



Vendor Seminar

14 May 2013

For HKEx Real-time Vendors and End-Users Only



Part 1

**Market Overview
Business Updates**

**By Winnie Sin
Sales and Marketing, Market Data
Global Markets Division**

Part 2

OMD Project Progress

By Winnie Poon
Business Development, Market Data
Global Markets Division

Part 3

Upcoming Client Activities

By Karen Lam
Vendor Support and Data Management, Market Data
Global Markets Division

Part 4

Q&A

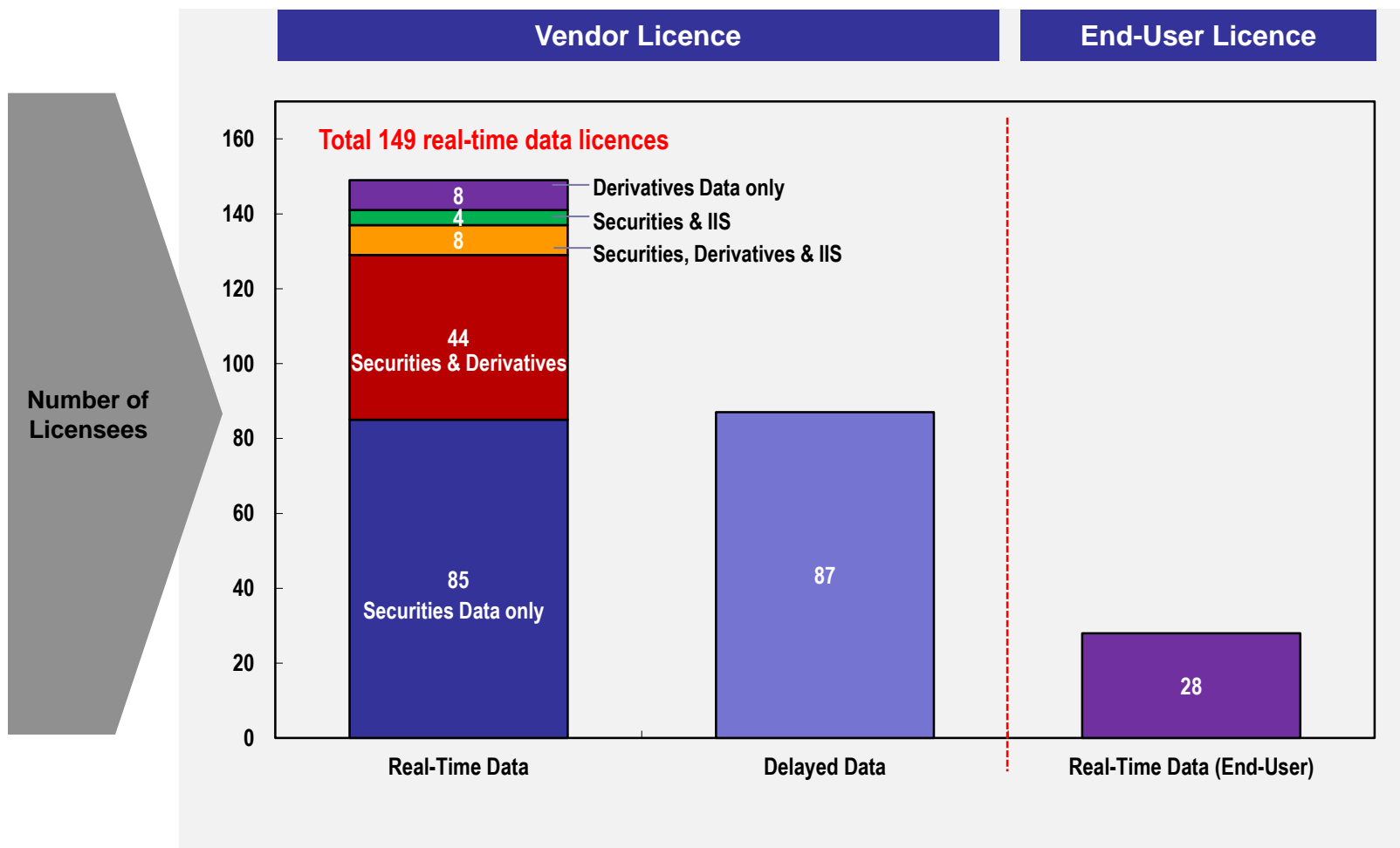
1 Market Overview

2 CESC Index Business

3 Recent Initiatives

