

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 Hang Seng Index Total Return Index Futures and Hang Seng China Enterprises Index Total Return Index Futures Contracts

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Hong Kong Futures Exchange Limited (“the Exchange” or “HKFE”) is pleased to announce the introduction of the following Total Return Index (TRI) Futures contracts (“the TRI Futures Contracts”) effective from **5 November 2018 (Monday)** (“Launch Date”):

- Hang Seng Index (Gross Total Return Index) (“HSIGTRI”) Futures
- Hang Seng Index (Net Total Return Index) (“HSINTRI”) Futures
- Hang Seng China Enterprises Index (Gross Total Return Index) (“HSCEIGTRI”) Futures
- Hang Seng China Enterprises Index (Net Total Return Index) (“HSCEINTRI”) Futures

TRIs replicate the performance of the underlying index with reinvestment of dividends available on the ex-dividend day into the index portfolio. The gross TRI assumes all announced dividends re-invested, while the net TRI assumes dividend re-investment on an after-dividend tax basis. (In Hong Kong, all H-shares are subject to dividend withholding tax.) HSIGTRI / HSINTRI and HSCEIGTRI / HSCEINTRI have the same constituent stocks and weightings as those of Hang Seng Index (HSI) and Hang Seng China Enterprises Index (HSCEI) respectively. The indexes are compiled by Hang Seng Indexes Company Limited (“HSIL”) and disseminated every 2 seconds. For more details of the TRI calculation methodology, please refer to HSIL’s website at [www.hsi.com.hk](http://www.hsi.com.hk) or click [here](#).

TRIs are widely used by fund managers, actuaries and financial advisers to benchmark their investment performances in equity funds and pension funds. TRIs are also commonly used as the

underlying index for equity total return index swaps traded in the over-the-counter market by banks, insurance companies and investment funds. The introduction of the TRI Futures Contracts aims to meet the trading and risk management needs of investors who need tools to replicate the return of the HSI/HSCEI on a total return basis. The Futures Contracts are also capital efficient tools for cash equitization of fund managers.

## Contract Specifications

Below are the key contract specifications:

Items	Key Contract Terms			
Underlying Index	HSIGTRI	HSINTRI	HSCEIGTRI	HSCEINTRI
HKATS Code	HST	HSN	HHT	HHN
Contract Multiplier	HK\$50 per Index point			
Traded Price	Quoted in index points up to 2 decimal places			
Minimum Fluctuation	0.01 Index point			
Contract Months	Short-dated Index Futures: Spot, next calendar month and next 2 quarter months; and Long-dated Index Futures: Next 2 December months			
Pre-market Opening	N/A			
Trading Hours	T Session: 9:15 am – 12:00 noon (morning trading session); and 1:00 pm – 4:30 pm (afternoon trading session); T+1 Session: 5:15 pm – 1:00 am (next day) (Close at 4:00 pm on Last Trading Day)			
Last Trading Day	The second last business day of the calendar month			
Final Settlement Price	5-minute average of the underlying index on the Last Trading Day			
Final Settlement Day	The first Business Day after the Last Trading Day of the Contract Month			
Large Open Position	500 open contracts per contract month			
Position Limit	<p><b>10,000</b> position delta for HSIGTRI Futures, HSINTRI Futures, HSI Futures, HSI Options, Mini HSI Futures and Mini HSI Options combined in all Contract Months combined. (The position delta of one HSIGTRI Futures and one HSINTRI Futures contract are based on their contract value ratios versus the HSI Futures and the Exchange will announce the number on an annual basis. At initial product launch, position delta of one HSIGTRI Futures or HSINTRI Futures contract will have a value of 3)</p>		<p><b>12,000</b> position delta for HSCEIGTRI Futures, HSCEINTRI Futures, Mini HSCEI Futures, Mini HSCEI Options, HSCEI Futures and HSCEI Options combined in all Contract Months combined. (The position delta of one HSCEIGTRI Futures and one HSCEINTRI Futures contract are based on their contract value ratios versus the HSCEI Futures and the Exchange will announce the number on an annual basis. At initial product launch, position delta of one HSCEIGTRI Futures or HSCEINTRI Futures contract will have a value of 2)</p>	
Exchange Fee Per Contract	HK\$30	HK\$30	HK\$10	HK\$10

Settlement Fee Per Contract	HK\$30	HK\$30	HK\$10	HK\$10
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Details of the contract specifications are set forth in **Attachment I**. Relevant rule amendments will be announced via a separate circular. Exchange Participants (“EPs”) should notify their staff and all interested clients of the disclaimers of HSIL set forth in **Attachment II**.

