of quote and any evaluation criteria that may be specified by the Exchange as part of the bidding process. Before appointing a Market Maker as a Primary Market Maker, the Exchange will also require the Exchange Participant to sign and agree to be bound by an appointment letter, which sets forth, inter alia, the terms and conditions under which it is appointed as a Primary Market Maker and the market making obligations of the Exchange Participant as a Primary Market Maker, which may vary from one Primary Market Maker to another.~~

- 11A04. An Exchange Participant whose application has been approved ~~or which is successful in the relevant Primary Market Maker bidding process~~ will be granted a ~~Regular~~ Market Maker ~~permit or Primary Market Maker permit, as the case may be,~~ in respect of each category of Market Maker and each Market for which it is permitted to make a market. In considering whether a Market Maker permit should be granted, the Chief Executive may give regard to such matters as he may, in his absolute discretion, consider to be appropriate and the Exchange Participant shall demonstrate to the satisfaction of the Chief Executive that it is suitably qualified to make a market for a particular category of Market Maker in the Market(s) in respect of which the application is made (having regard to such matters as the financial standing, trading record, personnel, computer equipment and internal security procedures and risk management policy and procedures of the Exchange Participant and, where applicable, whether its market making arrangements fulfill such requirements as may be prescribed by the Chief Executive).
- 11A05. The decision of the Chief Executive in respect of the approval or rejection in whole or in part of an application ~~or a bid~~ to become a ~~Regular~~ Market Maker ~~or Primary Market Maker~~ in any particular Market Maker category or any particular Market(s) shall be final and conclusive.
- 11A06. A register of Market Makers, containing the name of each Exchange Participant to whom a Market Maker permit has been granted, the category of Market Maker under which the Exchange Participant is registered, ~~registration of the Market Maker as a Primary Market Maker where applicable,~~ the commencement and expiry dates of each such permit and the Market in respect of which each such permit has been granted, will be maintained by the Exchange.

Form and Duration of Market Maker Permits

- 11A08. Each Market Maker permit shall state a day on which it is to come into effect and the period for which it is granted for the Market specified. ~~The duration of each Market Maker permit may vary from one permit to another.~~—Unless otherwise stipulated by the Chief Executive, the minimum period for which each ~~Regular~~ Market Maker permit will be granted will be one year and unless the Market Maker has notified the

Exchange of its intention not to renew the ~~Regular~~ Market Maker permit at least 30 days prior to expiry, the ~~Regular~~ Market Maker permit will be automatically renewed from year to year on terms identical to those of the current ~~Regular~~ Market Maker permit. ~~The period for which a Primary Market Maker permit will be granted will be specified in the Exchange Participant's appointment letter and unless otherwise approved by the Chief Executive, will not be automatically renewed.~~

Ongoing Obligations of Market Makers

- 11A09. Each Market Maker shall immediately notify the Exchange in writing of any change in information supplied to the Exchange in its application for, or thereafter in connection with, any of its Market Maker permits, including any change in its market making arrangements.
- 11A10. Where a Market Maker has been granted a Market Maker permit under Rule 11A04 to make a market in a particular Market by itself and/or by way of a market making arrangement and the Market Maker wishes to enter into any new market making arrangement or, if it is not already doing so, make a market in the Market by itself, it shall lodge with the Chief Executive an application in such prescribed form and containing such information as may be required by the Chief Executive and shall demonstrate to the Exchange that it or its proposed market making arrangement meets such requirements as may be prescribed by the Chief Executive. The Chief Executive may in his absolute discretion approve or reject such application, having regard to such matters as he considers to be appropriate.
- 11A11. Each Market Maker shall be responsible for all market making activities conducted under its Market Maker permits, including the settlement and clearing of all trades executed under any of its market making arrangements. The corporate entity under any market making arrangement with the Market Maker shall be considered as a Client of the Market Maker for the purposes of the Rules, Regulations and Procedures and the Market Maker shall comply with all obligations under the Rules, Regulations and Procedures in respect of such corporate entity being a Client of the Market Maker, including but not limited to the provisions of Chapter VI of these Rules.
- 11A12. Each Market Maker shall fulfill such market making requirements as may from time to time be prescribed by the Exchange in respect of each category of Market Maker and each Market for which the Market Maker has been granted a Market Maker permit, ~~whether in the Rules, Regulations and Procedures or, in the case of a Primary Market Maker, in its appointment letter.~~ Unless otherwise determined by the Chief Executive ~~or, in the case of a Primary Market Maker, unless otherwise specified in its appointment letter,~~ a Market Maker which in any calendar month fails to meet the market making requirements prescribed by the

Exchange for determining its eligibility to Market Maker Incentives for certain transactions of the Market Maker in any specified Market(s) will not be entitled to such Market Maker Incentives for that month and the Market Maker shall be charged Exchange Fees at the full rate specified in the relevant Contract Specifications for such transactions.