Market Overview – by Licences Types

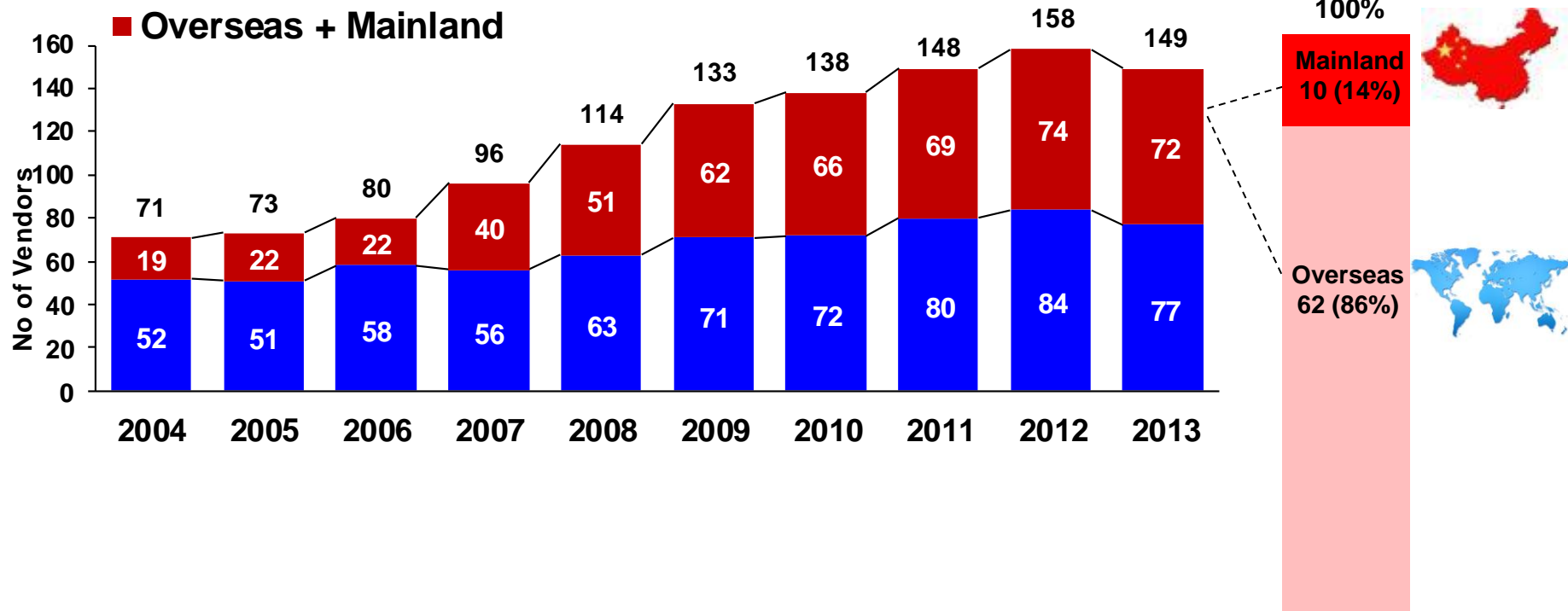
As of Mar 2013



End-User Licence for Securities Market Data was introduced in Dec 2012.

Market Overview – Real-time Data Vendors by Geographical Locations

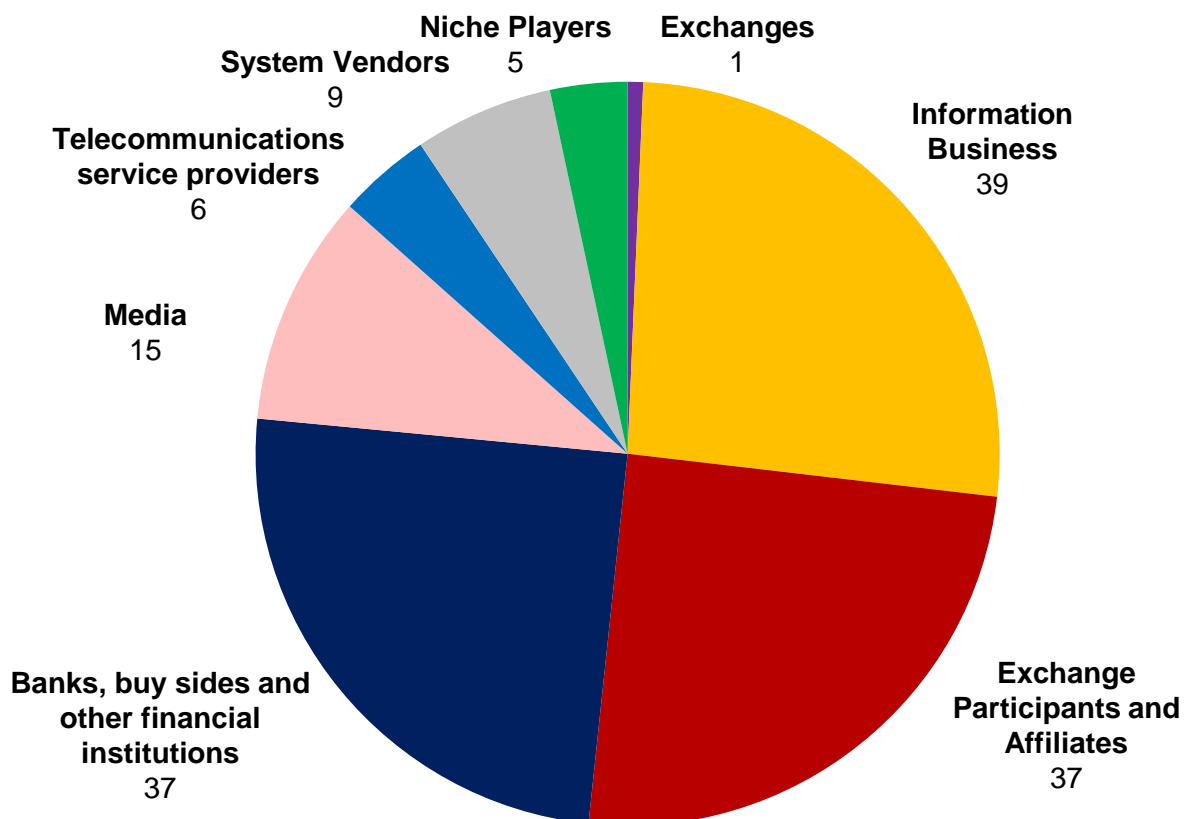
As of Mar 2013



Total number of real-time data vendors is 149 by Q1 of 2013, 6% are from Mainland China.

Market Overview – Real-time Data Vendors by Business Types

As of Mar 2013



Total 149 real-time
data vendors

Real-time data vendors are from diversified background.

