HKEX
香港交易所

編號 Ref. No.:	MKD/EQD/27/17
日期 Date:	16/11/2017

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: Narrowing Strike Intervals in Stock Index Options

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The Exchange is planning to revise the strike interval tables of Hang Seng Index (HSI) Options, Hang Seng China Enterprises Index (HHI) Options, Mini-HSI Options and Mini-HHI Options with tenative implementation date on **Monday, 22 January 2018**, subject to the regulatory approval. This initiative will provide more choices of strike prices for trading that could facilitate investors' options risk managmenet.

1. Revised Strike Interval Table

The strike interval table as set forth in the Contract Specifications of Stock Index Options shall be revised as follows:

Current		New	
Index Points	**Strike Interval**	**Index Points**	**Strike Interval**
Short-dated Options:			
≥ 8,000	200	≥ 20,000	200
≥ 2,000 and < 8,000	100	≥ 5,000 and < 20,000	100
< 2,000	50	< 5,000	50
Long-dated Options:			
≥ 19,000	1,000	≥ 20,000	400
≥ 15,000 and < 19,000	800	≥ 5,000 and < 20,000	200
≥ 12,000 and < 15,000	600	< 5,000	100
≥ 8,000 and < 12,000	400		
≥ 4,000 and < 8,000	200		
< 4,000	100		

Note: All existing options series will be available for trading until expiry.

2. Market Making Obligations

There will be no change to the market making obligations of Stock Index Options, except that the number of options series in the selection pool for Primary Market Makers (PMM) and market makers that provide continuous quotes (CQMM) will be increased. Please refer to Attachment I for details.

Relevant rule amendments will be announced via a separate circular. Exchange Participants are requested to ensure your trading and back office systems will be ready for a smooth operation upon implementation of the abovementioned proposal. In addition, all your staff should exercise caution when dealing with the concerned Stock Index Options and when advising your clients.

Romnesh Lamba
Co-Head
Market Development Division

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.

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Attachment I

Changes to the Options Series Selection Pool for Market Makers

For HSI Options and HHI Options:

CQ Series Selection Pool		CQMM				PMM			
		Current		New		Current		New	
Contract Month	**Moneyness**	**Call**	**Put**	**Call**	**Put**	**Call**	**Put**	**Call**	**Put**
Spot month	Nearest OTM	10	10	**15**	**15**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
2nd calendar month	Nearest OTM	10	10	**15**	**15**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
3rd calendar month	Nearest OTM	10	10	**15**	**15**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
4th calendar month	Nearest OTM	7	7	**10**	**10**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
1st quarter	Nearest OTM	7	7	**10**	**10**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
2nd quarter	Nearest OTM	7	7	**10**	**10**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
3rd quarter	Nearest OTM	7	7	**10**	**10**	10	10	**15**	**15**
	Nearest ITM	2	2	2	2	2	2	2	2
Total		144		**198**		168		**238**	

For Mini-HSI Options and Mini-HHI Options:

CQ Series Selection Pool		CQMM			
		Current		New	
Contract Month	**Moneyness**	**Call**	**Put**	**Call**	**Put**
Spot month	Nearest OTM	10	10	**15**	**15**
	Nearest ITM	2	2	2	2
2nd calendar month	Nearest OTM	10	10	**15**	**15**
	Nearest ITM	2	2	2	2
1st quarter	Nearest OTM	7	7	**10**	**10**
	Nearest ITM	2	2	2	2
2nd quarter	Nearest OTM	7	7	**10**	**10**
	Nearest ITM	2	2	2	2
Total		84		**116**	

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