

香港期貨交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

HONG KONG FUTURES EXCHANGE LIMITED

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

通告 CIRCULAR

Subject: Introduction of Additional RMB Currency Futures

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Hong Kong Futures Exchange (“**the Exchange**”) plans to launch new cash-settled RMB currency futures (“**Additional RMB Currency Futures**”) in the second quarter of this year, subject to regulatory approval.

Following the RMB exchange rate reform to develop managed floating regime with reference to a basket of currencies, the Additional RMB Currency Futures serve as risk management tools for market participants to hedge RMB currency risk against EUR, JPY and AUD. In addition, to complement the existing physically-delivered USD/CNH futures contracts, the Exchange also plans to introduce a USD-denominated cash-settled CNH/USD futures contract.

Contract Specifications

Key features of the Additional RMB Currency Futures are as follows.

	EUR/CNH Futures	JPY/CNH Futures	AUD/CNH Futures
Trading Code	CEU	CJP	CAU
Contract Size	EUR 50,000	JPY 6,000,000	AUD 80,000
Price Quotation	RMB per EUR (e.g. 6.8028)	RMB per 100 JPY (e.g. 5.5923)	RMB per AUD (e.g. 4.6942)
Minimum Fluctuation	RMB 0.0001 (4 decimal places)		
Tick Value	RMB 5	RMB 6	RMB 8
Final Settlement Price	A cross rate calculated from WM/Reuters ¹ Intraday Spot Rates at 11:00am and TMA ² CNH Fixing published at 11:15am		
Settlement	Cash settled in RMB		

¹ The WM/Reuters Intraday Spot Rates are provided by the World Markets Company plc (“WM”) in conjunction with Reuters

² Treasury Markets Association

	EUR/CNH Futures	JPY/CNH Futures	AUD/CNH Futures
Contract Months	Spot month, the next calendar month and the next two calendar quarter months		
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month		
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day		
Trading Hours	9:00am to 4:15pm (T session) and 5:00pm to 11:45pm (T+1 session)		
Exchange Fee	RMB 5 per contract per side		
Settlement Fee	RMB 5 per contract on final settlement		
Commission Levy	Nil		
Position Limits	To be announced		
Large Open Positions	To be announced		
Holiday Schedule	Follows the Hong Kong holiday schedule		

	CNH/USD Futures
Trading Code	UCN
Contract Size	RMB 300,000
Price Quotation	USD per 10 RMB (e.g. 1.5288)
Minimum Fluctuation	USD 0.0001 (4 decimal places)
Tick Value	USD 3
Final Settlement Price	A reciprocal of TMA ¹ CNH Fixing published at 11:15am, multiplied by 10
Settlement	Cash settled in USD
Contract Months	Spot month, the next three calendar months and the next four calendar quarter months
Last Trading Day	Two Hong Kong Business Days prior to the third (3 rd) Wednesday of the Contract Month
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day
Trading Hours	9:00am to 4:15pm (T session) and 5:00pm to 11:45pm (T+1 session)
Exchange Fee	USD 0.6 per contract per side
Settlement Fee	USD 0.6 per contract on final settlement
Commission Levy	Nil
Position Limits	To be announced
Large Open Positions	To be announced
Holiday Schedule	Follows the Hong Kong holiday schedule

Details of the contract specifications are set forth in Attachment I for reference. Relevant rule amendments relating to the Additional RMB Currency Futures will be announced via a separate circular after regulatory approval is obtained.

Trading Arrangements

Pre-Launch Arrangements

Pre-launch arrangements for the Additional RMB Currency Futures will be announced in due course.

Maximum Order Size

Please note that the Additional RMB Currency Futures contracts will have a maximum order size limit on HKATS of 1,000 contracts. Exchange Participants (Participants) are required to submit their request to HKEX for setting up their own order size limits based on their business needs and risk management requirements.

Block Trade Volume Threshold

The block trade volume threshold for each of the Additional RMB Currency Futures contracts will be 50 contracts.