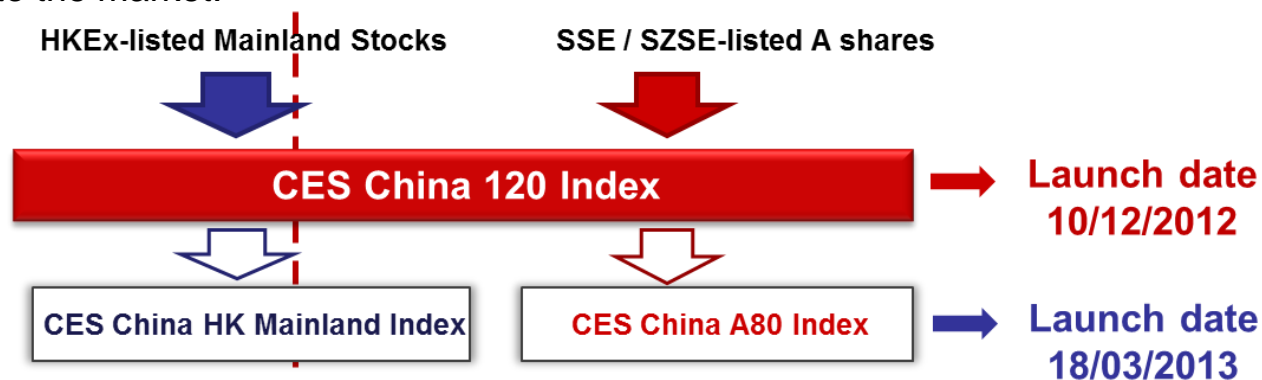
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3 Recent initiatives

CES Cross-border Index Series

- Comprises listings from HKEx, SSE and SZSE.
- CES 120 – Launched on 10 December 2012.
- CES China A80 and CES China HK Mainland Index – Launched on 18 March 2013.
- CESC granted its first Index Licences to three fund managers on 11 April 2013 (China Asset Management (Hong Kong) Limited, CSOP Asset Management Limited and E Fund Management (Hong Kong) Company Limited). Index related derivatives products will soon be introduced to the market.



Redistribution of CESC Indices

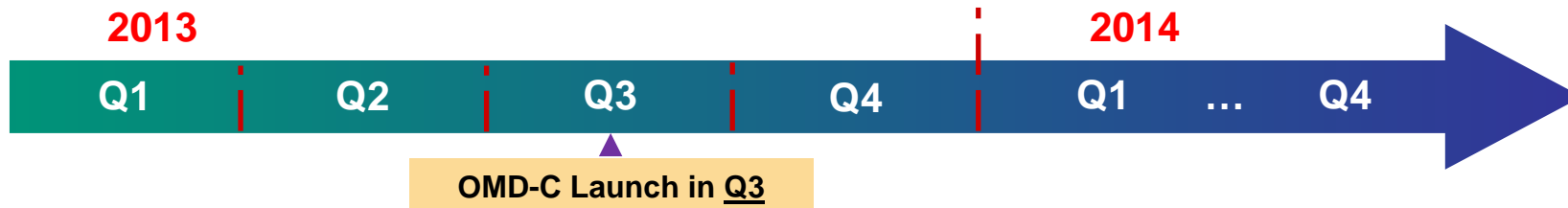
- CESC indices are now available on MDF as Redistributable Index
- IVs are not required to enter into licence agreement with CESC and could redistribute the CESC indices free of charge to its subscribers
- IV's subscribers who wish to also redistribute CESC's indices could contact CESC directly for approval. In the meantime, no licence agreement is required and it is also free of charge.

1 Market Overview

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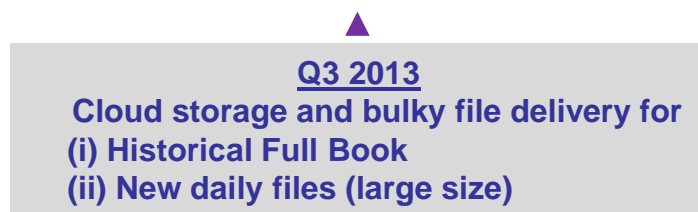
Historical / Reference Data – Implementation Timeline



A. Phase 1 (Daily Files & EMSIS Retirement)



B. Phase 2 (Historical Full Book & Bulky File Delivery)



C. Phase 3 (Redistribution Licence)



Stock Options Data Fee Waiver Programme



- Effective 2 May this year, HKEx revamped its stock options market in a range of areas from product design and fees to market making to capture new opportunities created by regulatory changes that have increased demand for exchange-traded derivatives and central counterparty clearing
- The Stock Options Corner at HKEx's Website was launched on the same day: www.hkex.com.hk/stockoptions

One of the initiatives of the revamp is the Stock Options Market Data Fee Waiver Programme to encourage Exchange Participants and information vendors to include stock option prices on their websites or trading terminals. This will help increase the visibility of the stock options market to the public.

Programme Details:

- Licensed Derivatives Market Data vendors could provide real-time Per Quote Access Level-1 data stock option data free of charge to their subscribers.
- EPs could also leverage on licensed vendors' Third Party Website and Mobile Application Services to participate in the Programme.
- Duration: For maximum one year during the period between 2 May 2013 and 31 July 2014

Business Updates:

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OMD Feed Enrollment Status Update

2

MMDH Founding Members Programme Enrollment Status

3

Independent Software Vendor (ISV) Test Service

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Revised Test Charges

5

OMD Derivatives FullTick Vendor Incentive Programme

6

OCG EP OMD-C Enrollment Reminder

OMD-C Implementation - Enrollment Status Update

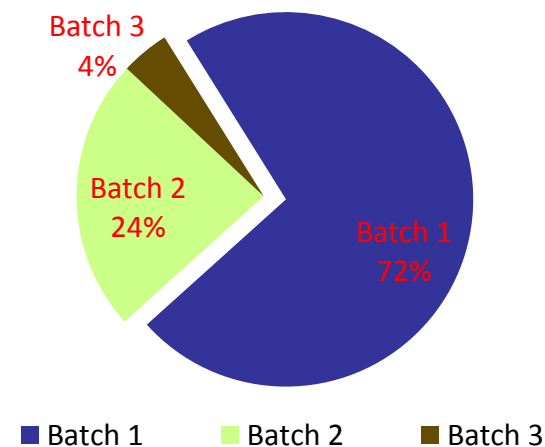


- Feed enrollment form submission as at 10 May 2013
 - 72 out of 72 direct connection IVs and EUs submitted
 - 17 out of 79 indirect connection IVs submitted

