

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

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These procedures shall be read in conjunction with and shall form part of the Exchange Rules. Unless otherwise indicated, the terms used herein shall have the same meanings as contained in the Exchange Rules and/or the Clearing House Rules.

CHAPTER 1

TRADING

1.1 *Method of Trading*

Trading in Currency Futures Contracts and Currency Options Contracts shall be conducted exclusively through the Automated Trading System of the Exchange (“HKATS”) in accordance with the Exchange Rules, the Clearing House Rules, applicable Regulations, Contract Specifications and Procedures, the Clearing House Procedures and the HKATS User’s Guide.

CHAPTER 2

ELIGIBILITY TO TRADE CURRENCY FUTURES CONTRACTS AND CURRENCY OPTIONS CONTRACTS

2.1 *Currency Futures and Currency Options 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 Currency Futures Contracts and Currency Options Contracts through HKATS.

To be approved to trade Currency Futures Contracts and Currency Options Contracts an Exchange Participant shall have at least one (1) HKATS Exchange Participant Representative who is registered with the Exchange to trade Currency Futures Contracts and Currency Options Contracts.

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 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, the Exchange may, at the absolute discretion of the Chief Executive, revoke the Market Maker permit of a Secondary Market Maker

in a Currency Futures Contract or any market making arrangement or other approval granted thereunder in either of the following circumstances:

- (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 by responding to Quote Requests or providing Continuous Quotes during the Trading Days of each calendar month. 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, on Trading Days 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 or such other period of time within the day trading session as specified in its appointment letter, 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 provided that if there is any Trading Day which is a public holiday in Hong Kong within the calendar month, such percentage shall be reduced by a percentage representing the number of Trading Days

which are public holidays in Hong Kong over the number of Trading Days in the 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 or such other period of time within the day trading session as specified in its appointment letter:

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

For the after-hours trading session:

Currency Futures	Contract <u>Month</u>	Maximum Bid/Offer Spread	Minimum Quote
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<u>Contract</u>		(Minimum <u>Fluctuations</u>)	Size (<u>Contracts</u>)
USD/CNH	Spot and next calendar	20	10
USD/CNH	3 rd calendar and 4 th calendar	60	10
USD/CNH	1 st , 2 nd , 3 rd , 4 th and 5 th calendar quarter	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	1 st , 2 nd , 3 rd , 4 th and 5 th calendar quarter	15	10

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.

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

3.2.2.1 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).

3.2.2.2 Responding to Quote Requests

If a Secondary Market Maker in a Currency Futures Contract elects to respond to Quote Requests, it shall, on Trading Days 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 or such other period of time within the day trading session as specified in its appointment letter, and/or (ii) the after-hours trading session:

- 3.2.2.2.1 respond to not less than forty (40) 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 in each calendar month;
- 3.2.2.2.2 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;
- 3.2.2.2.3 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 from time to time:

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

3.2.2.2.4 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.

3.2.2.3 Providing Continuous Quotes

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

3.2.2.3.1 quote the assigned contract months in the Currency Futures Contract during not less than forty (40) percent of the market making hours specified in its appointment letter in each calendar month provided that if there is any Trading Day which is a public holiday in Hong Kong within the calendar month, such percentage shall be reduced by a percentage representing the number of Trading Days which are public holidays in Hong Kong over the number of Trading Days in the calendar month;

3.2.2.3.2 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:

For the period from 9:00 a.m. to the end of the day trading session or such other period of time within the day trading session as specified in its appointment letter:

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

For the after-hours trading session:

Currency Futures <u>Contract</u>	Contract <u>Month</u>	Maximum Bid/Offer Spread (Minimum <u>Fluctuations</u>)	Minimum Quote Size (<u>Contracts</u>)
USD/CNH	Spot and next calendar	20	10
USD/CNH	3 rd calendar and 4 th calendar	60	10
USD/CNH	1 st , 2 nd , 3 rd , 4 th and 5 th calendar quarter	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	1 st , 2 nd , 3 rd , 4 th and 5 th calendar quarter	15	10

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.

3.3 *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.