### Position Limit Monitoring

Before the sub-legislation of the Securities and Futures Ordinance (“SFO”) is to be amended in the future to include the combined position limit for the TRI Futures Contracts, EPs and their clients are required to observe **both** the existing statutory position limit under the SFO and the exchange position limit stipulated in the Contract Specifications under the HKFE Rules as follows:

- a. Statutory position limit as stipulated in the SFO:
  - i. 10,000 position delta for HSI Futures, HSI Options, Mini HSI Futures and Mini HSI Options in all Contract Months combined;
  - ii. 12,000 position delta for HSCEI Futures, HSCEI Options, Mini HSCEI Futures and Mini HSCEI Options in all Contract Months combined.
- b. Exchange position limit as stipulated in the Contract Specifications under the HKFE Rules:
  - i. 10,000 position delta for HSI Futures, HSI Options, HSI GTRI Futures, HSI NTRI Futures, Mini HSI Futures and Mini HSI Options in all Contract Months combined;
  - ii. 12,000 position delta for HSCEI Futures, HSCEI Options, HSCEI GTRI Futures, HSCEI NTRI Futures, Mini HSCEI Futures and Mini HSCEI Options in all Contract Months combined.

If the SFC approves an EP and/or its client to hold excess positions in HSI Products<sup>1</sup> or HSCEI Products<sup>2</sup>, HKFE will adopt the same position delta for HSI Products and HSI TRI Products<sup>3</sup> in all Contract Months combined or HSCEI Products and HSCEI TRI Products<sup>4</sup> in all Contract Months combined. An EP and/or its clients can hold TRI Products<sup>5</sup> exceeding the exchange position limit level of 10,000 delta or 12,000 delta, as the case may be provided that the aggregate positions

<sup>1</sup> HSI Products: HSI Futures, HSI Options, Mini HSI Futures and Mini HSI Options

<sup>2</sup> HSCEI Products: HSCEI Futures, HSCEI Options, Mini HSCEI Futures and Mini HSCEI Options

<sup>3</sup> HSI TRI Products: HSI GTRI Futures and HSI NTRI Futures

<sup>4</sup> HSCEI TRI Products: HSCEI GTRI Futures and HSCEI NTRI Futures

<sup>5</sup> TRI Products: HSI TRI Products and HSCEI TRI Products

(taking into account the different directions in offsetting the position limit) for HSI Products and HSI TRI Products in all Contract Months combined or HSCEI Products and HSCEI TRI Products in all Contract Months combined are within the exchange position limit or the revised higher exchange position limit which has reflected the excess positions approved by the SFC.

The principles are illustrated as follows:

a. Compliance with the statutory position limit

Scenario	In compliance with the statutory position limit	Breaching the statutory position limit
Statutory position limit prescribed by the SFC	$\leq 10,000$ position delta in HSI Products in all Contract Months combined; or $\leq 12,000$ position delta in HSCEI Products in all Contract Months combined	$> 10,000$ position delta in HSI Products in all Contract Months combined; or $> 12,000$ position delta in HSCEI Products in all Contract Months combined
Statutory position limit with SFC's approval of excess positions of up to 10,000 position delta in HSI Products or 12,000 position delta in HSCEI Products	$\leq 20,000$ position delta in HSI Products in all Contract Months combined; or $\leq 24,000$ position delta in HSCEI Products in all Contract Months combined	$> 20,000$ position delta in HSI Products in all Contract Months combined; or $> 24,000$ position delta in HSCEI Products in all Contract Months combined

b. Compliance with the exchange position limit

Scenario	In compliance with the exchange position limit	Breaching the exchange position limit
Exchange position limit prescribed by HKFE	$\leq 10,000$ position delta in HSI Products and HSI TRI Products in all Contract Months combined; or $\leq 12,000$ position delta in HSCEI Products and HSCEI TRI Products in all Contract Months combined	$> 10,000$ position delta in HSI Products and HSI TRI Products in all Contract Months combined; or $> 12,000$ position delta in HSCEI Products and HSI TRI Products in all Contract Months combined
The revised higher exchange position limit which has reflected the excess positions (10,000 delta for HSI Products / 12,000 delta for HSCEI Products)	$\leq 20,000$ position delta in HSI Products and HSI TRI Products in all Contract Months combined; or $\leq 24,000$ position delta in	$> 20,000$ position delta in HSI Products and HSCEI TRI Products in all Contract Months combined; or

approved by the SFC	HSCEI Products and HSCEI TRI Products in all Contract Months combined	> 24,000 position delta in HSCEI Products and HSCEI TRI Products in all Contract Months combined
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More illustrations of Position Limit Calculation are set forth in **Attachment III**.

### **Commission Levy Exemption**

The Commission Levy will be exempted for the first six months of trading from the Launch Date to 3 May 2019, both dates inclusive, excluding the T+1 Session on 3 May 2019. EPs are advised to inform their clients of the exemption of Commission Levy.