Suspension or Modification of Market Making Requirements of Market Makers

- 11A13. In respect of a Market in which a Market Maker is registered as such, where the Chief Executive determines that an Unusual Market Condition has occurred in that Market or any other market which may adversely impact on the Market Maker's ability to effectively hedge its positions, the Chief Executive may, in his discretion temporarily suspend or modify some or all of the market making requirements of the Market Maker.
- 11A14. The Chief Executive may in his discretion determine when to declare an Unusual Market Condition and shall make an announcement on HKATS to that effect. An Unusual Market Condition shall exist until the Chief Executive determines otherwise.
- 11A15. Subsequent to declaring the existence of an Unusual Market Condition, the Chief Executive, upon being satisfied that the conditions giving rise to the original declaration of such Unusual Market Condition no longer exist, shall make an announcement on HKATS stating that fact and specifying the time at which the normal market making requirements of Market Makers shall resume.

Suspension, Revocation and Surrender

- 11A16. Any Market Maker permit and any market making arrangement or other approval granted thereunder may be revoked by the Chief Executive in his absolute discretion at any time without giving reason or notice. Without prejudice to this general power of revocation, a Market Maker permit and any market making arrangement or other approval granted thereunder may be revoked if a Market Maker:-
- (a) ~~if a Market Maker~~ fails to meet the applicable market making requirements prescribed by the Exchange for such period of time as may be specified by the Chief Executive; ~~or~~
 - (b) ~~if a Market Maker~~ has, in the opinion of the Chief Executive, manipulated or distorted the market for one or more Markets or attempted to do so or abused its status as a Market Maker; ~~or~~
 - (c) ~~if a Market Maker~~ commits an event of default under the Clearing House Rules or if its Exchange Participantship is suspended or revoked or if it ceases to be an Exchange Participant for any reason; or

- (d) ~~if a Market Maker~~ no longer satisfies the criteria and requirements based on which, or the conditions subject to which the Market Maker permit or any market making arrangement or other approval thereunder was granted,

and the Market Maker shall remain subject to these Rules, Regulations and Procedures and the Clearing House Rules in respect of any events which occurred prior to and after the revocation.

- 11A17. A Market Maker may at any time surrender its ~~Regular~~ Market Maker permit in respect of a particular category of Market Maker and each Market by giving to the Exchange 30 days' (or such shorter period of time as the Exchange may allow) prior written notice to that effect using such form as may be prescribed by the Exchange. Until the Exchange has confirmed with the Market Maker the effective date of surrender of the ~~Regular~~ Market Maker permit, the Market Maker shall continue to fulfill its market making obligations under that ~~Regular~~ Market Maker permit. ~~The circumstances under which a Primary Market Maker may surrender its Primary Market Maker permit shall be set out in its appointment letter.~~
- 11A18. Upon suspension, expiry, revocation or surrender of a Market Maker permit or the termination for any reason of any market making arrangement or the revocation of any other approval granted thereunder, any authorisation to access HKATS previously granted to the Exchange Participant for the purpose of performing market making activities under the Market Maker permit or the market making arrangement may also be revoked by the Chief Executive.
- 11A19. The Chief Executive may, at his sole discretion, reject a new application for a Market Maker permit by any Exchange Participant which has previously surrendered, or has notified the Exchange of its intention not to renew, a Market Maker permit or which has had a Market Maker permit revoked or suspended.