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CHAPTER 4

DEALING FUNCTIONALITY

4.1 *Order Entry*

An Order in a Currency Futures Contract or a Currency Options Contract may be entered into HKATS only during the trading hours and, where applicable, the pre-opening session (in respect of Limit Orders and Auction Orders) and the pre-open allocation session (in respect of Auction Orders only) of the Pre-Market Opening Period for the Currency Futures Contract or the Currency Options Contract.

4.2 *Automatic Cancellation of an Order due to Suspension of Trading or Site Failure*

An Order resident on the Central Orderbook for a Currency Futures Contract or a Currency Options Contract will be canceled upon the suspension of trading in that Currency Futures Contract or Currency Options Contract.

Notification of a suspension of trading in a Currency Futures Contract or a Currency Options Contract will be made on the HKATS Market Message display window.

Notification of the resumption of trading in a suspended Currency Futures Contract or a suspended Currency Options Contract will be made on the HKATS Market Message display window not less than ten (10) minutes, or such shorter period as the Chief Executive may determine, prior to the resumption of trading in that Currency Futures Contract or Currency Options Contract.

An Order automatically canceled due to the suspension of trading in a Currency Futures Contract or a Currency Options Contract may be re-entered into HKATS upon the resumption of trading in that Currency Futures Contract or Currency Options Contract.

In the event of a system failure at an Exchange Participant's site, the Exchange Participant shall contact the Exchange at the HKATS hotline listed in the HKATS User's Guide and advise the Exchange if it wishes to have all its outstanding Orders canceled or remain activated. An Order of an Exchange Participant resident on the Central Orderbook will be inactivated 10 minutes after the occurrence of a system failure at the Exchange Participant's site unless the Exchange Participant has requested the Exchange to keep the Order activated within 10 minutes of the site failure. The Exchange shall not be liable to an Exchange Participant for canceling or keeping activated any Order of the Exchange Participant at its instructions or purported instructions.

An Exchange Participant affected by a system failure at its site may arrange with other Exchange Participants to handle new Orders and subsequently reallocate resulting trades to the corresponding accounts through external allocation according to the Clearing House Rules.

4.3 *Order Amendments and Cancellations*

An Order in a Currency Futures Contract or a Currency Options Contract

entered into the Central Orderbook on behalf of a Client or the Exchange Participant and designated a particular Order number may be amended or canceled provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, in respect of that particular Order.

Exchange Participants may amend, cancel or inactivate Orders resident in the Central Orderbook (“Valid Orders”) only during trading hours and the period of 30 minutes before the opening of each trading session if the Pre-Market Opening Period is not applicable or the pre-opening session of the Pre-Market Opening Period if the Pre-Market Opening Period applies.

A Valid Order that is amended in connection with a reduction in size, a change in the duration of validity, or modification of optional (“free”) text information shall not affect the time priority of the original Valid Order.

A Valid Order that is amended in connection with price or an increase in size: (i) will result in the loss of time priority of the original Valid Order if the amendment is made during trading hours; and (ii) will result in the loss of time priority of the original Valid Order if the amendment is made during the Pre-Market Opening Period (where the Pre-Market Opening Period is applicable). Amendment in connection with price or an increase in size of a Valid Order is not allowed during the 30 minute period before the opening of a trading session (where the Pre-Market Opening Period is not applicable).

4.4 *Execution of Standard Combinations*

4.4.1 In the event an Order for a spread or strategy combination listed in the “Series/Combinations” window of HKATS (“standard combination”) involving Currency Futures Contracts or Currency Options Contracts is entered into HKATS, HKATS will automatically generate derived Orders (“Bait Orders”) based on the prevailing market price of each individual market series comprising the standard combination and the price of the Order for the standard combination. Prices of these Bait Orders will be automatically adjusted according to price movement in the individual market series comprising the standard combination.

4.4.2 The ranking of Bait Orders shall be in accordance with the time the Bait Orders are generated. A Bait Order whose price is automatically adjusted according to the price movement and/or increase in quantity of the individual market series comprising the standard combination shall be treated as if the Bait Order were newly generated.

4.4.3 In the event an Order for a standard combination is executed separately as Bait Orders in the individual market series, each Currency Futures Contract or Currency Options Contract comprising the standard combination will be matched at the prevailing market price of the individual market series. Any matched Contracts will be recorded in HKATS as separate trades in the individual market series.