### **Pre-Launch Arrangements**

To facilitate the trading and clearing of the TRI Futures Contracts, the following pre-launch arrangements will be made available one business day before the Launch Date:

- a. Trading codes will be displayed on HKATS, but the contracts will not be tradable on that day; and
- b. Information relating to the HSI<sub>G</sub>TRI, HSI<sub>N</sub>TRI, HSI<sub>E</sub>IGTRI and HSI<sub>E</sub>INTRI Futures Contracts will be generated in the risk parameter files (“RPF”), clearing and open interest reports.

The purpose of the generation of RPF one business day before the Launch Date is to assist EPs to estimate the margin requirements for trading on the Launch Date. Please note that the margin requirements estimated using the RPF available on the business day before the Launch Date may not be the same as the actual amounts required on the Launch Date. Hong Kong Exchanges and Clearing Ltd. (“HKEX”) and its subsidiaries accept no liability whatsoever for any loss or damage arising from or in connection with the use of the information contained in such RPF. EPs who wish to use the above-mentioned RPF are reminded to update the PC-SPAN Organisation Master File.

### **Trading Arrangements**

The trading arrangements on the HKATS are as follows:

- a. The maximum HKATS order size limit is 1,000 contracts. EPs are required to submit their request to HKFE for setting up their own order size limits based on their business needs and risk management requirements.

- b. The error trade parameters for short-dated TRI futures and long-dated TRI Futures Contracts will be +/-3% and +/-6% from their notional prices. More details are set forth in **Attachment IV**.
- c. The block trade volume threshold will be 10 contracts for HSI<sub>TR</sub>I Futures and HSI<sub>IN</sub>TRI Futures and 30 contracts for HSI<sub>CE</sub>I<sub>TR</sub>I Futures and HSI<sub>CE</sub>I<sub>IN</sub>TRI Futures. More details of the block trade permissible price range are set forth in **Attachment V**.
- d. Volatility Control Mechanism will not be applied.
- e. The price limit for TRI Futures during T+1 Session will be +/-5% from the last traded price of each contract month for TRI Futures in the T Session. If there is no last traded price of a specific contract month during the T 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.

### **Risk Management Arrangements**

Margin offset will be offered via inter-commodity spread functionality in PRIME<sup>6</sup>. HKCC Participants can allocate the eligible positions to relevant account(s)<sup>7</sup> in accordance with the Clearing House Procedures for margin offset claim purpose. At initial stage, margin offset will be available for the following contract pairs:

- a. HSI<sub>IN</sub>TRI Futures vs HSI Futures / Options (including Mini HSI Futures and Mini HSI Options);
- b. HSI<sub>CE</sub>I<sub>IN</sub>TRI Futures vs HSI<sub>CE</sub>I Futures / Options (including Mini HSI<sub>CE</sub>I Futures and Mini HSI<sub>CE</sub>I Options).

Margin levels and margin offset parameters<sup>8</sup> will be announced and the updated PC-SPAN Organisation Master File will be made available in due course.

### **Market Making Program / Liquidity Provider Program**

The Exchange will provide Market Making program and Liquidity Provider program to facilitate price discovery and mark-to-market purposes for the TRI Futures Contracts. Please refer to **Attachment VI** and **Attachment VII** for details.

<sup>6</sup> Please refer to section 2.7 of [PRIME Margining Guide](#) for details.

<sup>7</sup> Client Offset Claim Account

<sup>8</sup> Delta/Spread Ratio and Spread Credit Rate

**Price Information**

The access codes of major information vendors for the underlying indices are as follows:

Information Vendor	Bloomberg L.P.	Thomson Reuters
HSI Gross TRI	HSIRH	.HSIDV
HSI Net TRI	HSINH	.HSIDVN
HSCEI Gross TRI	HSCEIRH	.HSCEDV
HSCEI Net TRI	HSCEINH	.HSCEDVN

More information vendor access codes are updated on HKEX's website (<http://www.hkex.com.hk>) from time to time.

**Promotional Support for EPs**

The Exchange will provide promotional items to support EPs in promoting HSI GTRI Futures, HSINTRI Futures, HSCEI GTRI Futures and HSCEINTRI Futures business. Interested EPs can contact Mr. Justyn Ip by email ([JustynIp@hkex.com.hk](mailto:JustynIp@hkex.com.hk))

**EPs' Readiness**

EPs are required to notify their staff and all interested clients of the details. Please ensure that their trading and back office systems are ready in order for a smooth operation upon the introduction of TRI Futures Contracts. In addition, staff should be fully aware of the above and should exercise caution when dealing with the TRI Futures Contracts and when advising their clients.

EPs should also institute adequate internal control procedures and enhance their monitoring systems to ensure strict compliance with both statutory position limit and exchange position limit.

