

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: Update on Trading and Clearing Operational Arrangements Relating to the Capital Adjustment of CITIC Securities Company Limited Stock Futures Contracts – Rights Issue

Enquiry: HKATS Hotline¹ Tel: 2211-6360
DCASS Hotline Tel: 2979-7222

Participants are requested to note that capital adjustment to the stock futures contracts below will be made on the ex-rights date based on the corporate action announced:

Underlying Stock Name of the Stock Futures Contracts (Stock Code)	CITIC Securities Company Limited CITIC SEC (06030)
HKATS Code	CTS
Corporate Action	1.5 H Rights Shares for every 10 existing H Shares held
Rights Subscription Price	HK\$17.67
Ex-rights date	26 January 2022

For details of the announcement made by CITIC SEC on 26 February 2021 and 14 January 2022, please refer to the hyperlink below:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0226/2021022601693.pdf>

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0114/2022011400037.pdf>

¹ All calls to the HKATS hotline would be recorded. Please refer to the following link for HKEX privacy policy statement: http://www.hkex.com.hk/eng/global/privacy_policy.htm

Trading Arrangements

The trading arrangements for the existing CITIC SEC stock futures under trading symbol CTS will be as follows:

1. Adjustment and Transfer of Outstanding Positions

Open positions of CITIC SEC stock futures series under trading symbol CTS which exist after market close on the business day immediately before the ex-rights date will be adjusted and transferred to stock futures series under trading symbol CTD.

2. Introduction of New Stock Futures Series for Trading

On the ex-rights date, new CITIC SEC stock futures series based on the standard contract multiplier will be introduced for trading under the standard trading symbol CTS.

Details of the adjustment procedures for CITIC SEC stock futures series under trading symbol CTS are as follows:

Adjustment Term	Formula	Remarks
Adjustment Ratio (AR)	$\frac{10 \text{ existing Shares} + (1.5 \text{ New Shares} \times \$17.67 / \$S^{\wedge})}{10 \text{ existing Shares} + 1.5 \text{ New Shares}}$	Rounded to the nearest 4 decimal places. Adjustment will only be made if the AR is smaller than 1.
Adjusted Contracted Price (ACP)	Contracted price of outstanding stock futures series x AR	Rounded to the nearest 2 decimal places
Adjusted Contract Multiplier (ACM)	Contracted price of outstanding stock futures series x (1,000 shares / ACP)	Rounded to the nearest 4 decimal places

Where \$17.67 is the Rights Subscription Price for the New Share and \$S[^] is the underlying stock closing price on 25 January 2022 (the business day immediately before the ex-rights date).

Contract	Trading Symbol	Contract Multiplier (Shares)	Availability For Trading	Addition of New Stock Futures Series on and after the ex-rights date
Adjusted	CTD	ACM	From ex-rights date to 29 September 2022	No
Standard	CTS	1,000	From ex-rights date onwards	Yes

For avoidance of doubts, the objective of this adjustment method is to adjust the stock futures contracts according to the theoretical value of the rights entitlement if there is a positive value before the ex-rights date. If there is no exercise value with the rights, i.e. the underlying price closes at or below the Rights Subscription Price of HK\$17.67 on 25 January 2022 (the business day immediately before the ex-rights date), in other words, AR is equal to or larger than 1, no capital adjustment will be made.

For stock futures of CITIC SEC under trading symbols CTS and CTD, the trading fee level shall be Tier 2.

The adjusted and standard stock futures series are distinct contracts and are represented by different trading symbols in HKATS/DCASS. Particulars of all existing and adjusted stock futures series will be shown in DCASS report TP011 after the DCASS batch processing on the business day immediately before the ex-rights date.

Capital adjustments, once being made, are conclusive and binding on all relevant stock futures contracts. The capital adjustments made will not be reversed even if the proposed corporate action is subsequently disapproved by relevant authorities, including but not limited to regulatory authorities and the court.

Participants should pay particular attention that the settlement amount of adjusted and standard stock futures series on the expiry day will be calculated using their respective contract multipliers. There will not be any changes to the number of open positions and other contract terms after the transfer of positions.

Clearing and Settlement Arrangements

Position offset between the standard CTS and the adjusted CTD stock futures series is not allowed.

Inform Your Staff and Clients

Participants should notify all clients holding positions in the captioned stock futures contracts the details of trading and clearing operational arrangements and the associated risk. Please ensure that your back office systems are ready for a smooth operation in handling this capital adjustment. In addition, all your staff should be fully aware of the trading and clearing arrangements, and should exercise caution when dealing with the standard and adjusted stock futures contracts and when advising your clients.

Sanly Ho
Co-Head
Trading Department
Operations 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.