

Adjustment Term	Formula	Remark
Adjustment Ratio (AR)	(underlying stock closing price – ordinary dividend - special dividend) / (underlying stock closing price – ordinary dividend)	Rounded to the nearest 4 decimal places
Adjusted Contracted Price (ACP)	Contracted prices of outstanding stock futures contract × AR	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	Contracted prices of outstanding stock futures contract x (500 shares / ACP)	Rounded to the nearest 4 decimal places

Capital adjustments, once being made, are conclusive and binding on all relevant futures contracts.

Parallel Trading

After the market close on the business day immediately before the ex-date, the open positions will be transferred to the adjusted stock futures contracts. In addition, new contracts based on the standard contract multiplier will be introduced for trading on the ex-date. The adjusted and standard stock futures contracts are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock futures contracts will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the ex-date. Details of the parallel trading on and after the ex-date are illustrated below:

Contract	Trading Symbol	Contract Multiplier (Shares)	Availability For Trading	Addition of New Futures Contracts on and after the Ex-date
Adjusted	SWB	ACM	From ex-date to 29 March 2012	No
Standard	SWA	500	From ex-date onwards	Yes

Participants should pay particular attention that the cash settlement amount of adjusted and standard stock futures contracts on the last trading day will be calculated using their respective contract multipliers. There will not be any changes to the number of open positions and other contract terms after the transfer of positions.

Inform Your Staff and Clients

Participants should notify all clients holding positions in the captioned stock futures contracts of the details of the operational arrangements for trading and clearing. 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 and clearing arrangements and should exercise caution when dealing with the adjusted and standard futures contracts 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.