Li Gang  
Co-Head  
Market Development Division

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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.*

**Contract Specifications of HSI TRI Futures and HSCEI TRI Futures**

<p>Contract Specifications For Hang Seng Index (Gross Total Return Index) Futures</p>
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The following Contract Specifications shall apply to the Hang Seng Index (Gross Total Return Index) Futures Contract:

Underlying Index/Index	Hang Seng Index (Gross Total Return Index) (the gross total return index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	For Short-dated Futures: Spot Month, the next calendar month and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)  For Long-dated Futures: The two calendar months of December following the Contract Months specified for Short-dated Futures
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price in Index points, quoted to two decimal places, at which a Hang Seng Index (Gross Total Return Index) Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Position delta for Hang Seng Index (Gross Total Return Index) Futures, Hang Seng Index (Net Total Return Index) Futures, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures and Mini-Hang Seng Index Options combined of 10,000 long or short in all Contract Months combined provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option

Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time; and

Position delta for Hang Seng Index (Gross Total Return Index) Futures, Hang Seng Index (Net Total Return Index) Futures, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures and Mini-Hang Seng Index Options combined of 10,000 long or short in all Contract Months combined provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time.

Large Open Positions

500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and

500 open contracts, in any one Contract Month, per Client

Trading Hours  
(Hong Kong time)

9:15 a.m. – 12:00 noon (morning trading session)  
1:00 p.m. – 4:30 p.m. (afternoon trading session)  
5:15 p.m. – 1:00 a.m. (after-hours trading session)

There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.

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 Last Trading Day  
(Hong Kong time)

9:15 a.m. – 12:00 noon (morning trading session) and  
1:00 p.m. – 4:00 p.m. (afternoon trading session)

There shall be no afternoon or after-hours trading session if the Last Trading Day falls on Christmas Eve,

	New Year's Eve or Lunar New Year's Eve
Trading Method	The Exchange's Automated Trading System (HKATS)
Final Settlement Day	The first Business Day after the Last Trading Day
Settlement Method	Cash settled contract for difference
Last Trading Day	The Business Day immediately preceding the last Business Day of the Contract Month
Final Settlement Price	The Final Settlement Price for Hang Seng Index (Gross Total Return Index) Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the average of quotations of the Hang Seng Index (Gross Total Return Index) compiled, computed and disseminated by Hang Seng Indexes Company Limited taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances
Trading Fee (per contract per side)	Exchange Fee <span style="float: right;">HK\$30.00</span>  The amount indicated above is subject to change from time to time.
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.
Commission Rate	Negotiable

<p>Contract Specifications For Hang Seng Index (Net Total Return Index) Futures</p>
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The following Contract Specifications shall apply to the Hang Seng Index (Net Total Return Index) Futures Contract:

Underlying Index/Index	Hang Seng Index (Net Total Return Index) (the net total return index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	For Short-dated Futures: Spot Month, the next calendar month and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)  For Long-dated Futures: The two calendar months of December following the Contract Months specified for Short-dated Futures
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price in Index points, quoted to two decimal places, at which a Hang Seng Index (Net Total Return Index) Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Position delta for Hang Seng Index (Net Total Return Index) Futures, Hang Seng Index (Gross Total Return Index) Futures, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures and Mini-Hang Seng Index Options combined of 10,000 long or short in all Contract Months combined provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) the position delta of one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their

contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time; and

Position delta for Hang Seng Index (Net Total Return Index) Futures, Hang Seng Index (Gross Total Return Index) Futures, Hang Seng Index Futures, Hang Seng Index Options, Mini-Hang Seng Index Futures and Mini-Hang Seng Index Options combined of 10,000 long or short in all Contract Months combined provided the position delta for Mini-Hang Seng Index Futures or Mini-Hang Seng Index Options shall not at any time exceed 2,000 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng Index Option Contract; and (ii) the position delta of one Hang Seng Index (Gross Total Return Index) Futures Contract and one Hang Seng Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng Index Futures and will be announced by the Exchange from time to time.