➤ Enrollment status and summary:

Datafeed	Number of IVs		
	Direct Connection	Indirect Connection	Total
Securities Standard (SS)	37	16	53
Securities Premium (SP)	32	4	36
Securities FullTick (SF)	21	-	21
Index Feed	60	3	49

Enrollment Status – by Batch
(direct connection IVs)



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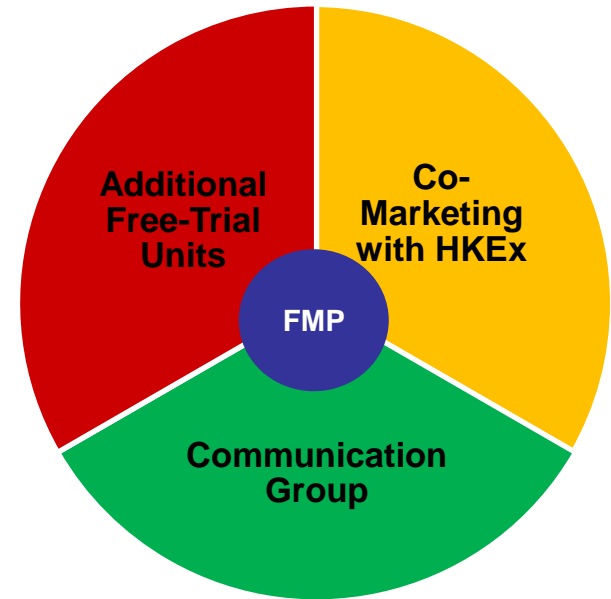
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Mainland Market Data Hub (MMDH) Founding Members Programme (FMP) Enrollment Status



Mainland Market Data Hub (MMDH) is scheduled to launch tentatively in **Q4 2013**

- Received **6 applications** for **MMDH Founding Members Programme (FMP)**
- More information will be published on website



Companies who have joined the MMDH FMP:

Company Name in English	Company Name in Chinese
AAstocks.com Limited / Shanghai DZH Co., Ltd	阿斯達克網絡信息有限公司 / 上海大智慧股份有限公司
Shanghai E Money Software Technology Co., Ltd	上海益盟軟件技術股份有限公司
Shanghai Qianlong Advanced Technology Co., Ltd	上海乾隆高科技有限公司
Shanghai Wind Information Co., Ltd	上海萬得信息技術股份有限公司
Sina Hong Kong Limited / Beijing Sina Internet Information Service Company Limited	新浪香港有限公司 / 北京新浪互聯信息服務有限公司
Tencent Holdings Limited	騰訊控股有限公司

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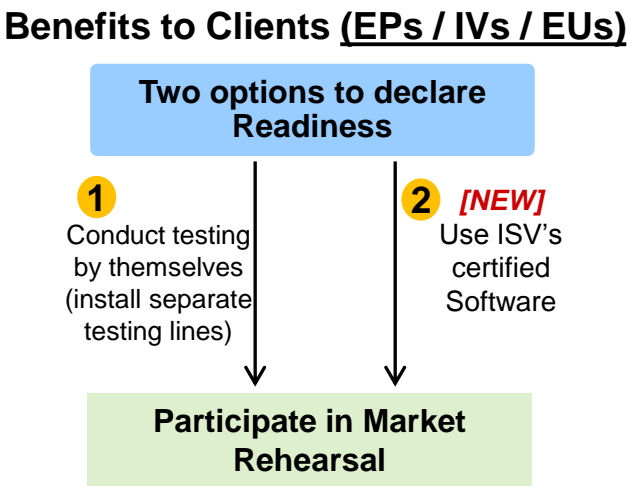
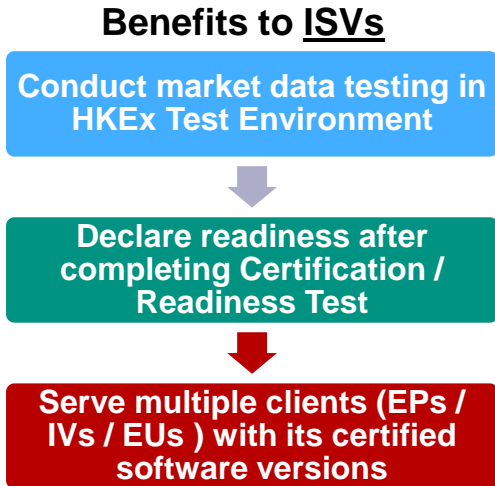
Independent Software Vendor (ISV) Test Service



Overview

- In Apr 2013, HKEx-IS launched a new policy to enroll Independent Software Vendors (ISVs)
- By subscribing for the Test Service, ISVs can conduct testing for themselves and for EPs / IVs / EUs
- This is expected to reduce direct costs to EPs / IVs / EUs and facilitate the market readiness of OMD roll-out and other system initiatives

Benefits



ISV Test Charges

		Securities Market Data	Derivatives Market Data
(i) One-off Registration Fees		\$10,000	\$10,000
(ii) Test Charges	Daily	\$1,500 for one or more datafeeds ⁽²⁾	\$500 for one or more datafeeds ⁽³⁾
	Monthly	\$21,000 for one or more datafeeds ⁽²⁾	\$7,000 for one or more datafeeds ⁽³⁾

If the ISV is an IV / EU, the One-off Registration Fees will be waived, and the Test Charges will be subject to the prevailing HKEx-IS test charges policy ⁽¹⁾