TRADING PROCEDURES FOR CURRENCY FUTURES AND CURRENCY OPTIONS TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)

CHAPTER 3

MARKET MAKERS IN CURRENCY FUTURES CONTRACTS

3.1 *Application for a Market Maker Permit*

The Exchange may appoint a Market Maker either as a Primary Market Maker or as a Secondary Market Maker in a Currency Futures Contract. Invitations to Exchange Participants for application to make a market as a Primary Market Maker or a Secondary Market Maker may be made by the Exchange from time to time by email or by circular. An Exchange Participant’s application for a Market Maker permit in a Currency Futures Contract shall be made in writing to the Exchange.

The Chief Executive has the sole discretion to determine the total number of Primary Market Makers or Secondary Market Makers that may be appointed for each Currency Futures Contract from time to time. If the number of applicants exceeds the total number determined by the Chief Executive, Exchange Participants may be required to undergo a bidding process in accordance with such procedures or requirements as may be specified by the Exchange. In considering whether a Market Maker permit should be granted, the Chief Executive may give regard to such matters as he may in his absolute discretion consider to be appropriate, including Exchange Participants’ market making commitment levels in terms of bid and offer spread and size of quote and any evaluation criteria that may be specified by the Exchange as part of the bidding process. Before appointing a Market Maker as a Primary Market Maker or Secondary Market Maker, the Exchange will also require the Exchange Participant to sign and agree to be bound by an appointment letter, which sets forth, among other things, the terms and conditions under which it is appointed as a Primary Market Maker or Secondary Market Maker and the market making obligations of the Exchange Participant as a Primary Market Maker or Secondary Market Maker, which may vary from one Market Maker to another.

The decision of the Chief Executive in respect of the approval or rejection in whole or in part of an application or a bid to become a Primary Market Maker or Secondary Market Maker in any particular Currency Futures Contract(s) shall be final and conclusive.

Upon granting a Market Maker permit in ~~the a~~ Currency Futures Contract and any subsequent approval thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangements if any) with not less than three (3) contract months in the Currency Futures Contract.

If a Market Maker that has been appointed as a Primary Market Maker fails to meet the market making requirements set forth in procedure 3.2.1 for three (3)

consecutive calendar months, the Exchange may, at the absolute discretion of the Chief Executive, re-categorise its appointment as a Secondary Market Maker.

In addition, tThe Exchange may, at the absolute discretion of the Chief Executive, revoke atthe Market Maker permit of a Secondary Market Maker in the-a Currency Futures Contract or any market making arrangement or other approval granted thereunder in either of the following circumstances:if it does not meet the market making requirements set forth in procedures 3.2.1 and/or 3.2.2 for two (2) consecutive calendar months.

- (a) where the Market Maker has elected to respond to Quote Requests, it has failed to meet the market making requirements set forth in procedure 3.2.2.2 for four (4) consecutive calendar months; or
- (b) where the Market Maker has elected to provide Continuous Quotes, it has failed to meet the market making requirements set forth in procedure 3.2.2.3 for four (4) consecutive calendar months.

The duration of each Market Maker permit granted will be one year and, unless the Market Maker has notified the Exchange of its intention not to renew the Market Maker permit at least 30 days prior to expiry, the Market Maker permit will be automatically renewed from year to year on terms identical to those of the current Market Maker permit.

3.2 *Market Making Requirements of a Market Maker*

In order for a Market Maker to be entitled to Market Maker Incentives (for itself if applicable and for each of its market making arrangements under the relevant Market Maker permit if any), the Market Maker (itself if applicable) and each such market making arrangement shall separately be required to satisfy the market making requirements set forth in this procedure 3.2. References to “Market Maker”, “Primary Market Maker” or “Secondary Market Maker” in procedures 3.2, 3.3 and 3.4 shall accordingly be construed to mean “Market Maker, Primary Market Maker or Secondary Market Maker (itself if applicable) and each of its market making arrangements under the relevant Market Maker permit” or, where the context requires otherwise, any of them.