Large Open Positions	<p>500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and</p> <p>500 open contracts, in any one Contract Month, per Client</p>
Trading Hours (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) 1:00 p.m. – 4:30 p.m. (afternoon trading session) 5:15 p.m. – 1:00 a.m. (after-hours trading session)</p> <p>There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session on those three days shall be 9:15 a.m. – 12:30 p.m.</p> <p>There is no after-hours trading session if it is a bank holiday in both the United Kingdom and the United States.</p>
Trading Hours on Last Trading Day (Hong Kong time)	<p>9:15 a.m. – 12:00 noon (morning trading session) and 1:00 p.m. – 4:00 p.m. (afternoon trading session)</p> <p>There shall be no afternoon or after-hours trading session if the Last Trading Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve</p>
Trading Method	The Exchange's Automated Trading System (HKATS)

Final Settlement Day	The first Business Day after the Last Trading Day	
Settlement Method	Cash settled contract for difference	
Last Trading Day	The Business Day immediately preceding the last Business Day of the Contract Month	
Final Settlement Price	The Final Settlement Price for Hang Seng Index (Net Total Return Index) Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the average of quotations of the Hang Seng Index (Net Total Return Index) compiled, computed and disseminated by Hang Seng Indexes Company Limited taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances	
Trading Fee (per contract per side)	Exchange Fee	HK\$30.00
	The amount indicated above is subject to change from time to time.	
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.	
Commission Rate	Negotiable	

<p>Contract Specifications For Hang Seng China Enterprises Index (Gross Total Return Index) Futures</p>
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The following Contract Specifications shall apply to the Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract:

Underlying Index/Index	Hang Seng China Enterprises Index (Gross Total Return Index) (the gross total return index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	For Short-dated Futures: Spot Month, the next calendar month and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)  For Long-dated Futures: The two calendar months of December following the Contract Months specified for Short-dated Futures
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price in Index points, quoted to two decimal places, at which a Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Position delta for Hang Seng China Enterprises Index (Gross Total Return Index) Futures, Hang Seng China Enterprises Index (Net Total Return Index) Futures, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures and Hang Seng China Enterprises Index Options combined of 12,000 long or short in all Contract Months combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng

China Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time; and

Position delta for Hang Seng China Enterprises Index (Gross Total Return Index) Futures, Hang Seng China Enterprises Index (Net Total Return Index) Futures, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures and Hang Seng China Enterprises Index Options combined of 12,000 long or short in all Contract Months combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng China Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time.

Large Open Positions

500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and

500 open contracts, in any one Contract Month, per Client

Trading Hours  
(Hong Kong time)

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There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading session

on those three days shall be 9:15 a.m. – 12:30 p.m.

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 Last Trading Day (Hong Kong time)	9:15 a.m. – 12:00 noon (morning trading session) and 1:00 p.m. – 4:00 p.m. (afternoon trading session)
	There shall be no afternoon or after-hours trading session if the Last Trading Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve
Trading Method	The Exchange's Automated Trading System (HKATS)
Final Settlement Day	The first Business Day after the Last Trading Day
Settlement Method	Cash settled contract for difference
Last Trading Day	The Business Day immediately preceding the last Business Day of the Contract Month
Final Settlement Price	The Final Settlement Price for Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the average of quotations of the Hang Seng China Enterprises Index (Gross Total Return Index) compiled, computed and disseminated by Hang Seng Indexes Company Limited taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances
Trading Fee (per contract per side)	Exchange Fee <span style="float: right;">HK\$10.00</span>  The amount indicated above is subject to change from time to time.
Levies (per contract per side)	Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.
Commission Rate	Negotiable

<p>Contract Specifications For Hang Seng China Enterprises Index (Net Total Return Index) Futures</p>
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The following Contract Specifications shall apply to the Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract:

Underlying Index/Index	Hang Seng China Enterprises Index (Net Total Return Index) (the net total return index of that name compiled, computed and disseminated by Hang Seng Indexes Company Limited)
Contract Multiplier	HK\$50 per Index point
Contract Months	For Short-dated Futures: Spot Month, the next calendar month and the next two calendar quarter months (i.e. quarterly months are March, June, September and December)  For Long-dated Futures: The two calendar months of December following the Contract Months specified for Short-dated Futures
Minimum Fluctuation	0.01 Index point
Maximum Fluctuation	As prescribed by the Exchange from time to time
Contracted Price	The price in Index points, quoted to two decimal places, at which a Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract is registered by the Clearing House
Contracted Value	Contracted Price multiplied by the Contract Multiplier
Position Limits	Position delta for Hang Seng China Enterprises Index (Net Total Return Index) Futures, Hang Seng China Enterprises Index (Gross Total Return Index) Futures, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures and Hang Seng China Enterprises Index Options combined of 12,000 long or short in all Contract Months combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Exchange Participant for the Exchange Participant's own behalf. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng China

Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time; and

Position delta for Hang Seng China Enterprises Index (Net Total Return Index) Futures, Hang Seng China Enterprises Index (Gross Total Return Index) Futures, Mini-Hang Seng China Enterprises Index Futures, Mini-Hang Seng China Enterprises Index Options, Hang Seng China Enterprises Index Futures and Hang Seng China Enterprises Index Options combined of 12,000 long or short in all Contract Months combined, provided the position delta for Mini-Hang Seng China Enterprises Index Futures or Mini-Hang Seng China Enterprises Index Options shall not at any time exceed 2,400 long or short in all Contract Months combined, per Client. For this purpose, (i) the position delta of one Mini-Hang Seng China Enterprises Index Futures Contract will have a value of 0.2 and the position delta of one Mini-Hang Seng China Enterprises Index Option Contract will be one-fifth of the position delta of the corresponding series in the Hang Seng China Enterprises Index Option Contract; and (ii) the position delta of one Hang Seng China Enterprises Index (Gross Total Return Index) Futures Contract and one Hang Seng China Enterprises Index (Net Total Return Index) Futures Contract will be based on their contract value ratios versus Hang Seng China Enterprises Index Futures and will be announced by the Exchange from time to time.