Note: (1) ISV who is a licensed IV/EU will be offered free testing time for OMD testing prior to OMD roll-out
 (2) Include Securities Standard (SS), Securities Premium (SP), Securities FullTick (SF), OMD-C complimentary feeds and MDF 3.8
 (3) Include Derivatives Standard (DS), Derivatives Premium (DP), Derivatives FullTick (DF), OMD-D complimentary feeds, PRS Plus and PRS

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Revised Test Charges



In order to rationalize the current scheme of hourly charges application to market data testing, test charges have been revised:

- Effective on **1 May 2013**
- Applicable to:
 - **MDF3.8**
 - **PRS and PRS Plus**
 - **IIS**
 - **OMD** (*testing charges for migration from the existing MDF3.8/PRS/PRS Plus to OMD will be exempted*)
- **Free Testing Time:** **5 free test days in each calendar year** for Existing IVs and EUs (*New IVs/Datafeed subscribers will be offered 20 calendar days free testing time*).
- **Chargeable Testing Time:** Charges beyond the 5 free test days

Datafeed	Revised Test Charges	Existing Test Charges
MDF3.8, OMD	- \$1,500 for each calendar day; or - \$21,000 for each calendar month	- \$700 hourly charge on trading day; or
PRS, PRS Plus and IIS	- \$500 for each calendar day; or - \$7,000 for each calendar month	- \$1,700 hourly charge on non-trading day

- Testing Slots:
 - Non-trading day: 9:00am – 12:00pm
 - Trading day: 10:00am – 12:00pm and 1:30pm – 5:00pm

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OCG EP OMD-C Enrollment Reminder

Objectives

With the rollout of Genium Central Gateway (CG), more EPs are anticipated to source derivatives data from OMD-D

While EPs can currently source order depth information (MQ7) via HKATS OAPI, there is a higher bandwidth requirement for OMD Derivatives FullTick (DF) feed

To this end, we aim to facilitate EPs' access to OMD-D order depth data by encouraging IVs to offer a lower bandwidth solution while redistributing the DF feed

Programme Details

OMD Derivatives FullTick Vendor Incentive Programme

Programme Duration	From OMD-D Rollout Date to 31 Dec 2015
Eligibility Criteria	<p>An eligible IV shall</p> <ul style="list-style-type: none"> (i) subscribe for Derivatives FullTick (DF) feed; and (ii) redistribute DF feed <u>only to EPs</u> and <u>only for internal use</u>* <p><i>*In other words, an eligible IV could NOT redistribute DF feed to</i> <i>(a) EPs for external distribution (as indirect vendor); or (b) non-EPs</i></p>
Benefits	Waiver on Redistribution Fees (\$37,950 per quarter) for eligible IVs

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Special arrangement for Exchange Participants with OCG:

SEHK's Exchange Participants (EPs) who migrate to OCG but wish to obtain real-time securities market data directly through HKEx must apply for the Market Data End User Licence (End User Licence) and obtain market data through the OMD Platform.

Deadline for application for 1st batch of OCG rollout: 16 May 2013

Enrolment form can be downloaded from HKEx website. (Market Operations > Securities Trading Infrastructure > Orion Central Gateway)

1. Waiver on Licence Fee and Connection Fee

- End User Licence Fee and Connection Fee are waived for EPs using OCG (for first 2 sets of Securities Standard connection only)

2. Waiver on Individual User Fees for Display BSS terminals/workstations

- Similar to the arrangement under OG, EPs using OCG are entitled to 2 free terminals for display usage for each Stock Exchange Trading Right.

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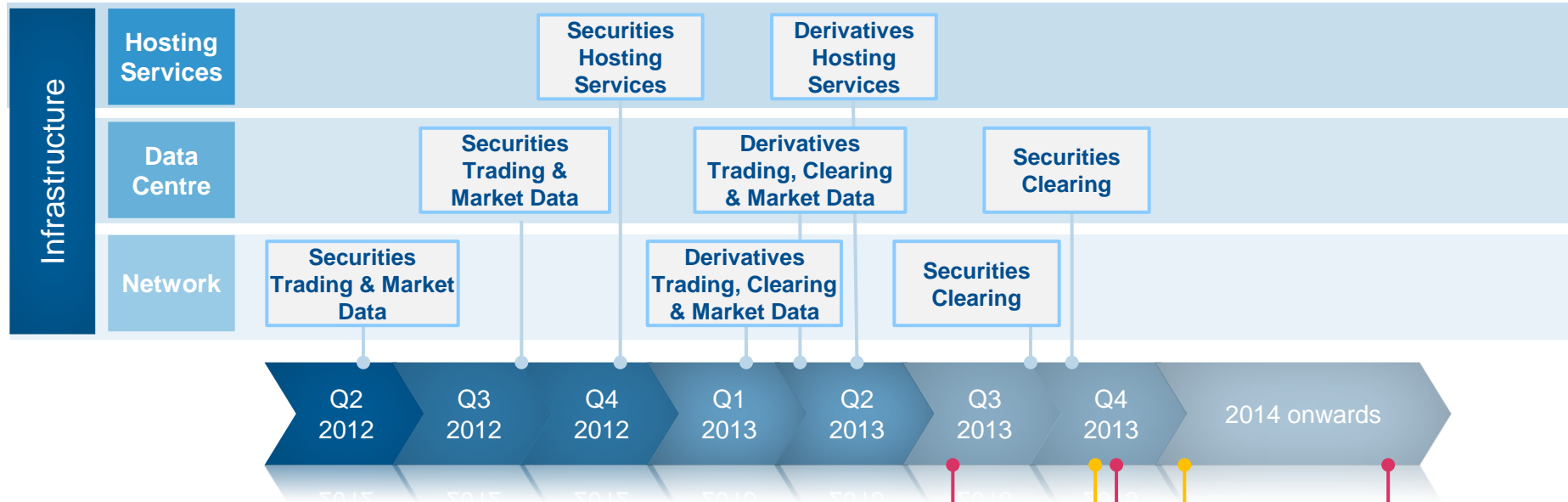
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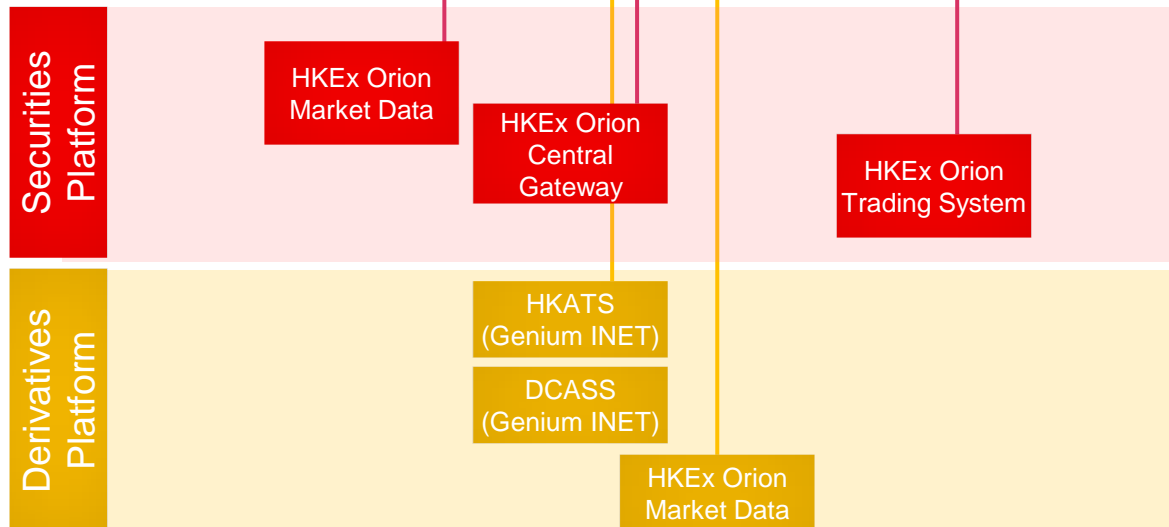
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Q&A