3.2.1 Market Making Requirements of a Primary Market Maker in a Currency Futures Contract

3.2.1.1 Each Primary Market Maker shall, during one or both of the following periods as specified in its appointment letter: (i) from 9:00 a.m. to the end of the day trading session, and/or (ii) the after-hours trading session, in respect of each Currency Futures Contract for which it is appointed a Primary Market Maker:

3.2.1.1.1 provide Continuous Quotes for the assigned contract months during not less than seventy (70)

percent of the market making hours specified in its appointment letter in each calendar month;

3.2.1.1.2 quote the assigned contract months with a bid/offer spread of not greater than the number of Minimum Fluctuations and for a size of not fewer than the number of contracts applicable to its market making hours set forth below:

For the period from 9:00 a.m. to the end of the day trading session:

<u>Currency Futures Contract</u>	<u>Contract Month</u>	<u>Maximum Bid/Offer Spread (Minimum Fluctuations)</u>	<u>Minimum Quote Size (Contracts)</u>
<u>USD/CNH</u>	<u>Spot and next calendar</u>	<u>20</u>	<u>10</u>
<u>USD/CNH</u>	<u>3rd calendar and 4th calendar</u>	<u>50</u>	<u>10</u>
<u>USD/CNH</u>	<u>1st, 2nd, 3rd and 4th calendar quarter</u>	<u>80</u>	<u>10</u>
<u>USD/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>EUR/CNH, AUD/CNH, JPY/CNH</u>	<u>Spot and next calendar</u>	<u>50</u>	<u>10</u>
<u>EUR/CNH, AUD/CNH, JPY/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>CNH/USD</u>	<u>Spot and next calendar</u>	<u>5</u>	<u>10</u>
<u>CNH/USD</u>	<u>3rd calendar and 4th calendar</u>	<u>10</u>	<u>10</u>
<u>CNH/USD</u>	<u>Other months</u>	<u>15</u>	<u>10</u>

For the after-hours trading session:

<u>Currency Futures Contract</u>	<u>Contract Month</u>	<u>Maximum Bid/Offer Spread (Minimum Fluctuations)</u>	<u>Minimum Quote Size (Contracts)</u>
<u>USD/CNH</u>	<u>Spot and next calendar</u>	<u>20</u>	<u>10</u>

<u>USD/CNH</u>	<u>3rd calendar and 4th calendar</u>	<u>60</u>	<u>10</u>
<u>USD/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>EUR/CNH</u> , <u>AUD/CNH</u> , <u>JPY/CNH</u>	<u>Spot and next calendar</u>	<u>50</u>	<u>10</u>
<u>EUR/CNH</u> , <u>AUD/CNH</u> , <u>JPY/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>CNH/USD</u>	<u>Spot and next calendar</u>	<u>5</u>	<u>10</u>
<u>CNH/USD</u>	<u>3rd calendar and 4th calendar</u>	<u>10</u>	<u>10</u>
<u>CNH/USD</u>	<u>Other months</u>	<u>15</u>	<u>10</u>

3.2.1.1.3 The Chief Executive may, in consultation with the Commission, reduce, increase or vary the obligations, restrictions and conditions which must be complied with by a Primary Market Maker.

3.2.12 Market Making Requirements of a Secondary Market Maker in a Currency Futures Contract

3.2.12.1 A Secondary Market Maker in a Currency Futures Contract must either respond to Quote Requests or provide continuous Quotes. The Exchange Participant shall notify the Exchange of the Market Maker's election(s).

3.2.12.2 Responding to Quote Requests

If a Secondary Market Maker in a Currency Futures Contract elects to respond to Quote Requests, it shall, during one or both of the following periods as specified in its appointment letter: (i) from 9:00 a.m. to the end of the day trading session, and/or (ii) the after-hours trading session:

3.2.12.2.1 respond to not less than fortyseventy (7040) percent of the Quote Requests on the assigned contract months in the Currency Futures Contract during the market making hours specified in its appointment letter ~~procedure 3.2.2~~ in each calendar month;

3.2.12.2.2 respond to a Quote Request on an assigned contract month in the Currency Futures Contract within ten (10) seconds of the Quote Request's display on HKATS;

3.2.12.2.3 respond to a Quote Request on an assigned contract month in the Currency Futures Contract with a Quote for a bid/offer spread of not greater than the number of Minimum Fluctuations and for a size of not less than the number of contracts set forth below, unless otherwise specified by the ~~Chief Executive Exchange~~ from time to time:

Currency Futures Contract	Contract Month	Maximum Bid/Offer Spread (Minimum Fluctuations)	Minimum Quote Size (Contracts)
USD/CNH	Spot and next calendar	20	10
USD/CNH	3 rd calendar and 4 th calendar	50	10
USD/CNH	1st, 2nd, 3rd and 4th calendar quarter Other months	80	10
USD/CNH	Other months	100	10
EUR/CNH, AUD/CNH, JPY/CNH	Spot and next calendar	50	10
EUR/CNH, AUD/CNH, JPY/CNH	Other months	100	10
CNH/USD	Spot and next calendar	5	10
CNH/USD	3 rd calendar and 4 th calendar	10	10
CNH/USD	Other months	15	10

3.2.12.2.4 display on HKATS a Quote made in response to a Quote Request on an assigned contract month in the Currency Futures Contract for not fewer than ten (10) seconds.

