

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)

通告 CIRCULAR

Subject: Appointment of Primary Market Makers for Stock Options Market

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The Exchange is pleased to announce the appointment of the following Primary Market Makers (PMMs) for the period from 3 July 2017 to 29 June 2018:

- BNP Paribas Securities (Asia) Limited
- Citadel Securities (Hong Kong) Limited
- Eclipse Options (HK) Limited
- Optiver Trading Hong Kong Limited

PMM is required to provide continuous quotes in not less than 150 option series for at least 80% of the trading hours and respond to at least 80% of the quote requests for each option class. The list of stock option classes under the PMM program and details of PMM obligations are specified in the Attachments I and II respectively.

Sanly Ho
Head
Derivatives Trading
Markets Division

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.

Attachment I

List of Stock Option Classes under the PMM Program

No	Underlying Stock Name	Primary Market Maker
1	Agricultural Bank of China Limited *	Optiver Trading Hong Kong Limited
2	AIA Group Limited	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
3	Bank of China Limited *	Optiver Trading Hong Kong Limited
4	China Construction Bank Corporation *	BNP Paribas Securities (Asia) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
5	China Life Insurance Company Limited	BNP Paribas Securities (Asia) Limited
		Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
6	China Mobile Limited	BNP Paribas Securities (Asia) Limited
		Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
7	China Petroleum & Chemical Corporation	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
8	CNOOC Limited	BNP Paribas Securities (Asia) Limited
		Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
9	CSOP FTSE China A50 ETF	Eclipse Options (HK) Limited

		Optiver Trading Hong Kong Limited
10	Galaxy Entertainment Group Limited	Citadel Securities (Hong Kong) Limited
		Optiver Trading Hong Kong Limited
11	Hong Kong Exchanges and Clearing Limited	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
12	HSBC Holdings Plc.	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
13	Industrial and Commercial Bank of China Limited *	BNP Paribas Securities (Asia) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
14	iShares FTSE A50 China Index ETF	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
15	PetroChina Company Limited	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
16	Ping An Insurance (Group) Company of China, Ltd.	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited
17	Sands China Ltd.	Citadel Securities (Hong Kong) Limited
		Optiver Trading Hong Kong Limited
18	Tencent Holdings Limited	Citadel Securities (Hong Kong) Limited
		Eclipse Options (HK) Limited
		Optiver Trading Hong Kong Limited

*Option class with minimum price fluctuation of HK\$0.001.

Attachment II

Primary Market Maker (PMM) Obligations

Table A – Obligation to provide Continuous Quotes (CQ)

Assigned CQ series		150 series (chosen from series selection pool below)	
Option series selection pool:			
Contract Month	Series	Call Series	Put Series
Spot month	Out-of-the-money	10	10
	In-the-money	2	2
The 2nd calendar month	Out-of-the-money	10	10
	In-the-money	2	2
The 3rd calendar month	Out-of-the-money	10	10
	In-the-money	2	2
The 4th calendar month	Out-of-the-money	10	10
	In-the-money	2	2
The 1st calendar quarter month	Out-of-the-money	10	10
	In-the-money	2	2
The 2nd calendar quarter month	Out-of-the-money	10	10
	In-the-money	2	2
The 3rd calendar quarter month	Out-of-the-money	10	10
	In-the-money	2	2
Sub-total		84	84
Total		168	
Minimum Quote Size		See Table C below	
Maximum Bid/Offer Spread			
Minimum Trading Hours		80% of trading hours in a month	

Table B - Obligation to Respond to Quote Requests (QR)

Minimum Respond to QR Requirement	Respond to 80% of QR received in a month for all expiry months
Minimum Quote Size	See Table C below
Maximum Bid/Offer Spread	
Maximum Time Limit for Responding to QR	20 seconds
Minimum Display Time	20 seconds

Table C – Obligation Level and Maximum Bid/Offer Spread Group for Stock Option Classes

No.	Underlying Stock Name	Obligation Level (see table below)	Spread Group (see table below)
1	Agricultural Bank of China Limited *	1	A
2	AIA Group Limited	1	A
3	Bank of China Limited *	1	A
4	China Construction Bank Corporation *	1	A
5	China Life Insurance Company Limited	1	A
6	China Mobile Limited	1	A
7	China Petroleum & Chemical Corporation	1	A
8	CNOOC Limited	1	A
9	CSOP FTSE China A50 ETF	1	A
10	Galaxy Entertainment Group Limited	1	A
11	Hong Kong Exchanges and Clearing Limited	1	B
12	HSBC Holdings Plc.	1	A
13	Industrial and Commercial Bank of China Limited *	1	A
14	iShares FTSE A50 China Index ETF	1	A
15	PetroChina Company Limited	1	A
16	Ping An Insurance (Group) Company of China, Ltd.	1	A
17	Sands China Ltd.	1	A
18	Tencent Holdings Limited	1	B

*Option class with minimum price fluctuation of HK\$0.001.

		Contract Month		Level 1 Obligation
Minimum Quote Size		Spot and the next 3 calendar expiry months		30
		The next 3 calendar quarter expiry months		15
Max. Bid/Offer Spread	Spread Group A	Spot month	with 3 Business Days or less to expiry	20% of the bid price of the quote or 4 times the best underlying spread, whichever is the lower
			with 4 Business Days or more to expiry	10% of the bid price of the quote or 4 times the best underlying spread, whichever is the lower
		The next 3 calendar expiry months		20% of the bid price of the quote or 6 times the best underlying spread, whichever is the lower
		The next 2 calendar quarter expiry months		20% of the bid price of the quote or 6 times the best underlying spread, whichever is the lower

	Spread Group B	The 3rd calendar quarter expiry month		20% of the bid price of the quote or 12 times the best underlying spread, whichever is the lower
		Spot month	with 3 Business Days or less to expiry	35% of the bid price of the quote or 9 times the best underlying spread, whichever is the lower
			with 4 Business Days or more to expiry	20% of the bid price of the quote or 9 times the best underlying spread, whichever is the lower
		The next 3 calendar expiry months		
		The next 2 calendar quarter expiry months		35% of the bid price of the quote or 12 times the best underlying spread, whichever is the lower
		The 3rd calendar quarter expiry month		45% of the bid price of the quote or 21 times the best underlying spread, whichever is the lower

Note: Notwithstanding the above, the Exchange may review the spread group of each option class (i.e. Group A or Group B) on monthly basis to reflect the change in the market conditions. In addition,

- for option classes with minimum price fluctuation of HK\$0.01, PMM will not be obliged to quote a spread narrower than the followings:

Spread	Underlying Stock Price	PMM Not Obligated to Quote Narrower than
Group A	< \$100	Best bid/offer spread of underlying security + 5 minimum price fluctuation
	>= \$100	Best bid/offer spread of underlying security + 10 minimum price fluctuation
Group B	< \$100	Best bid/offer spread of underlying security + 15 minimum price fluctuation
	>= \$100	Best bid/offer spread of underlying security + 30 minimum price fluctuation

- for option classes with minimum price fluctuation of HK\$0.001, and a PMM will not be obliged to quote a spread narrower than \$0.03.

In addition, a PMM will not be obliged to quote for the bid side in response to a quote request for a far out-of-the-money Contract which has a value near zero. A PMM shall remain obliged to quote for the sell side by issuing a sell limit order with a limit price no greater than 10 and 30 minimum price fluctuations in Option Classes with minimum price fluctuations of HK\$0.01 and HK\$0.001 respectively within the required response time and for the minimum required quantity and duration.