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香港期貨結算有限公司

(香港交易及結算所有限公司集團全資附屬成員機構)

HKFE Clearing Corporation Limited

(A wholly-owned member of the Hong Kong Exchanges and Clearing Limited Group)

通告 CIRCULAR

事項

Subject: Risk Management Measures for Introduction of After-Hours Futures Trading

查詢

Enquiry: Mr. Ronald Cheung 2211-6273

Reference is made to circular (Ref: DMD/022/13) dated 14 February 2013 regarding the introduction of after-hours futures trading (AHFT) on 8 April 2013. Please be advised that the following additional risk management measures will be introduced upon the launch of AHFT to mitigate the counterparty risks associated with AHFT.

(i) Capital-based Position Limits (CBPL) Monitoring during T+1 Session

As there will be no intra-day call during T+1 Session, the counterparty risk will be managed by monitoring of Clearing Participants' (CPs) net CBPL utilization hourly based on the latest market prices and positions. Ad-hoc CBPL monitoring of selected CPs will be conducted where appropriate.

Clearing House will advise the CPs whose CBPL utilization is over 80% via phone or other means (as the Clearing House considers appropriate) after each CBPL monitoring. CPs are advised to observe their CBPL and take all necessary actions, including closing out, hedging or transferring to another CP the excess positions so as to ensure their CBPL compliance. CPs exceeding their net CBPL (i.e. over 100% utilization) will be requested to observe compliance by the end of the same T+1 Session and may be disconnected from trading system and subject to closing out action by the Clearing House if they continue to engage in transactions which would result in an increase in their risk exposure.

If CPs anticipate that they may trade beyond their net CBPL in the T+1 Session, they may request for arranging advance margin deposit with the Clearing House in accordance with HKCC Procedures to extend their T+1 Session CBPL no later than 3:00 p.m. on the same day. The Clearing House will collect the advance margin deposit through Direct Margin Debiting System upon acceptance of such request.

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(ii) Mandatory Intra-day Variation Adjustment (VA) and Margin Call

A mandatory intra-day VA and margin call will be introduced to markets with T+1 Session following the market open of each T Session based on the morning Calculated Opening Prices (COP). Unlike the current ad-hoc intra-day call which includes VA only, this mandatory call will include both VA and margin. CPs are advised to complete all their post-trade adjustments for trades executed in the preceding T+1 Session thirty minutes before market open of T Session (i.e. 8:45 a.m. for HSI and HHI markets). Any post-trade adjustments executed thereafter may not be incorporated in the mandatory intra-day VA and margin calculation. The mandatory intra-day VA and margin call will be issued to CPs by 10:00 a.m. and the payment shall be settled by 12:00 noon.

It is important to note that all CPs, including those not participating in the AHFT, will be subject to such mandatory intra-day VA and margin call. Call amount less than HK\$2 million will not be collected so as to minimize impacts on CPs.

To assist CPs in assessing the potential impacts of the mandatory intra-day VA and margin call, the Clearing House will make available a set of simulated Risk Parameter Files (RPF) based on the morning COP every Wednesday starting from 20 February 2013 until the launch of AHFT for CPs' margin estimation purpose. The simulated RPF can be downloaded from the HKEx website with the hyperlink stated below:

http://www.hkex.com.hk/eng/market/rm/rm_dcrm/riskdata/Documents/After_Hours_Futures_Trading.zip

Upon the launch of AHFT, the dissemination schedule of RPF and Client Margin Estimate Reference Table will be changed accordingly to facilitate CPs' margin calculation and/or estimation. The new dissemination schedule is set out in the Attachment for ease of reference.

For and on behalf of
HKFE Clearing Corporation Limited

Felix Wang
Authorized Signatory

**Risk Parameter File and Client Margin Estimate Reference Table
Dissemination Schedule**

Time	Purpose	Remarks
Regular		
Around 8:45 a.m.	For reference only	Based on closing prices ^{Note 1} of previous trading day with all newly introduced futures and options contracts.
Around 10:00 a.m.	For mandatory VA and margin call settlement	Based on Calculated Opening Prices ^{Note 2} of the T session.
Around 12:55 p.m.	For intra-day assessment	Based on market prices at the close of morning trading session.
Around 4:45 p.m.	For reference only	Based on market prices near the close of T session.
Around 6:30 p.m. ^{Note 3}	For day-end settlement	Based on daily settlement prices.
Around 11:30 p.m.	For reference only	Based on market prices at the close of T+1 session.
Ad-hoc		
After each intra-day call	For intra-day call settlement	Based on market prices ^{Note 2} at the time of the intra-day call.

Note 1: Options will be calculated based on the closing prices of their corresponding underlyings.

Note 2: Only contracts subject to intra-day call will be updated.

Note 3: The dissemination time for day-end Risk Parameter File and Client Margin Estimate Reference Table will remain unchanged, i.e. around 6:30 p.m. and 7:15 p.m. respectively.