3.2.12.3 Providing Continuous Quotes

If a Secondary Market Maker in a Currency Futures Contract elects to provide continuous Quotes, it shall:

3.2.~~12~~.3.1 quote the assigned contract months in the Currency Futures Contract during not less than seventy-fourty (~~70~~40) percent of the market making hours specified in ~~procedure 3.2.2~~ its appointment letter in each calendar month;

3.2.~~12~~.3.2 quote the assigned contract months in the Currency Futures Contract with a bid/offer spread of not greater than the number of Minimum Fluctuations and for a size of not fewer than the number of contracts applicable to its market making hours set forth below, ~~unless otherwise specified by the Exchange from time to time~~:

For the period from 9:00 a.m. to the end of the day trading session:

Currency Futures Contract	Contract Month	Maximum Bid/Offer Spread (Minimum Fluctuations)	Minimum Quote Size (Contracts)
USD/CNH	Spot and next calendar	20	10
USD/CNH	3 rd calendar and 4 th calendar	50	10
USD/CNH	<u>1st, 2nd, 3rd and 4th calendar quarter</u> Other months	80	10
<u>USD/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
EUR/CNH, AUD/CNH, JPY/CNH	Spot and next calendar	50	10
EUR/CNH, AUD/CNH, JPY/CNH	Other months	100	10
CNH/USD	Spot and next calendar	5	10
CNH/USD	3 rd calendar and 4 th calendar	10	10

CNH/USD	Other months	15	10
---------	--------------	----	----

For the after-hours trading session:

<u>Currency Futures Contract</u>	<u>Contract Month</u>	<u>Maximum Bid/Offer Spread (Minimum Fluctuations)</u>	<u>Minimum Quote Size (Contracts)</u>
<u>USD/CNH</u>	<u>Spot and next calendar</u>	<u>20</u>	<u>10</u>
<u>USD/CNH</u>	<u>3rd calendar and 4th calendar</u>	<u>60</u>	<u>10</u>
<u>USD/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>EUR/CNH, AUD/CNH, JPY/CNH</u>	<u>Spot and next calendar</u>	<u>50</u>	<u>10</u>
<u>EUR/CNH, AUD/CNH, JPY/CNH</u>	<u>Other months</u>	<u>100</u>	<u>10</u>
<u>CNH/USD</u>	<u>Spot and next calendar</u>	<u>5</u>	<u>10</u>
<u>CNH/USD</u>	<u>3rd calendar and 4th calendar</u>	<u>10</u>	<u>10</u>
<u>CNH/USD</u>	<u>Other months</u>	<u>15</u>	<u>10</u>

3.2.2.3.3 The Chief Executive may, in consultation with the Commission, reduce, increase or vary the obligations, restrictions and conditions which must be complied with by a Secondary Market Maker.

~~3.2.2 A Market Maker in a Currency Futures Contract shall be required to fulfil the market making requirements set forth in procedure 3.2.1 during the trading hours as specified in the Contract Specifications on each Hong Kong Business Day.~~

~~Such market making hours may be adjusted by the Chief Executive from time to time.~~

3.3 *Market Making Requirements During Unusual Market Conditions*

During Unusual Market Conditions, the Chief Executive may, in his discretion, temporarily suspend or modify some or all of the market making requirements of a Market Maker.

3.4 *Market Maker Incentives*

A Market Maker in a Currency Futures Contract shall be entitled to pay a reduced Exchange Fee of an amount specified in Appendix B on transactions effected in the Currency Futures Contract and/or other incentives as specified in its appointment letter.