4.4.4 In the event an Order for a standard combination is executed in the standard combination market and not as Bait Orders in the individual

market series, the executed price of the standard combination may not necessarily correspond with the prevailing market prices of the Currency Futures Contracts or Currency Options Contracts comprising the standard combination. The matched standard combination will be recorded in HKATS as separate trades in the individual market series.

4.5 *(deleted)*

4.6 *(deleted)*

4.7 *Pre-Market Opening*

4.7.1 The pre-market opening algorithm of HKATS shall apply to such Currency Futures Contract(s) and/or Currency Options Contract(s) as the Exchange may from time to time notify to Exchange Participants.

4.7.2 The Pre-Market Opening Period shall comprise (i) the pre-opening session; (ii) the pre-open allocation session; and (iii) the open allocation session, the duration of which may be changed by the Exchange and notified to Exchange Participants from time to time at its discretion.

4.7.3 During the pre-opening session, Limit Orders and Auction Orders may be entered into HKATS and may be amended or canceled subject to the provisions of procedure 4.3. During the pre-open allocation session, only Auction Orders may be entered into HKATS. No Orders may be amended or canceled during the pre-open allocation session. During the open allocation session, no Orders may be entered into HKATS and no Orders may be amended or canceled. The Calculated Opening Price (COP), if any, will be calculated, and Orders will be matched subject to Rule 1215 or converted into Limit Orders or inactive Orders in accordance with the procedures set forth below during the open allocation session.

4.7.4 A COP will be calculated only if the highest bid price of the Limit Orders entered into HKATS is greater than or equal to the lowest ask price of the Limit Orders. If more than one price satisfies this criterion, the COP shall be calculated according to the following rules:

4.7.4.1 The COP shall be one of the bid or offer prices falling at or within the highest bid price and the lowest ask price of the Limit Orders;

4.7.4.2 The COP shall be the price at which the number of contracts matched would be maximized;

4.7.4.3 If more than one price satisfies the rule in procedure 4.7.4.2, the COP shall be the price at which the normal order imbalance is the lowest. For the purposes of this procedure,

normal order imbalance is defined as the difference between the number of bid contracts and the number of ask contracts that can be matched at a certain price;

- 4.7.4.4 If more than one price satisfies the rule in procedure 4.7.4.3, the COP shall be the price at which (i) the aggregate number of contracts comprising the bid Auction Orders and bid Limit Orders at or above that price or (ii) the aggregate number of contracts comprising the ask Auction Orders and ask Limit Orders at or below that price would be the highest;
- 4.7.4.5 If more than one price satisfies the rule in procedure 4.7.4.4, the COP shall be the price closest to the previous Closing Quotation (as defined in the Clearing House Rules) of the relevant Currency Futures Contract or Currency Options Contract and if different trading sessions apply, (i) the COP in the case of the morning trading session shall be the price closest to the previous Closing Quotation as aforesaid and (ii) the COP in the case of the afternoon trading session shall be the price closest to the last traded price if the relevant Currency Futures Contract or Currency Options Contract was traded in the immediately preceding morning trading session or if there was no trading in the immediately preceding morning trading session, the rule in this procedure 4.7.4.5 shall be disregarded and the calculation of the COP shall proceed in accordance with the rule set forth in procedure 4.7.4.6;
- 4.7.4.6 If more than one price satisfies the rule in procedure 4.7.4.5, the COP shall be the highest of such prices.
- 4.7.5 If a COP is calculated, Auction Orders and Limit Orders with ask prices at or below, or bid prices at or above, such determined COP shall be matched at the COP to the extent possible and any unmatched Auction Order shall be converted into a Limit Order with a bid or ask price equal to the COP immediately before Market open. The ranking of such converted Auction Orders and Limit Orders at the COP shall be in accordance with the time the converted Auction Orders and Limit Orders were originally entered into HKATS.
- 4.7.6 If no COP can be calculated according to procedure 4.7.4 but bid and ask prices exist, all bid Auction Orders will be converted immediately before Market open into bid Limit Orders at the highest bid price and all ask Auction Orders will be converted immediately before Market open into ask Limit Orders at the lowest ask price of the Limit Orders entered into HKATS. The ranking of such converted Auction Orders and Limit Orders with the highest bid price or lowest ask price, as the case may be, shall be in accordance with the time the Auction Orders and Limit Orders were originally entered into HKATS.