Error Trade Price Parameters and Procedures

The price parameter for each of the Additional RMB Currency Futures for the purpose of the error trade rules under HKFE Rule 819B is 1% from the notation price. The error trade procedures are set forth in Attachment II for reference.

Application for Erroneous Trade (Form 7)

Application for erroneous trade (Form 7) will not be applicable to the Additional RMB Currency Futures.

After-Hours Futures Trading (“AHFT”) Session Price Limit

The price limit for the Additional RMB Currency Futures during AHFT session will be +/- 3% of the last traded price of each contract month for Additional RMB Currency Futures in the day session.

If there is no last traded price of a specific contract month during the day session, the previous day's daily settlement price of the same contract month will be used as the reference price. For newly listed contract months, the reference price of the preceding contract month will apply.

Market Making / Liquidity Provision

The Exchange invites applications of market makers / liquidity providers for the Additional RMB Currency Futures. Interested parties should contact Ms. Rina Ku (RinaKu@hkex.com.hk) or Ms. Summer Luo (SummerLuo@hkex.com.hk) for further information.

Promotional Support for EPs

The Exchange can provide promotional items, such as electronic banners and printed promotional materials, to support Participants in promoting the Additional RMB Currency Futures business. Participants, who are interested in promoting Additional RMB Currency Futures, shall contact Mr. Kenneth Wong (Email: KennethKKWong@hkex.com.hk; Tel: 2840-3524).

Clearing and Settlement Arrangements

To be eligible for clearing and settlement of the EUR/CNH, JPY/CNH and AUD/CNH, Clearing Participants need to set up RMB account with any one of the Settlement Banks appointed by HKFE Clearing Corporation Limited (HKCC) and to maintain relevant mandates in such form as prescribed by HKCC.

To be eligible for clearing and settlement of the CNH/USD futures, Clearing Participants need to set up USD account with any one of the Settlement Banks appointed by HKCC and to maintain relevant mandates in such form as prescribed by HKCC.

Clearing Participants are requested to ensure that these bank accounts are in active status and ready for cash settlement. Non-Clearing Participants should contact their General Clearing Participants to ascertain their eligibility of clearing the Additional RMB Currency Futures.

Risk Management Arrangements

Margin levels and update of PC-SPAN Organization Master File for the Additional RMB Currency Futures will be announced in due course.

Disclaimer

Participants are required to draw their client's attention to the disclaimer set forth in Attachment III before they facilitate any trades in the Additional RMB Currency Futures.

Inform Your Staff and Clients

Participants are required to notify their staff and all interested clients about the upcoming introduction of the Additional RMB Currency Futures and ensure that their front-to-back office systems are ready to support their trading, clearing and settlement. In addition, all their staff should be fully aware of the trading, clearing and settlement arrangements, and should exercise caution when dealing with the new contracts and when advising their clients.

Julien Martin
Head
FIC Product Development
Market Development Division

Att.

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.

Contract Specifications (subject to regulatory approval)

Contract Specifications For Euro vs Renminbi (Hong Kong) (“EUR/CNH”) Futures

The following Contract Specifications shall apply to the EUR/CNH Futures Contract:

Contract Size	EUR50,000
Contract Months	Spot month, the next calendar month and the next two calendar quarter months (i.e. quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	RMB per EUR (e.g. RMB 6.8028 per EUR)
Minimum Fluctuation	RMB 0.0001 (4 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	RMB 5
Contracted Price	The price at which a EUR/CNH Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size (e.g. RMB 6.8028 x 50,000)
Trading Hours (Hong Kong time)	9:00 a.m. – 4:15 p.m. (day trading session) 5:00 p.m. – 11:45 p.m. (after-hours trading session) There is no trading after 12:00 noon on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon (Hong Kong time) There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.
Trading Hours on the Last Trading Day	9:00 a.m. – 11:00 a.m. (Hong Kong time)