Unless otherwise determined by the Chief Executive, a Market Maker shall be entitled to the above Market Maker Incentives only if it satisfies the market making requirements set forth in procedures 3.2.1 and/or 3.2.2. Without prejudice to any powers or rights of the Exchange or the Chief Executive, if a Market Maker in a Currency Futures Contract does not meet the prescribed market making requirements for a calendar month, the Exchange reserves the right to charge, at the absolute discretion of the Chief Executive, (i) such Market Maker Exchange Fees at the full rate as specified in the respective Contract Specifications for all transactions effected in that calendar month for all products in respect of which reduced Exchange Fees have been provided for in this procedure, and (ii) such other incentives already provided by the Exchange in that calendar month.

3.5 *Market Maker may not Trade for Client*

A Market Maker in a Currency Futures Contract shall not in its capacity as such accept an Order or execute a transaction for any Client and shall ensure that each of its market making arrangements will not execute any transaction for an account other than its own account, unless otherwise approved by the Exchange.

3.6 *Separate Market Maker Accounts for Market Making Arrangements*

Trades arising from market making activities in relation to each of the Market Maker's market making arrangements will be recorded in separate market maker accounts.

CHAPTER 5

CONTINGENCY PROCEDURES

5.1 *Typhoon Signals and Black Rainstorm Warnings*

Unless otherwise decided by the Exchange, the trading arrangements of Currency Futures Contracts and Currency Options Contracts upon the approach and the retreat of Typhoons and/or the issuance and cancellation of Black Rainstorm Warnings shall be as follows:

(a) Trading Arrangement for all trading days except 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	
(i) If a Typhoon Signal no. 8 or above is hoisted at any time prior to 8:30 a.m.:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> - Commencement of trading will take place^(Note 1): <ul style="list-style-type: none"> - <u>at 8:30 a.m. if the Signal is lowered at or before 6:30 a.m.;</u> - at 9:00 a.m. if the Signal is lowered at or before 7:00 a.m.; - at 9:30 a.m. if the Signal is lowered at or before 7:30 a.m.; - at 10:00 a.m. if the Signal is lowered at or before 8:00 a.m.; - at 10:30 a.m. if the Signal is lowered at or before 8:30 a.m.; - at 11:00 a.m. if the Signal is lowered at or before 9:00 a.m.; - at 11:30 a.m. if the Signal is lowered at or before 9:30 a.m.; - at 12:00 noon if the Signal is lowered at or before 10:00 a.m.; - at 12:30 p.m. if the Signal is lowered at or before 10:30 a.m.; - at 1:00 p.m. if the Signal is lowered at or before 11:00 a.m.; - at 1:30 p.m. if the Signal is lowered at or before 11:30 a.m.; - at 2:00 p.m. if the Signal is lowered at or before 12:00 noon. - There will be no trading for the day if the Signal is lowered after 12:00 noon.
(ii) If a Typhoon Signal no. 8 or above is hoisted during the trading hours at or between 8:30 a.m. and 12:00 noon:	<p>The position will be as follows:</p> <ul style="list-style-type: none"> - Trading will be terminated 15 minutes after the hoisting of the Signal. - Trading will resume from 2:00 p.m.

	<p>if the Signal is lowered at or before 12:00 noon ^(Note 1).</p> <ul style="list-style-type: none"> - There will be no trading for the rest of the day if the Signal is lowered after 12:00 noon.
--	--

(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

<p>(i) if a Typhoon Signal no. 8 or above is hoisted at any time prior to 8:30 a.m.:</p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> - Commencement of trading will take place ^(Note 1): <ul style="list-style-type: none"> - <u>at 8:30 a.m. if the Signal is lowered at or before 6:30 a.m.;</u> - at 9:00 a.m. if the Signal is lowered at or before 7:00 a.m.; - at 9:30 a.m. if the Signal is lowered at or before 7:30 a.m.; - at 10:00 a.m. if the Signal is lowered at or before 8:00 a.m.; - at 10:30 a.m. if the Signal is lowered at or before 8:30 a.m.; or - at 11:00 a.m. if the Signal is lowered at or before 9:00 a.m. - There will be no trading for the day if the Signal is lowered after 9:00 a.m.
<p>(ii) If a Typhoon Signal no. 8 or above is hoisted during the trading hours at or between 8:30 a.m. and 12:30 p.m.:</p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> - Trading will be terminated 15 minutes after the hoisting of the Signal and there will be no trading for the rest of the day, except that if Typhoon Signal no. 8 or above is hoisted at or after 11:45 a.m. but before 12:00 noon, trading will be terminated at 12:15 p.m.

