

# 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

### **Introduction to Tailor-Made Combination**



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:

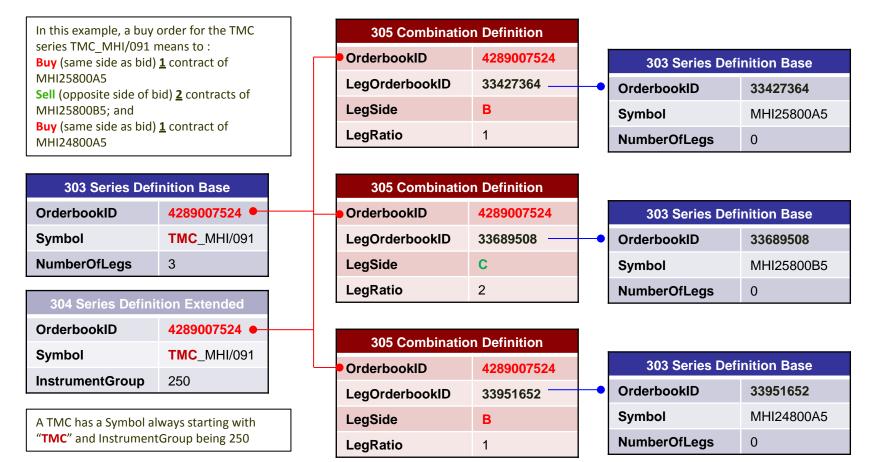
Instrument		Market							Trade Information				
ID III	ID III Co		BQty	Bid	Ask	AQty	Combo Ask	Last	LQty	High	Low	Open	Turn
TMC_HSV002	ı	(B 1) HSI25000A5 (S 2) HSI25200A5 (B 1) HSI25400A5	16	208	210	7	(S 1) HSI25000A5 (B 2) HSI25200A5 (S 1) HSI25400A5	210	16	210	192	200	38

- 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:



### 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 E	Book Data				
330	Add Order			✓	
331	Modify Order			✓	
332	Delete Order			✓	
335	Order Book Clear			✓	
353	Aggregate Order Book Update	✓	✓		
Trade a	nd Price Data				
350	Trade	*	✓	✓	
356	Trade Amendment	*	✓	✓	
363	Series Statistics		✓		
360	Trade Statistics	✓			

<sup>\*</sup> 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										

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Sell

HSI25400A5

<sup>\*</sup> The Leg Side represents the buy or sell position to be taken by a buy order of the TMC.