

**香港聯合交易所有限公司**

(香港交易及結算所有限公司全資附屬公司)

**The Stock Exchange of Hong Kong Limited**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

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**通告 CIRCULAR**

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事項

Subject: Stock Options Revamp – Reduction of Minimum Trading Spread in Four Stock Option Classes, Addition of Five Stock Option Classes under the Primary Market Maker Program and Annual Review of Trading Fee Tier Classification

查詢

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Reference is made to the Exchange's circular (ref: DMD/043/13) dated 20 March 2013 and circular (ref: DMD/053/13) dated 8 April 2013 in relation to stock options revamp and reduction of minimum trading spread in selected option classes. Participants please note that the Exchange will roll out the following initiatives:

- a. Reduction of minimum trading spread from \$0.01 to \$0.001 in four selected stock option classes effective from **9 December 2013** (Commencement Day)

This initiative aims to reduce the spread cost in trading stock option classes with low-priced underlying stocks, i.e. large minimum options trading spreads relative to the option premium level. Starting from the Commencement Day, new trading symbols for the following four selected option classes with minimum trading spread at \$0.001 will be introduced for trading in parallel with their existing outstanding contracts under the old trading symbols with minimum trading spread at \$0.01:

Option Class (Stock code)	Old Trading Symbol (for \$0.01 spread)	New Trading Symbol (for \$0.001 spread)
Bank of China Limited (3988)	BCL	XBC
China Construction Bank Corporation (939)	CCB	XCC
Industrial and Commercial Bank of China Limited (1398)	ICB	XIC
Agricultural Bank of China Limited (1288)	ABC	XAB

During the transition period, new option series will still be added under the old trading symbols

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BCL, CCB, ICB and ABC (including new expiry month after the Expiry Day of December 2013) for another 1 month's period until 8 January 2014. Afterward, no new series or expiry month will be introduced under the old trading symbols BCL, CCB, ICB and ABC.

**Pre-launch Arrangements:**

The risk parameter files (RPF) for margining of the four selected option classes with new trading symbols will be generated one business day before the Commencement Day. The following pre-launch arrangements for the four selected option classes with new trading symbols will be implemented on 6 December 2013:

- i. Stock option series of the four stock option classes will be displayed, but not tradable; and
- ii. RPF, clearing and open interest reports on the four stock option classes will be generated.

The purpose of the generation of RPF one business day before the Commencement Day is to assist Participants to estimate margin requirements at Clearing House and client levels for the four selected option classes trading on the Commencement Day.

Please note that the margin requirements estimated using the RPF available after the settlement process on the business day before the Commencement Day may not be the same as the actual amounts required after the close of trading on the Commencement Day and HKEx and its subsidiaries accept no liability whatsoever for any loss or damage arising from or in connection with the use of these information contained in such RPF. Participants who wish to use the above-mentioned RPF are reminded to update the PC-SPAN Organisation Master File. For details, please refer to relevant Clearing House circular to be issued in due course.

- b. Addition of five stock option classes under the primary market maker (PMM) program effective from **2 January 2014**

Reference is made to the PMM program announced under the abovementioned circular on 20 March 2013, the Exchange will add the following five stock option classes under the PMM program to improve price visibility in the stock options market, namely:

- China Construction Bank Corp. (939)
- iShares FTSE A50 China Index ETF (2823)
- Ping An Insurance (Group) Co. of China Ltd. (2318)
- PetroChina Co. Ltd. (857)
- China Petroleum & Chemical Corp. (386).

In addition, the PMM permits for the following five stock option classes will expire on 31 December 2013, namely:

- HSBC Holdings Plc (5)
- CNOOC Ltd. (883)
- China Mobile Limited (941)
- AIA Group Ltd. (1299)
- China Life Insurance Co. Ltd (2628).

Interested Participants are invited to apply for PMM permits in the ten stock option classes for the program period from January 2014 to June 2014. The deadline for submission of application is 6 December 2013. The appointment of PMMs and their effective dates will be announced in due course.

c. Year-end Review of Trading Fee Tier Classification

Upon the year-end review of trading fee tier classification of stock option classes, the trading fee tier classification of the following two stock option classes will be changed as follows effective from **2 January 2014**:

<b>Stock Options Class (Stock Code)</b>	<b>Trading Fee Tier Classification</b>	<b>Trading Fee for Clients (\$)</b>
Yanzhou Coal Mining Co. Ltd. (1171)	from Tier 1 to Tier 2	From \$3.0 to \$1.0
CITIC Pacific Ltd. (267)	from Tier 2 to Tier 3	From \$1.0 to \$0.5

The full list of option classes with their new tier levels is set forth in Attachment I for reference.

*Inform Your Staff and Clients*

Participants should notify all clients holding positions in the relevant stock option classes of the details of the initiatives. Please ensure that your back office systems are ready for a smooth operation. In addition, all your staff should be fully aware of the trading arrangements and should exercise caution when dealing with the stock option classes with reduced minimum trading spreads under the old and new trading symbols, which will be traded in two separate liquidity pools, and when advising your clients.