(b) Trading arrangement for all trading days where the Hong Kong Observatory has issued or cancelled a Black Rainstorm Warning

<p>(i) If a Black Rainstorm Warning is issued at any time prior to 8:30 a.m.:</p>	<p>The position will be as follows:</p> <ul style="list-style-type: none"> - Commencement of trading will take place ^(Note 1): <ul style="list-style-type: none"> - <u>at 8:30 a.m. if the Warning is cancelled at or before 6:30 a.m.;</u> - at 9:00 a.m. if the Warning is cancelled at or before 7:00 a.m.;
--	---

	<ul style="list-style-type: none">- at 9:30 a.m. if the Warning is cancelled at or before 7:30 a.m.;- at 10:00 a.m. if the Warning is cancelled at or before 8:00 a.m.;- at 10:30 a.m. if the Warning is cancelled at or before 8:30 a.m.;- at 11:00 a.m. if the Warning is cancelled at or before 9:00 a.m.;- at 11:30 a.m. if the Warning is cancelled at or before 9:30 a.m.;- at 12:00 noon if the Warning is cancelled at or before 10:00 a.m.;- at 12:30 p.m. if the Warning is cancelled at or before 10:30 a.m.;- at 1:00 p.m. if the Warning is cancelled at or before 11:00 a.m.;- at 1:30 p.m. if the Warning is cancelled at or before 11:30 a.m.;or- at 2:00 p.m. if the Warning is cancelled at or before 12:00 noon. <p>- There will be no trading for the day if the Warning is cancelled after 12:00 noon.</p>
--	---

**Contract Specifications
For
US Dollar vs Renminbi (Hong Kong) (“USD/CNH”) Futures**

The following Contract Specifications shall apply to the USD/CNH Futures Contract:

Trading Hours (Hong Kong time) **8:30:00** a.m. – 4:30 p.m. (day trading session)
5:15 p.m. – ~~11:45 p.m.~~ **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 ~~8:30:00~~ a.m. – 12:30 p.m. (Hong Kong time)

There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.

Trading Hours on the Last Trading Day **8:30:00** a.m. – 11:00 a.m. (Hong Kong time)

**Contract Specifications
For
Euro vs Renminbi (Hong Kong) (“EUR/CNH”) Futures**

The following Contract Specifications shall apply to the EUR/CNH Futures Contract:

Trading Hours (Hong Kong time) **8:30:00** a.m. – 4:30 p.m. (day trading session)
5:15 p.m. – ~~11:45 p.m.~~ **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 ~~8:30:00~~ a.m. – 12:30 p.m. (Hong Kong time)

There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States

Trading Hours on the Last Trading Day **8:30:00** a.m. – 11:00 a.m. (Hong Kong time)

**Contract Specifications
For
Australian Dollar vs Renminbi (Hong Kong) (“AUD/CNH”) Futures**

The following Contract Specifications shall apply to the AUD/CNH Futures Contract:

Trading Hours (Hong Kong time) **8:30:00** a.m. – 4:30 p.m. (day trading session)
5:15 p.m. – ~~11:45 p.m.~~ **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 **8:30:00** a.m. – 12:30 p.m. (Hong Kong time)

There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States

Trading Hours on the Last Trading Day **8:30:00** a.m. – 11:00 a.m. (Hong Kong time)

**Contract Specifications
For
Japanese Yen vs Renminbi (Hong Kong) (“JPY/CNH”) Futures**

The following Contract Specifications shall apply to the JPY/CNH Futures Contract:

Trading Hours (Hong Kong time) **8:30:00** a.m. – 4:30 p.m. (day trading session)
5:15 p.m. – ~~11:45 p.m.~~ **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 **8:30:00** a.m. – 12:30 p.m. (Hong Kong time)

There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States

Trading Hours on the Last Trading Day **8:30:00** a.m. – 11:00 a.m. (Hong Kong time)

**Contract Specifications
For
Renminbi (Hong Kong) vs US Dollar (“CNH/USD”) Futures**

The following Contract Specifications shall apply to the CNH/USD Futures Contract:

Trading Hours 8:30:00 a.m. – 4:30 p.m. (day trading session)
(Hong Kong time) 5:15 p.m. – ~~11:45 p.m.~~ 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 8:30:00 a.m. – 12:30 p.m. (Hong Kong time)

There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States

Trading Hours on the 8:30:00 a.m. – 11:00 a.m. (Hong Kong time)
Last Trading Day

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

3.1 *Application for a Market Maker Permit*

The Exchange may appoint a Market Maker as a Regular Market Maker or a Primary Market Maker in a Stock Index Futures or Stock Index Options Contract.