Trading Method	The Exchange's Automated Trading System (HKATS)	
Position Limits	To be announced	
Large Open Positions	To be announced	
Settlement Method	Cash settled contract for difference	
Settlement Currency	RMB	
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day	
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month	
Final Settlement Price	The Final Settlement Price for EUR/CNH Futures Contracts shall be a number, rounded up to the nearest 4 decimal places if the figure in the fifth decimal place is 5 or above and rounded down to the nearest 4 decimal places if it is below 5, determined by the Clearing House and shall be the WM/Reuters Intra-Day Spot Rate for EUR/USD at 11:00 a.m. (Hong Kong time) multiplied by the spot USD/CNY(HK) fixing published by the Hong Kong Treasury Markets Association at 11:15 a.m. (Hong Kong time) on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances	
Trading Fee (per contract per side)	Exchange Fee	RMB 5.00
	The amount indicated above is subject to change from time to time	
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance	
Commission Rate	Negotiable	

**Contract Specifications
For
Australian Dollar vs Renminbi (Hong Kong) (“AUD/CNH”) Futures**

The following Contract Specifications shall apply to the AUD/CNH Futures Contract:

Contract Size	AUD80,000
Contract Months	Spot month, the next calendar month and the next two calendar quarter months (i.e. quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	RMB per AUD (e.g. RMB 4.6942 per AUD)
Minimum Fluctuation	RMB 0.0001 (4 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	RMB 8
Contracted Price	The price at which a AUD/CNH Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Size (e.g. RMB 4.6942 x 80,000)
Trading Hours (Hong Kong time)	9:00 a.m. – 4:15 p.m. (day trading session) 5:00 p.m. – 11:45 p.m. (after-hours trading session)
	There is no trading after 12:00 noon on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon (Hong Kong time)
	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.
Trading Hours on the Last Trading Day	9:00 a.m. – 11:00 a.m. (Hong Kong time)
Trading Method	The Exchange’s Automated Trading System (HKATS)

Position Limits	To be announced	
Large Open Positions	To be announced	
Settlement Method	Cash settled contract for difference	
Settlement Currency	RMB	
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day	
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month	
Final Settlement Price	The Final Settlement Price for AUD/CNH Futures Contracts shall be a number, rounded up to the nearest 4 decimal places if the figure in the fifth decimal place is 5 or above and rounded down to the nearest 4 decimal places if it is below 5, determined by the Clearing House and shall be the WM/Reuters Intra-Day Spot Rate for AUD/USD at 11:00 a.m. (Hong Kong time) multiplied by the spot USD/CNY(HK) fixing published by the Hong Kong Treasury Markets Association at 11:15 a.m. (Hong Kong time) on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances	
Trading Fee (per contract per side)	Exchange Fee	RMB 5.00
	The amount indicated above is subject to change from time to time	
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance	
Commission Rate	Negotiable	

**Contract Specifications
For
Japanese Yen vs Renminbi (Hong Kong) (“JPY/CNH”) Futures**

The following Contract Specifications shall apply to the JPY/CNH Futures Contract:

Contract Size	JPY6,000,000
Contract Months	Spot month, the next calendar month and the next two calendar quarter months (i.e. quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	RMB per 100 JPY (e.g. RMB 5.5923 per 100 JPY)
Minimum Fluctuation	RMB 0.0001 (4 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	RMB 6
Contracted Price	The price at which a JPY/CNH Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price divided by 100 and multiplied by the Contract Size (e.g. RMB 5.5923 /100 x 6,000,000)
Trading Hours (Hong Kong time)	9:00 a.m. – 4:15 p.m. (day trading session) 5:00 p.m. – 11:45 p.m. (after-hours trading session)
	There is no trading after 12:00 noon on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon (Hong Kong time)
	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.
Trading Hours on the Last Trading Day	9:00 a.m. – 11:00a.m. (Hong Kong time)
Trading Method	The Exchange’s Automated Trading System (HKATS)