Large Open Positions

500 open contracts, in any one Contract Month, per Exchange Participant for the Exchange Participant's own behalf; and

500 open contracts, in any one Contract Month, per Client

Trading Hours  
(Hong Kong time)

9:15 a.m. – 12:00 noon (morning trading session)  
1:00 p.m. – 4:30 p.m. (afternoon trading session)  
5:15 p.m. – 1:00 a.m. (after-hours trading session)

There is no afternoon or after-hours trading session on the eves of Christmas, New Year and Lunar New Year. The trading hours of the morning trading

session on those three days shall be 9:15 a.m. – 12:30 p.m.

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 Last Trading Day (Hong Kong time) 9:15 a.m. – 12:00 noon (morning trading session) and 1:00 p.m. – 4:00 p.m. (afternoon trading session)

There shall be no afternoon or after-hours trading session if the Last Trading Day falls on Christmas Eve, New Year's Eve or Lunar New Year's Eve

Trading Method The Exchange's Automated Trading System (HKATS)

Final Settlement Day The first Business Day after the Last Trading Day

Settlement Method Cash settled contract for difference

Last Trading Day The Business Day immediately preceding the last Business Day of the Contract Month

Final Settlement Price The Final Settlement Price for Hang Seng China Enterprises Index (Net Total Return Index) Futures Contracts shall be a number, rounded up to the nearest 2 decimal places if the figure in the third decimal place is 5 or above and rounded down to the nearest 2 decimal places if it is below 5, determined by the Clearing House and shall be the average of quotations of the Hang Seng China Enterprises Index (Net Total Return Index) compiled, computed and disseminated by Hang Seng Indexes Company Limited taken at (i) five (5) minute intervals from five (5) minutes after the start of, and up to five (5) minutes before the end of, the Continuous Trading Session of SEHK; and (ii) the close of trading on SEHK on the Last Trading Day. The Chief Executive of the Exchange has the power under the Regulations for trading Stock Index Futures Contracts to determine the Final Settlement Price under certain circumstances

Trading Fee (per contract per side) Exchange Fee HK\$10.00

The amount indicated above is subject to change from time to time.

Levies (per contract per side) Commission Levy and Investor Compensation Levy are payable at the rate or of the amount prescribed from time to time pursuant to the Ordinance.

Commission Rate Negotiable

**Attachment II**

**Disclaimer of Hang Seng Indexes Company Limited**

Hang Seng Indexes Company Limited (“HSIL”) currently publishes, compiles and computes a number of stock indexes and may publish, compile and compute such additional stock indexes at the request of Hang Seng Data Services Limited (“HSDS”) from time to time (collectively, the “Hang Seng Indexes”). The marks, names and processes of compilation and computation of the respective Hang Seng Indexes are the exclusive property of and proprietary to HSDS. HSIL has granted to the Exchange by way of licence the use of the Hang Seng Indexes solely for the purposes of and in connection with the creation, marketing and trading of futures contracts based on any of the Hang Seng Indexes respectively (collectively, “Futures Contracts”). The process and basis of compilation and computation of any of the Hang Seng Indexes and any of the related formula or formulae, constituent stocks and factors may at any time be changed or altered by HSIL without notice and the Exchange may at any time require that trading in and settlement of such of the Futures Contracts as the Exchange may designate be conducted by reference to an alternative index or alternative indexes to be calculated. Neither the Exchange nor HSDS nor HSIL warrants or represents or guarantees to any participant or any third party the accuracy or completeness of the Hang Seng Indexes or any of them and the compilation and computation thereof or any information related thereto and no such warranty or representation or guarantee of any kind whatsoever relating to the Hang Seng Indexes or any of them is given or may be implied. Further, no responsibility or liability whatsoever is accepted by the Exchange, HSDS or HSIL in respect of the use of the Hang Seng Indexes or any of them for the purposes of and in connection with the Futures Contracts or any of them and/or dealings therein, or for any inaccuracies, omissions, mistakes, errors, delays, interruptions, suspension, changes or failures (including but not limited to those resulting from negligence) of HSIL in the compilation and computation of the Hang Seng Indexes or any of them or for any economic or other losses which may be directly or indirectly sustained as a result thereof by any participant or any third party dealing with the Futures Contracts or any of them. No claims, actions or legal proceedings may be brought by any participant or any third party against the Exchange and/or HSDS and/or HSIL in connection with or arising out of matters referred to in this disclaimer. Any participant or any third party deals in the Futures Contracts or any of them in full knowledge of this disclaimer and can place no reliance whatsoever on the Exchange, HSDS and/or HSIL. For the avoidance of doubt, this disclaimer does not create any contractual or quasi-contractual relationship between any participant or third party and HSIL and/or HSDS and must not be construed to have created such relationship.