3.1.1 Application for a Regular Market Maker Permit

An Exchange Participant's ~~may apply application~~ for a Regular Market Maker permit in a Stock Index Futures Contract and/or a Stock Index Options Contract by submitting a written application shall be made in writing to the Exchange in accordance with any procedures set out in Rule 11A03.

3.1.2 Application for a Primary Market Maker Permit

Only Exchange Participants who hold a Regular Market Maker permit may apply to become a Primary Market Maker. The Exchange may, from time to time by email or circular, invite Regular Market Makers to apply for a Primary Market Maker permit in a Stock Index Futures Contract and/or a Stock Index Options Contract. An Exchange Participant may submit its application by following the requirements set out in such invitation.

The Chief Executive has the sole discretion to determine the total number of Primary Market Makers that may be appointed for each Market from time to time. If the number of applicants exceeds the total number determined by the Chief Executive, Exchange Participants may be required to undergo a bidding process in accordance with such procedures or requirements as may be specified by the Exchange. In considering whether a Primary Market Maker permit should be granted, the Chief Executive may give regard to such matters as he may in his absolute discretion consider to be appropriate, including Exchange Participants' market making commitment levels in terms of bid and offer spread and size of quote, and any other evaluation criteria that may be specified by the Exchange as part of the bidding process. Before appointing a Market Maker as a Primary Market Maker, the Exchange will also require the Exchange Participant to sign and agree to be bound by an appointment letter, which sets forth, among other things, the terms

and conditions under which it is appointed as a Primary Market Maker and the market making obligations of the Exchange Participant as a Primary Market Maker, which may vary from one Primary Market Maker to another.

An Exchange Participant whose application has been approved or which is successful in the relevant Primary Market Maker bidding process will be granted a Primary Market Maker permit in respect of each Market for which it is permitted to make a market.

The duration of each Primary Market Maker permit may vary from one permit to another. The period for which a Primary Market Maker permit may be granted will be specified in the Exchange Participant's appointment letter and, unless otherwise approved by the Chief Executive, will not be automatically renewed.

3.1.3 Granting and revocation of a Market Maker Permit

The decision of the Chief Executive in respect of the approval or rejection in whole or in part of an application or a bid to become a Primary Market Maker or Regular Market Maker in any particular Market(s) shall be final and conclusive.

Upon granting a Market Maker permit in a Stock Index Futures Contract and any subsequent approval thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangements if any) with (i) not less than two (2) contract months in the Stock Index Futures Contract (i.e. Spot Month and the next calendar month, unless otherwise specified by the Exchange) if it is a Regular Market Maker and (ii) such number of contract months as may be specified in its appointment letter if it is a Primary Market Maker.

Upon granting a Market Maker permit in a Stock Index Options Contract and any subsequent approval thereunder, the Exchange shall assign the Market Maker (itself if applicable and each of its market making arrangements if any) with (i) not less than fifty (50) option series in the Stock Index Options Contract if it is not a Mini Contract and not less than twenty-five (25) option series if it is a Mini Contract, to be determined by the Exchange from time to time, if it is a Regular Market Maker; and (ii) such number of option series as may be specified in its appointment letter if it is a Primary Market Maker. In the case of a Stock Index Options Contract with both Short-dated and Long-dated Options, only option series in Short-dated Options will be assigned. A Market Maker permit shall not be applicable to Flexible Options and accordingly all obligations and procedures relating to any market making requirements shall not apply.

The Exchange may, at the absolute discretion of the Chief Executive, revoke a Market Maker permit in a Stock Index Futures Contract and/or a Stock Index Options Contract or any market making arrangement or other approval granted thereunder if it does not meet the market making requirements set forth in procedures 3.2.1 and/or 3.2.2 or, in the case of a Primary Market Maker, in procedure 3.2.3 and/or its appointment letter for two (2) consecutive calendar months.