

Introduction to Tailor-Made Combination (TMC) Function on HKATS



Introduction to Tailor-Made Combination

- A facility for market participants to conduct strategy trades with a single order and a net price



- Market participants can create self-defined strategies comprise up to four different futures and option contracts with the same underlying
- Market participants can place limit orders for the TMC. Orders are ranked and auto-matched by HKATS according to price/time priority in the same way as other normal orders
- Efficient for options rollovers, options strategies and delta hedging. Execution risk is greatly reduced

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Applicable markets			
Hang Seng Index Futures and Options	Mini-Hang Seng Index Futures and Options	H-Shares Index Futures and Options	Stock Options

An example of call butterfly created in the Hang Seng Index market:

Instrument ID	Market						Trade Information					
	Combo Bid	BQty	Bid	Ask	AQty	Combo Ask	Last	LQty	High	Low	Open	Turn
TMC_HSV002	(B 1) HSI25000A5 (S 2) HSI25200A5 (B 1) HSI25400A5	16	208	210	7	(S 1) HSI25000A5 (B 2) HSI25200A5 (S 1) HSI25400A5	210	16	210	192	200	38

- The TMC consists of:
 - buy one HSI 25000 Jan 15 call;
 - sell two HSI 25200 Jan 15 calls; and
 - buy one HSI 25400 Jan 15 call
- The market is currently quoting at Bid/Ask prices of 208/210 which are the net prices of the strategy
- Other market data such as high, low, open, last prices and turnover are disseminated in the same way as other normal instruments

TMC Info Disseminated via OMD-D

- Leg Info



The structure of a combination series such as a TMC is set out in OMD-D's Series Definition Base (303), Series Definition Extended (304) and Combination Definition (305) as illustrated by the example below:

In this example, a buy order for the TMC series TMC_MHI/091 means to :

Buy (same side as bid) 1 contract of MHI25800A5
Sell (opposite side of bid) 2 contracts of MHI25800B5; and
Buy (same side as bid) 1 contract of MHI24800A5

305 Combination Definition	
OrderbookID	4289007524
LegOrderbookID	33427364
LegSide	B
LegRatio	1

303 Series Definition Base	
OrderbookID	33427364
Symbol	MHI25800A5
NumberOfLegs	0

303 Series Definition Base	
OrderbookID	4289007524
Symbol	TMC_MHI/091
NumberOfLegs	3

305 Combination Definition	
OrderbookID	4289007524
LegOrderbookID	33689508
LegSide	C
LegRatio	2

303 Series Definition Base	
OrderbookID	33689508
Symbol	MHI25800B5
NumberOfLegs	0

304 Series Definition Extended	
OrderbookID	4289007524
Symbol	TMC_MHI/091
InstrumentGroup	250

305 Combination Definition	
OrderbookID	4289007524
LegOrderbookID	33951652
LegSide	B
LegRatio	1

303 Series Definition Base	
OrderbookID	33951652
Symbol	MHI24800A5
NumberOfLegs	0

A TMC has a Symbol always starting with "TMC" and InstrumentGroup being 250

TMC Info Disseminated via OMD-D

- Order and Trade Info



OMD-D provides order and trade information on a combination series in the same manner as outright series, meaning that the following OMD-D messages will be disseminated to provide the latest order book change, trade and price information of outright series as well as combination series.

OMD-D Messages		Derivatives Standard (DS)	Derivatives Premium (DP)	Derivatives FullTick (DF)
Order Book Data				
330	Add Order			✓
331	Modify Order			✓
332	Delete Order			✓
335	Order Book Clear			✓
353	Aggregate Order Book Update	✓	✓	
Trade and Price Data				
350	Trade	*	✓	✓
356	Trade Amendment	*	✓	✓
363	Series Statistics		✓	
360	Trade Statistics	✓		

* Provided in complimentary Trade Feed

Sample Presentation of TMC Info

- For reference only



Instrument	Leg Name	Leg Side*	Leg Ratio	BQty	Bld	Ask	AQty	Last Price	Last Trade Vol	Day Vol	Open	High	Low
TMC_MHI/091	MHI25800A5	Buy	1	5	20	22	1	19	1	5	18	19	18
	MHI25800B5	Sell	2	1	19.5	23	1						
	MHI24800A5	Buy	1	1	19	23.5	1						
				2	18								
TMC_HSI/092	HSI25000A5	Sell	1	1	-10								
	HSI25200A5	Buy	2										
	HSI25400A5	Sell	1										

* The Leg Side represents the buy or sell position to be taken by a buy order of the TMC.

* * * * * The End * * * * *