**Attachment III**

**Illustrations of Position Limit Calculation**

The following examples illustrate different scenarios which may or may not breach the position limit of HSI Products and HSI TRI Products. Similar treatments will be applied to HSCEI Products and HSCEI TRI Products.

Given:

- Statutory position limit under SFO: 10,000 position delta for HSI Products
- Exchange position limit under HKFE Rules: 10,000 position delta for HSI Products and HSI TRI Products combined

Scenario 1: An EP without any excess position limit approved by the SFC

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of HSI TRI Products in all Contract Months Combined <sup>9</sup> (B)	Aggregate Position Delta in all Contract Months Combined (A) + (B)	Within Statutory Position Limit of HSI Products	Within Exchange Position Limit of HSI Products and HSI TRI Products Combined
<b>a. Long or Short HSI Products Only</b>					
1	+9,900	0	+9,900	Yes	Yes
2	-9,900	0	-9,900	Yes	Yes
3	+10,200	0	+10,200	No	No
4	-10,200	0	-10,200	No	No
<b>b. Long or Short HSI TRI Products Only</b>					
1	0	+9,900	+9,900	Yes	Yes
2	0	-9,900	-9,900	Yes	Yes
3	0	+10,200	+10,200	Yes	No
4	0	-10,200	-10,200	Yes	No
<b>c. Same Direction</b>					
1	+9,600	+300	+9,900	Yes	Yes
2	-300	-9,600	-9,900	Yes	Yes
3	+10,200	+300	+10,500	No	No
4	-300	-10,200	-10,500	Yes	No
<b>d. Different Directions to Offset the Position Limit</b>					
1	+9,900	-300	+9,600	Yes	Yes

<sup>9</sup> The position delta of one HSI GTRI Futures or HSI NTRI Futures equivalent to 3 and the position delta of one HSI Futures equivalent to 1.

2	+300	-9,900	-9,600	Yes	Yes
3	-300	+10,200	+9,900	Yes	Yes
4	+300	-10,200	-9,900	Yes	Yes
5	+10,500	-300	+10,200	No	No
6	-300	+10,500	+10,200	Yes	No

Scenario 2: The SFC has approved ABC Ltd. (EP) to hold excess positions (increasing the position delta from 10,000 to 20,000) in HSI Products. Accordingly, HKFE will adopt the same position delta (i.e. 20,000) for HSI Products and HSI TRI Products in all Contract Months combined.

- Statutory position limit under SFO: 20,000 position delta for HSI Products
- Exchange position limit under HKFE Rules: 20,000 position delta for HSI Products and HSI TRI Products combined

Case	Open Position Delta of HSI Products in All Contract Months Combined (A)	Open Position Delta of HSI TRI Products in all Contract Months Combined <sup>10</sup> (B)	Aggregate Position Delta in all Contract Months Combined (A) + (B)	Within Statutory Position Limit of HSI Products with Excess Position Approved by the SFC	Within Exchange Position Limit of HSI Products and HSI TRI Products Combined
<b>a. Long or Short HSI Products Only</b>					
1	+19,900	0	+19,900	Yes	Yes
2	-19,900	0	-19,900	Yes	Yes
3	+20,100	0	+20,100	No	No
4	-20,100	0	-20,100	No	No
<b>b. Long or Short HSI TRI Products Only</b>					
1	0	+19,900	+19,900	Yes	Yes
2	0	-19,900	-19,900	Yes	Yes
3	0	+20,100	+20,100	Yes	No
4	0	-20,100	-20,100	Yes	No
<b>c. Same Direction</b>					
1	+19,600	+300	+19,900	Yes	Yes
2	-300	-19,600	-19,900	Yes	Yes
3	+20,100	+300	+20,400	No	No
4	-300	-20,100	-20,400	Yes	No
<b>d. Different Directions to Offset the Position Limit</b>					
1	+19,900	-300	+19,600	Yes	Yes

<sup>10</sup> The position delta of one HSI TRI Futures or HSI TRI Futures equivalent to 3 and the position delta of one HSI Futures equivalent to 1.