Implementation Schedule

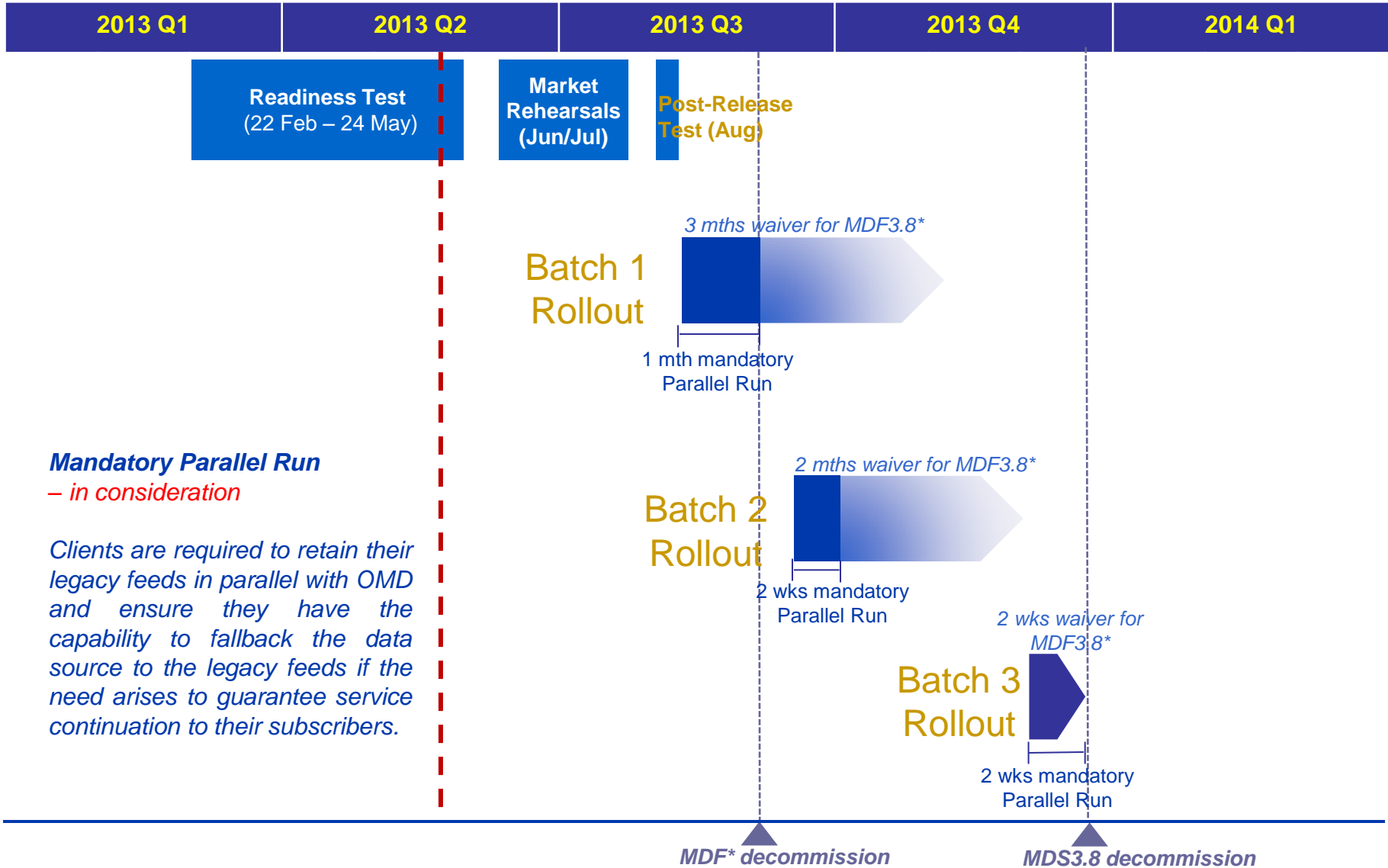


Project	Original Launch Date	Revised Launch Date
OMD (Derivatives)	Q4 2013	Q1 2014
OMD (Cash)	May 2013	Q3 2013
SDNET/2 (AMS/MDS/IIS)	July 2012	N/A
SDNET/2 (HKATS/DCASS/PRS)	April 2013	N/A
SDNET/2 (CCASS)	September 2013	N/A



OMD-C Update

On-boarding Schedules & Activities



Mandatory Parallel Run
– in consideration

Clients are required to retain their legacy feeds in parallel with OMD and ensure they have the capability to fallback the data source to the legacy feeds if the need arises to guarantee service continuation to their subscribers.