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*This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.*

**The List of Stock Option Classes Available for Trading**

**a) Stock Option Classes with Contract Size More Than One Underlying Board Lot Shares**

No.	SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Number of Board Lots	Tier No.	Position Limit
1	1288	Agricultural Bank of China Limited	ABC	10,000	10	1	50,000
2	1299	AIA Group Limited	AIA	1,000	5	1	50,000
3	1339	Peoples Insurance Company (Group) of China Ltd.	PIN	5,000	5	2	50,000
4	1988	China Minsheng Banking Corporation Ltd.	MSB	2,500	5	2	50,000
5	2601	China Pacific Insurance (Group) Co., Ltd.	CPI	1,000	5	1	50,000
6	2822	COSP FTSE China A50 ETF	CSA	5,000	25	1	30,000
7	2823	iShares FTSE A50 China Index ETF* (* This is a synthetic ETF)	A50	5,000	50	1	50,000
8	2827	W.I.S.E. - CSI 300 China Tracker* (* This is a synthetic ETF)	CS3	1,000	5	1	30,000
9	3188	ChinaAMC CSI 300 Index ETF	AMC	2,000	10	1	30,000

**b) Stock Option Classes with Contract Size Equal to One Underlying Board Lot Shares**

No.	SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Tier No.	Position Limit
1	1	Cheung Kong (Holdings) Limited	CKH	1,000	1	50,000
2	2	CLP Holdings Limited	CLP	500	1	50,000
3	3	The Hong Kong and China Gas Company Limited	HKG	1,000	2	50,000
4	4	The Wharf (Holdings) Limited	WHL	1,000	1	50,000
5	5	HSBC Holdings Plc.	HKB	400	1	50,000
6	6	Power Assets Holdings Limited	HEH	500	1	50,000
7	11	Hang Seng Bank Limited	HSB	100	2	50,000
8	12	Henderson Land Development Company Limited	HLD	1,000	1	50,000
9	13	Hutchison Whampoa Limited	HWL	1,000	1	50,000
10	16	Sun Hung Kai Properties Limited	SHK	1,000	1	50,000
11	17	New World Development Company Limited	NWD	1,000	2	50,000
12	19	Swire Pacific Limited 'A'	SWA	500	1	50,000
13	23	The Bank of East Asia, Limited	BEA	200	3	50,000
14	27	Galaxy Entertainment Group Limited	GLX	1,000	1	50,000
15	66	MTR Corporation Limited	MTR	500	2	50,000
16	267	CITIC Pacific Limited	CIT	1,000	3^	50,000
17	293	Cathay Pacific Airways Limited	CPA	1,000	2	50,000
18	330	Esprit Holdings Limited	ESP	100	3	50,000
19	358	Jiangxi Copper Company Limited	JXC	1,000	2	50,000
20	386	China Petroleum & Chemical Corporation	CPC	2,000	2	50,000
21	388	Hong Kong Exchanges and Clearing Limited	HEX	100	2	50,000
22	390	China Railway Group Limited	CRG	1,000	3	50,000

23	494	Li & Fung Limited	LIF	2,000	2	50,000
24	688	China Overseas Land & Investment Limited	COL	2,000	1	50,000
25	700	Tencent Holdings Limited	TCH	100	1	50,000
26	728	China Telecom Corporation Limited	CTC	2,000	3	50,000
27	762	China Unicom (Hong Kong) Limited	CHU	2,000	2	50,000
28	857	PetroChina Company Limited	PEC	2,000	2	50,000
29	883	CNOOC Limited	CNC	1,000	2	50,000
30	902	Huaneng Power International, Inc.	HNP	2,000	2	50,000
31	914	Anhui Conch Cement Company Limited	ACC	500	2	50,000
32	939	China Construction Bank Corporation	CCB	1,000	3	50,000
33	941	China Mobile Limited	CHT	500	1	50,000
34	992	Lenovo Group Limited	LEN	2,000	2	50,000
35	998	China CITIC Bank Corporation Limited	CTB	1,000	3	50,000
36	1088	China Shenhua Energy Company Limited	CSE	500	2	50,000
37	1171	Yanzhou Coal Mining Company Limited	YZC	2,000	2 <sup>^</sup>	50,000
38	1186	China Railway Construction Corporation Limited	CRC	500	3	50,000
39	1211	BYD Company Limited	BYD	500	2	50,000
40	1398	Industrial and Commercial Bank of China Limited	ICB	1,000	3	50,000
41	1800	China Communications Construction Company Limited	CCC	1,000	3	50,000
42	1880	Belle International Holdings Limited	BIH	1,000	2	50,000
43	1898	China Coal Energy Company Limited	CCE	1,000	3	50,000
44	1919	China COSCO Holdings Company Limited	CCS	500	3	50,000
45	1928	Sands China Ltd.	SAN	400	2	50,000
46	2038	Foxconn International Holdings Limited	FIH	1,000	3	50,000
47	2282	MGM China Holdings Ltd.	MGM	400	3	50,000
48	2318	Ping An Insurance (Group) Company of China, Ltd.	PAI	500	1	50,000
49	2328	PICC Property and Casualty Company Limited	PIC	2,000	2	50,000
50	2333	Great Wall Motor Company Ltd.	GWM	500	2	50,000
51	2388	BOC Hong Kong (Holdings) Limited	BOC	500	2	50,000
52	2600	Aluminum Corporation of China Limited	ALC	2,000	3	50,000
53	2628	China Life Insurance Company Limited	CLI	1,000	2	50,000
54	2777	Guangzhou R&F Properties Co., Ltd.	RFP	400	3	50,000
55	2800	Tracker Fund of Hong Kong	TRF	500	2	50,000
56	2888	Standard Chartered PLC	STC	50	3	50,000
57	2899	Zijin Mining Group Company Limited	ZJM	2,000	3	50,000
58	3323	China National Building Material Company Limited	NBM	2,000	2	50,000
59	3328	Bank of Communications Co., Ltd.	BCM	1,000	3	50,000
60	3968	China Merchants Bank Co., Ltd.	CMB	500	3	50,000
61	3988	Bank of China Limited	BCL	1,000	3	50,000

<sup>^</sup> Effective from 2 January 2014