Position Limits	To be announced
Large Open Positions	To be announced
Settlement Method	Cash settled contract for difference
Settlement Currency	RMB
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month
Final Settlement Price	The Final Settlement Price for JPY/CNH Futures Contracts shall be a number, rounded up to the nearest 4 decimal places if the figure in the fifth decimal place is 5 or above and rounded down to the nearest 4 decimal places if it is below 5, determined by the Clearing House and shall be the reciprocal of the WM/Reuters Intra-Day Spot Rate for USD/JPY at 11:00 a.m. (Hong Kong time) multiplied by 100 and the spot USD/CNY(HK) fixing published by the Hong Kong Treasury Markets Association at 11:15 a.m. (Hong Kong time) on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances
Trading Fee (per contract per side)	Exchange Fee RMB 5.00 The amount indicated above is subject to change from time to time
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable

<p>Contract Specifications For Renminbi (Hong Kong) vs US Dollar (“CNH/USD”) Futures</p>

The following Contract Specifications shall apply to the CNH/USD Futures Contract:

Contract Size	RMB300,000
Contract Months	Spot month, the next three calendar months and the next four calendar quarter months (i.e. quarter months are March, June, September and December). The Chief Executive may, in consultation with the Commission, introduce additional Contract Months for trading from time to time as he considers appropriate
Price Quotation	USD per 10 RMB (e.g. USD 1.5288 per 10 RMB)
Minimum Fluctuation	USD 0.0001 (4 decimal places)
Maximum Fluctuation	As prescribed by the Exchange from time to time
Tick Value	USD 3
Contracted Price	The price at which a CNH/USD Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price divided by 10 and multiplied by the Contract Size (e.g. USD 1.5288/10 x 300,000)
Trading Hours (Hong Kong time)	9:00 a.m. – 4:15 p.m. (day trading session) 5:00 p.m. – 11:45 p.m. (after-hours trading session)
	There is no trading after 12:00 noon on the eves of Christmas, New Year and Lunar New Year. The trading hours on those three days shall be 9:00 a.m. – 12:00 noon (Hong Kong time)
	There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.
Trading Hours on the Last Trading Day	9:00 a.m. – 11:00a.m. (Hong Kong time)
Trading Method	The Exchange’s Automated Trading System (HKATS)
Position Limits	To be announced

Large Open Positions	To be announced
Settlement Method	Cash settled contract for difference
Settlement Currency	USD
Final Settlement Day	The first Hong Kong Business Day after the Last Trading Day
Last Trading Day	Two Hong Kong Business Days prior to the third (3rd) Wednesday of the Contract Month
Final Settlement Price	The Final Settlement Price for CNH/USD Futures Contracts shall be a number, rounded up to the nearest 4 decimal places if the figure in the fifth decimal place is 5 or above and rounded down to the nearest 4 decimal places if it is below 5, determined by the Clearing House and shall be the reciprocal of spot USD/CNY(HK) fixing published by the Hong Kong Treasury Markets Association at 11:15 a.m. multiplied by 10 on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Currency Futures Contracts to determine the Final Settlement Price under certain circumstances
Trading Fee (per contract per side)	Exchange Fee USD 0.60 The amount indicated above is subject to change from time to time
Levies (per contract per side)	Investor Compensation Levy is payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance
Commission Rate	Negotiable

Attachment II

Error Trade Price Parameter and Procedures for the Additional RMB Currency Futures

The price parameters for the Additional RMB Currency Futures for the purpose of the error trade rule under HKFE Rule 819B are as follows:

<u>Contract</u>	<u>From notation price</u>
RMB Currency Futures (USD/CNH, EUR/CNH, AUD/CNH, JPY/CNH and CNH/USD)	1%

Note:

The notation price will be determined as follows:

1. The average of the prices of the previous match and the next match in that contract month occurring reasonably close to the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item (2) below.
2. The reasonable bid and offer prices available around the time of error trade. If this, in the opinion of the Exchange, fails to reflect a fair price, the notation price will be determined on the basis of item (3) below.
3. The prices obtained by the Exchange from consulting up to 3 independent market practitioners who have no interest in the trade in order to arrive at a valid notation price.

Notwithstanding the foregoing, the Exchange shall have absolute discretion in determining the notation price.

Attachment III

The following disclaimers and copyright notice regarding information provided by WM/Reuters

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