MMDH Update

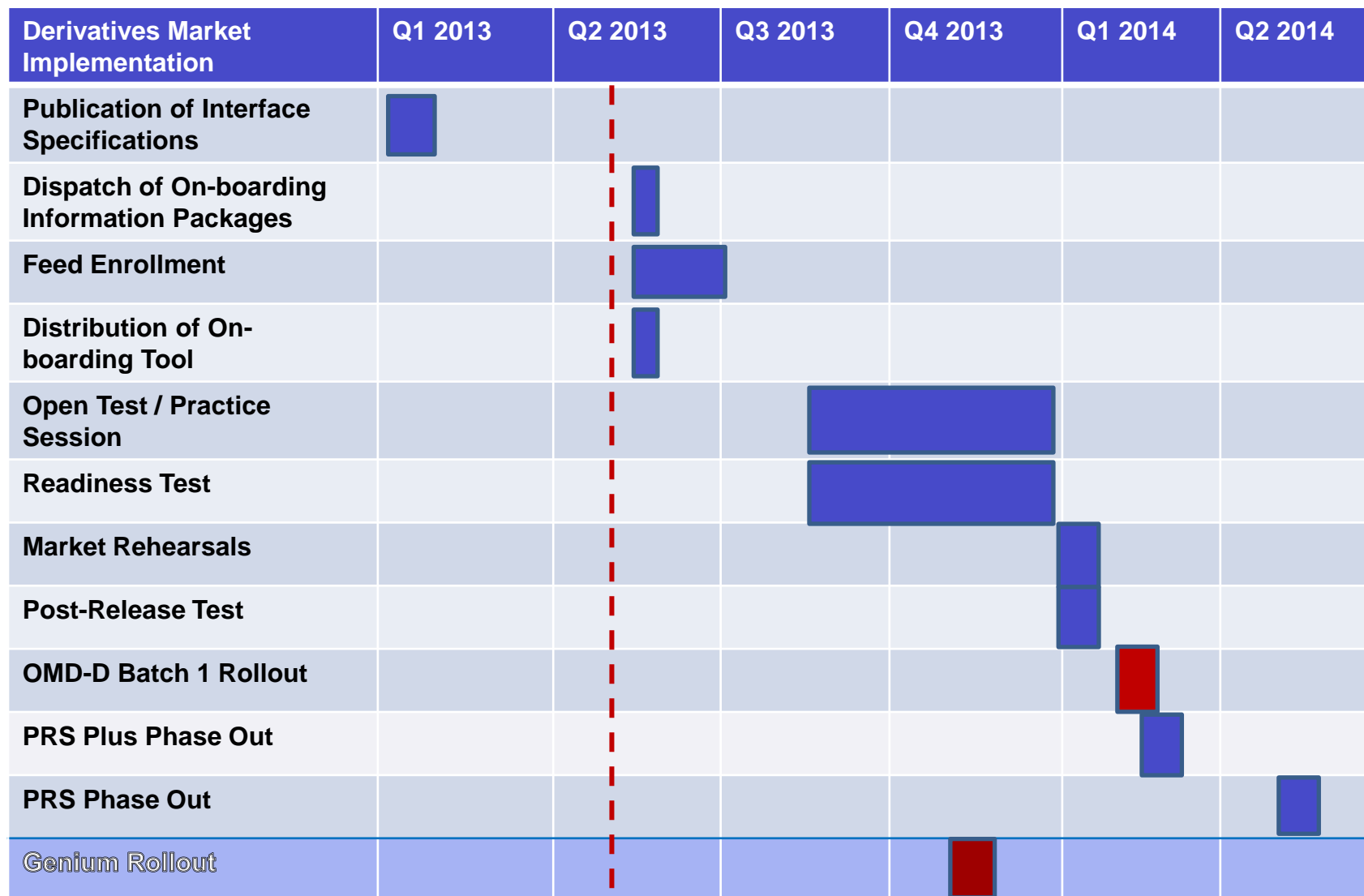
- On-boarding Schedules & Activities



		2013									
Action Items	Activities	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
On-boarding tools Testing	Clients to develop their system and perform on-boarding tools testing	[Green bar spanning Apr and May]									
Technical Briefing	Technical briefing will be given to enrolled clients		[Green bar in May]								
Testing Line Installation	Clients to install testing leased lines through local telcos			[Green bar spanning Jun and Jul]							
Certification Test	Clients to participate the certification test and declared their readiness					[Green bar spanning Aug and Sep]					
Production Lines Installation	Clients to install leased lines for production						[Green bar in Sep]				
Market Rehearsals	Client to participate and confirm results of the market rehearsals						[Green bar spanning Sep and Oct]				
Post-Release Test	Clients to participate and confirm results of the post release test							[Green bar in Oct]			
Initial Rollout of MMDH	MMDH goes live after successful completion of post-release test								[Red triangle in Oct]		
Stabilization Period	2 weeks of stabilization period upon initial rollout of MMDH								[Green bar in Nov]		