- 4.7.7 If no COP can be calculated according to procedure 4.7.4 and no bid price or ask price exists, all bid Auction Orders (if no bid price exists) and all ask Auction Orders (if no ask price exists) will be converted into inactive Orders immediately before Market open.
- 4.7.8 The conduct of the Pre-Market Opening Period shall be under the surveillance of designated HKATS Officials. A designated HKATS Official may cancel any Order entered into HKATS during the Pre-Market Opening Period which in his opinion is a manifest error and which would disproportionately affect the Calculated Opening Price.

4.8 *Creation, Execution and Deletion of Tailor-Made Combinations*

- 4.8.1 Exchange Participants can define and create a Tailor-Made Combination involving such Currency Futures Contracts and/or Currency Options Contracts and during such trading sessions as the Exchange may from time to time notify Exchange Participants using the tailor-made combination function of HKATS. Once created, a Tailor-Made Combination can be traded like a normal market series.
- 4.8.2 Exchange Participants shall ensure that the following criteria are satisfied when creating a Tailor-Made Combination:
- the Tailor-Made Combination is one of the strategy combinations prescribed by the Exchange;
 - the number of futures contract months or option series (“legs”) comprising the strategy is within the range prescribed by the Exchange;
 - the ratio between these legs is within the range prescribed by the Exchange;
 - the contract sizes of these legs must be identical;
 - the Tailor-Made Combination is not at that time prescribed as a standard combination; and
 - an active Order is submitted at the same time as the creation of the Tailor-Made Combination.
- 4.8.3 Tailor-Made Combinations created on a Trading Day will not be carried forward to the next Trading Day.
- 4.8.4 The executed price of a trade in a Tailor-Made Combination may not necessarily correspond with the prevailing market prices of the Currency Futures Contracts or Currency Options Contracts comprising the Tailor-Made Combination. The matched trade in the Tailor-Made Combination will be recorded in HKATS as separate trades in the individual market series.
- 4.8.5 The Exchange may from time to time prescribe a maximum number of

Tailor-Made Combinations that can be listed on HKATS on a Trading Day and a throughput rate for each HKATS connection to create Tailor-Made Combinations to protect the integrity of HKATS and to ensure the proper operation of the Markets.

- 4.8.6 The Exchange may at any time at its sole discretion limit the number of Tailor-Made Combinations an Exchange Participant may create on a Trading Day by notice to the Exchange Participants.
- 4.8.7 The Exchange reserves the right to delete any Tailor-Made Combination listed on HKATS and cancel any Order for that Tailor-Made Combination at any time if:
- (i) the Tailor-Made Combination does not satisfy the criteria as prescribed in procedure 4.8.2;
 - (ii) there is no active Order for the Tailor-Made Combination;
 - (iii) the total number of Tailor-Made Combinations listed on HKATS exceeds the maximum number prescribed and notified to Exchange Participants by the Exchange from time to time;
 - (iv) the Tailor-Made Combination is created by an Exchange Participant which has exceeded the limit imposed on it under procedure 4.8.6; or
 - (v) the Exchange determines that the Tailor-Made Combination is inappropriate.
- 4.8.8 Any trade in a Tailor-Made Combination that is not created in accordance with the criteria as prescribed in procedure 4.8.2 will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of the Exchange Rules or the Clearing House Rules, will not be registered or cleared by the Clearing House. In the event that an Exchange Participant has been notified by the Exchange that a Tailor-Made Combination trade is invalid on the Trading Day during which the Tailor-Made Combination trade is executed, the Exchange in conjunction with the Clearing House will, without being required to give further notice to the Exchange Participant, delete the invalid Tailor-Made Combination trade from HKATS and the “deal file” of the clearing system as if the Tailor-Made Combination trade had never been executed. 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 or the Clearing House directly or indirectly in connection with the deletion of any invalid Tailor-Made Combination trade.

CHAPTER 5

(deleted)