

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: **LAUNCH OF INLINE WARRANTS**

Enquiry: **Participant General Enquiry Hotline¹ (Tel: 2840 3626 E-mail: trd@hkex.com.hk)**

HKEX is pleased to announce the launch of Inline Warrants in July 2019, further enriching Hong Kong's structured product offerings (see [news release](#) on 19 June 2019).

Inline Warrants give investors the opportunity to receive a pre-determined fixed payment, depending on whether the price of the underlying asset falls within or outside the upper and lower strikes at the expiry of the warrant. Similar to Derivative Warrants, Inline Warrants may be bought and sold prior to their expiries on the Exchange. At expiry settlement is made in cash rather than a purchase or sale of the underlying asset.

Inline Warrants will initially be issued on the five most actively-traded stocks on the Exchange, as well as on Hang Seng Index. The first batch of Inline Warrants is expected to be launched on 11 July 2019, and first traded on the Exchange on 18 July 2019.

Details of the trading and settlement operating features regarding Inline Warrants are attached for your reference.

Wilfred Yiu

Head of Markets Division

¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#)

Operating Features of Inline Warrants

1. Trading

Stock Code 47000-48999

Stock Short Name ZZQQQQQ@L YYMMA

Where:

ZZ = Issuer's short name

Q = Underlying asset (up to 5 characters)

@ = Cash settlement

L = Inline Warrant

YYMM = Expiry year and month

A = Serial number for additional issues by the same issuer on same underlying with same expiry year and month (A, B, C...)

Last Trading Day Four trading days before Expiry Day (same as Derivative Warrants (DW))²

Trading Platform Orion Trading Platform – Securities Market (OTP-C)

Trading Sessions Pre-opening session and continuous trading session

Trading Mechanism Single price auction at pre-opening and auto-matching at continuous trading session

Liquidity Provision Liquidity will be provided by Liquidity Providers via active quotes or quote request as specified in the listing document. Same as DW, Liquidity Providers are not obliged to provide quotations during Pre-Opening Auction

Trading Currency HKD³

² There should be 3 settlement days between the Last Trading Day and the Expiry Day.

³ Based on the list of eligible underlying at launch.

Minimum Fixed Payment at Expiry	HK\$0.25 ⁴
Maximum Fixed Payment at Expiry	HK\$1.00 ⁵
Order Types Supported	At-auction, At-auction Limit, Limit, Enhanced Limit and Special Limit (All-or-Nothing ("AON") qualifier available)
Spread	Same as other equity securities, based on the Spread Table (Part A) in the Second Schedule to the Rules of the Exchange
Short Selling	Allowed for Liquidity Provider only (same as DW)
Transaction Levy	0.0027% per side
Investor Compensation Levy	Currently suspended
Trading Fee	0.005% per side
Trading Tariff	HK\$0.5 per side per transaction (same as other securities)
Stamp Duty	Inline warrants traded on the Exchange are cash settled and are not subject to any stamp duty
Brokerage Commission	Freely negotiable

2. Settlement

Settlement will be conducted in the trading currency on T+2 through CCASS operated by HKSCC on a Continuous Net Settlement basis.

Final cash settlement for all Inline Warrants will be paid on the third settlement day after the Expiry Day.

⁴ Due to the minimum fixed payment at expiry, Inline Warrants are expected to trade at or above HK\$0.25.

⁵ Due to the maximum fixed payment at expiry, Inline Warrants should not be traded above HK\$1. Investors will suffer a loss by buying an inline warrant above HK\$1.