2	-300	+19,900	+19,600	Yes	Yes
3	+20,400	-300	+20,100	No	No
4	-300	+20,400	+20,100	Yes	No

**Attachment IV**

**Error Trade Parameters**

The price parameters for the purposes of the error trade rule under HKFE Rule 819B are as follows:

<b>Product</b>	<b>Error Trade Parameter</b>
Short-dated Index Futures	+/-3% from notation price
Long-dated Index Futures	+/-6% from notation price

Notes:

1. The notation price for futures contracts shall be obtained in the following order:
  - i. last traded price within 5 minutes prior to the Error Trade;
  - ii. the mid-point of the best bid/ask price immediately prior to the Error Trade;
  - iii. last settlement price; or
  - iv. the difference of notation prices between the related outright contracts (calendar spread only).
2. Notwithstanding the foregoing, the Exchange shall have absolute discretion in determining the notation price.

**Attachment V**

**Block Trade Permissible Price Range**

With reference to the HKFE rule 815A (5), the price at which a block trade is executed must be fair and reasonable, and the permissible price range is determined in the following manners:

1. When the executed price is at or within the range of highest traded price, lowest traded price, bid and ask price of the contract; or
2. When the executed price is within the following price range to both sides of a reference price obtained through prevailing market prices, or if necessary, determined as the theoretical values based on the prevailing underlying values:

<b>Product</b>	<b>Price Range</b>
Short-dated Index Futures	+/-1% from reference price
Long-dated Index Futures	+/-3% from reference price

At all times, the Exchange has the absolute discretion to make the final decision in determining whether an executed price is fair and reasonable.

**Attachment VI**

**Market Making Program**

The Exchange also invites application for Market Maker (MM) of the TRI Futures Contracts with obligations as follows:

<b>MM Obligations</b>	<b>Provision of Continuous Quote (CQ)</b>	<b>Response to Quote Requests (QR)</b>
Assigned Contract	Not less than 2 contract months (i.e. Spot month and the next calendar month)	All contract months (except for QR in long-dated index futures)
Trading Requirement	Provision of CQ for not less than 70% of trading hours in T Session in each calendar month	Response to not less than 70% of the QR in T Session in each calendar month
Maximum Time Limit for Responding to QR	N/A	Response to a QR within 20 seconds of the QR
Minimum Display Time	N/A	Not fewer than 10 seconds
Maximum Bid / Offer Spread	<ul style="list-style-type: none"> <li>• HSI GTRI futures and HSI NTRI futures: 600 index points or 1% of bid price, whichever is higher</li> <li>• HSCEI GTRI futures and HSCEI NTRI futures: 200 index points or 1% of bid price, whichever is higher</li> </ul>	
Minimum Quote Size	1 contract	

Upon fulfilment of the obligations, MM will be entitled to a discounted trading fee. MM shall pay HK\$6 and HK\$2 per contract as compared to the standard trading fee of HK\$30 and HK\$10 per contract for HSI GTRI/HSI NTRI futures and HSCEI GTRI/HSCEI NTRI futures respectively (i.e. a trading fee discount of 80%).

Interested parties should contact Mr. Charles Kwan ([CharlesKwan@hkex.com.hk](mailto:CharlesKwan@hkex.com.hk)) or Ms. Emily Huang ([EmilyHuang@hkex.com.hk](mailto:EmilyHuang@hkex.com.hk)) for application details.

**Attachment VII****Liquidity Provider Program**

The Exchange invites applications of Liquidity Provider (LP) for the TRI Futures Contracts in the Bundled Liquidity Providing Incentive Program. LP will be required to provide continuous quotes as follows:

<b>Items</b>	<b>Continuous Quote Obligations</b>
Assigned Contract Months	Spot and next calendar month in all four TRI Futures Contracts
Minimum Percentage of Trading Hours	70% of trading hours in T Session in a month; or 70% of trading hours in T+1 Session in a month
Maximum Bid / Offer Spread	0.25% of bid price for HSI GTRI Futures / HSINTRI Futures; 0.40% of bid price for HSCEIGTRI Futures / HSCEIGTRI Futures
Minimum Quote Size	5 contracts

Upon fulfilment of the obligations per trading session, each LP will be entitled to up to HK\$100,000 in incentives per month in: a) cross-product trading fee rebates in Hang Seng Index Futures, Hang Seng China Enterprises Index Futures and USD/CNH Futures; b) market data (securities / derivatives) fee rebates; c) hosting services fee rebates; and d) OAPI license fee waiver.

Interested parties should contact Mr. Charles Kwan ([CharlesKwan@hkex.com.hk](mailto:CharlesKwan@hkex.com.hk)) or Ms. Emily Huang ([EmilyHuang@hkex.com.hk](mailto:EmilyHuang@hkex.com.hk)) for application details.