OMD-D

- Implementation Schedule



OMD-D

- Bandwidth Requirement (Update)



Bandwidth requirement is updated to reflect the latest business projection up to 2015:

Datafeed	Original Estimated Bandwidth			New Estimated Bandwidth		
	Non-SOM	SOM	Total	Non-SOM	SOM	Total
Derivatives Standard ("DS")	5M	20M	25M	5M	13M	18M
Derivatives Premium ("DP")	10M	60M	70M	8M	40M	48M
Derivatives FullTick ("DF")	10M	50M	60M	6M	33M	39M



	Original Business Projection	Revised Business Projection
Total No. of series	60,000	45,000
Series Update rate	25,000	16,000

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Upcoming Client Activities



Upcoming Client Activities

Securities Market

OMD-C Batch 1 On-boarding

- Completion of Readiness Test
- Declaration of Readiness
- Installation of Production Circuits
- Market Rehearsal
- Post Release Test
- Parallel Run with MDS 3.8

OMD-C Batch 2 On-boarding

- Installation of Testing Circuits
- End-to-End Test

Derivatives Market

Relocation of Data Centre

- Activation of TKODC as backup site
- Promotion of TKODC as primary site

Trading/Clearing System Upgrade to INET Genium Platform

- Adaption of PRS and PRS Plus
- Introduction of Tailor-Made Combo

Stock Options Revamp

- Fourth Calendar Month Contract
- Narrow Spread

OMD-C Batch 1 On-boarding

Client Activity	Schedule
Completion of Readiness Test	24 May 2013
Declaration of Readiness <ul style="list-style-type: none">• Submission of Completed Answer Book• Submission of Signed Declaration Form	31 May 2013
Installation of Production Circuits <ul style="list-style-type: none">• Promotion of testing circuits for production use• Installation of new circuits	Before MR
Market Rehearsal (MR) <ul style="list-style-type: none">• Participation of all production connections• Demonstration of capability of fallback to MDS 3.8	Jun / Jul 2013
Post Release Test	Aug 2013
Parallel Run with MDS 3.8	3 months

OMD-C Batch 2 On-boarding

Client Activity	Schedule
Return of Connection Confirmation Form	24 May 2013
Installation of Testing Circuits	Before Mid Jun 2013
On-boarding End-to-End Test <ul style="list-style-type: none"> • Open Test (Thu) <ul style="list-style-type: none"> – Loop test with AMS/3.8 – Volume test • Practice Session (Tue) <ul style="list-style-type: none"> – Same as Batch 1 • Readiness Test (Mon, Wed & Fri) <ul style="list-style-type: none"> – Same as Batch 1 	Mid Jun – Aug 2013
Market Rehearsal (MR)	Aug/Sep 2013
Post-Release Test	Sep 2013
Parallel Run with MDS 3.8	2 months

OMD-C Batch 3 On-boarding

Client Activity	Schedule
Installation of Testing Circuits	Before Mid Aug 2013
On-boarding End-to-End Test <ul style="list-style-type: none">• Open Test (Thu)<ul style="list-style-type: none">– Loop test with AMS/3.8– Volume test• Practice Session (Tue)<ul style="list-style-type: none">– Same as Batch 1• Readiness Test (Mon, Wed & Fri)<ul style="list-style-type: none">– Same as Batch 1	Mid Aug – Oct 2013
Market Rehearsal	Nov 2013
Post-Release Test	Nov 2013
Parallel Run with MDS 3.8	2 weeks

Relocation of Data Centre for Derivatives Market

Client Activity	Schedule
Post Release Test 1 <ul style="list-style-type: none">Activation of TKODC as the backup site for PRS	11 May 2013
TKODC being the backup site for Derivatives Market Systems	13 – 24 May 2013
Post Release Test 2 <ul style="list-style-type: none">Promotion of TKODC as the primary site for PRSClients to swap the IP addresses for connections to the primary and backup sites	25 May 2013

Derivatives Market Trading/Clearing System Upgrade to INET Genium Platform

Client Activity	Schedule
Provision of canned data by HKEx	Jun 2013
System enhancement and testing	Before MR
Market Rehearsal (MR)	3 rd Quarter 2013
Post Release Test	4 th Quarter 2013

Derivatives Market Trading/Clearing System Upgrade to INET Genium Platform

Adaptation of PRS

- All PRS and PRS Plus messages remain unchanged
- New set of Instrument Codes for calendar spread contracts
 - Existing: 9 codes (119, 120, 121, 122, 149, 150, 151, 152, 165)
 - Genium: 23 codes (201 to 223)
- New Instrument Code (250) for Tailor-Made Combo

Derivatives Market Trading/Clearing System Upgrade to INET Genium Platform

Tailor-Made Combo (TMC)

- Replacement of Bulletin Board as non standard combination trade facility
- Instrument Code = 250
- Maximum number of legs = 4
- Exchange Participants are able to specify their TMC series comprising futures and/or options series during the trading day
- All TMC series and TMC outstanding orders will be removed during day end processing

Stock Options Revamp – Narrow Spread

Client Activity	Schedule
Provision of canned data by HKEx	Jun 2013
System enhancement and testing, if any	Before MR
Market Rehearsal (MR)	Tentatively 2 weeks after Genium rollout
Post Release Test	Tentatively 4 weeks after Genium rollout

Stock Options Revamp

Narrow Spread

- Reduction of minimum trading spread in selected stock options classes can be HK\$0.01 or HK\$0.001
- New trading symbols for selected stock option classes with reduced minimum trading spread will be introduced for trading in parallel with old trading symbols
- The outstanding contracts under the old trading symbols will be expired gradually without new option series and expiry months being introduced
- PRS and PRS Plus can currently support Narrow Spread as the implied decimal places in prices is not fixed but specified in Series Definition messages
- Clients should not hardcode the implied decimal places

Q&A

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Thank you!