

A. General

1. These Procedures are prescribed by the Board of Hong Kong Futures Exchange Limited ("the Exchange") pursuant to Exchange Rules 628 and 633 (the "Procedures" and supersede (i) the Large Open Position (Reporting) Procedures attached to the Circular to Members of 30 January 1997 (Ref: CMP/CIR/9701010), (ii) the threshold of reporting Large Open Positions for HSI futures and options and the time frame of filing Large Open Position Reports with the Exchange set forth in the Circular to Members of 29 August 1998 (Ref: CIR/CMP/990271) and (iii) Large Open Position Reporting Level for HSI Futures and Options set forth in the Circular to Exchange Participants of 4 February 2002 (Ref: CIR/EBU/2002/049). Unless otherwise indicated, all terms in the Procedures shall have the meanings assigned to them in the Exchange Rules.
2. Any Exchange Participant holding for its own account or for each of its Clients, as the case may be, an amount of net or gross open positions in a particular futures contract month or options series in excess of the specified number of any one futures contract month or any one series will be considered as holding a Large Open Position. Please note that this is similar to the concept of "Reporting Level" prescribed in the Securities and Futures (Contracts Limits and Reportable Position) Rules (the "SF Rules").
3. Any Exchange Participant holding positions in excess of a Large Open Position for its own account or for each of its Clients shall file a Large Open Position Report with the Exchange, in accordance with these Procedures, no later than 12:00 noon of the next Business Day of the relevant market after the positions are opened or accumulated, and continue to make reports for as long as the Exchange Participant holds a Large Open Position.

B. Reporting by Exchange Participants to the Exchange

1. Stock Index Futures, Stock Index Options, Stock Futures, Options on Stock Futures, Interest Rate Futures and Exchange Fund Note Futures
 - a. Positions held by Exchange Participants – where an Exchange Participant holds for its own account, open positions in excess of the number of contracts specified in Schedule A, the Exchange Participant shall file a Large Open Position Report in the form specified at Appendix A.
 - b. Positions held by Clients – where an Exchange Participant holds on behalf of a Client, open positions in excess of the number of contracts specified in Schedule A, the Exchange Participant shall file a Large Open Position Report in the form specified at Appendix A.
2. Large Open Position Report Contents
 - a. In making a Large Open Position Report, an Exchange Participant shall provide the Exchange the following information:
 - i. the account number;
 - ii. the account name;
 - iii. the ultimate beneficial owner of the account (the "ultimate beneficial identity");
 - iv. the transaction originator (if the instruction in relation to a transaction is not originated by the ultimate beneficial identity);
 - v. whether the person reporting the position is the ultimate beneficial identity, transaction originator or omnibus account operator;
 - vi. the type of account (i.e. house account, client account or registered trader account);
 - vii. the nature of the reportable position (i.e. for hedging, trading or arbitraging purpose);
 - viii. the contract type;
 - ix. the contract series (HSIO only); and
 - x. number of long and/or short position held for each delivery month for each Large Open Position.

- b. Where an Exchange Participant holds position on behalf of an omnibus account operator, each sub-account shall be treated separately as a Client for the purposes of calculating and reporting Large Open Positions.
- c. Where an Exchange Participant is aware that a number of its Client accounts are held for the same Client, these accounts should be aggregated in calculating whether a Large Open Position exists and in reporting the positions held.

C. Reporting by a person other than an Exchange Participant

1. An Exchange Participant shall inform its Clients the reporting requirements and the responsibilities of reporting set out in the Exchange Rules, these Procedures and the SF Rules and related guidance notes issued by the Securities and Futures Commission.
2. A person (e.g. a Client) holding positions in excess of a Large Open Position can choose to submit the Large Open Position Report to the Exchange directly or through an Exchange Participant. Where positions are held by a person with more than one Exchange Participant and notwithstanding that positions separately held by each of these Exchange Participants for the Client may not have exceeded the Large Open Position, the Client may instruct any of these Exchange Participants to report Large Open Positions to the Exchange on his behalf such that the total number of positions reported shall represent the total number of positions which are held by the Client.

Large Open Position (Reporting) Procedures

Schedule A (Updated on 1 April 2003)

Stock Index Futures	
Contracts*	Large Open Positions
Hang Seng Index Futures	500 net long or net short contracts in any one contract month
Mini-Hang Seng Index Futures	2,500 net long or net short contracts in any one contract month
MSCI China Free Index Futures	500 net long or net short contracts in any one contract month
Dow Jones Industrial Average Futures	1,000 net long or net short contracts in any one contract month
Hang Seng Commerce & Industry Sub-Index Futures	50 net long or net short contracts in any one contract month
Hang Seng Finance Sub-Index Futures	50 net long or net short contracts in any one contract month
Hang Seng Properties Sub-Index Futures	50 net long or net short contracts in any one contract month
Hang Seng Utilities Sub-Index Futures	50 net long or net short contracts in any one contract month
Hang Seng China-Affiliated Corporations Index Futures	500 net long or net short contracts in any one contract month
HKFE Taiwan Index Futures	500 net long or net short contracts in any one contract month
Hang Seng 100 Futures	500 net long or net short contracts in any one contract month

Stock Index Options	
Contracts*	Large Open Positions
Hang Seng Index Options	500 net long or net short contracts in any one series**
Mini-Hang Seng Index Options	2,500 net long or net short contracts in any one series**
Hang Seng Properties Sub-Index Options	50 net long or net short contracts in any one series**
Hang Seng China-Affiliated Corporations Index Options	500 net long or net short contracts in any one series**
HKFE Taiwan Index Options	500 net long or net short contracts in any one series**
Hang Seng 100 Options	500 net long or net short contracts in any one series**

Stock Futures	
Contracts*	Large Open Positions
Hong Kong Stock Futures	1,000 gross contracts in any one contract month
US Stock Futures	10,000 gross contracts in any contract one month
Japanese Stock Futures	10,000 gross contracts in any contract one month
Korean Stock Futures	1,000 gross contracts in any contract one month
Taiwanese Stock Futures	1,000 gross contracts in any one contract month

Options on Stock Futures	
Contracts*	Large Open Positions
Options on US Stock Futures	10,000 gross contracts in any one contract month**
Options on Japanese Stock Futures	10,000 gross contracts in any one contract month**
Options on Korean Stock Futures	1,000 gross contracts in any one contract month**
Options on Taiwanese Stock Futures	1,000 gross contracts in any one contract month**

Interest Rate Futures	
Contracts*	Large Open Positions
Three Month HIBOR Futures	1,000 net long or net short contracts in any one contract month; or 4,000 net long and net short contracts in all contract months
One Month HIBOR Futures	1,000 net long or net short contracts in any one contract month; or 4,000 net long and net short contracts in all contract months

Exchange Fund Note Futures	
Three-year Exchange Fund Note Futures	1,000 net long or net short contracts in any one contract month except that the LOP for the Spot Month EFN Futures Contract during the last 6 Trading Days shall be 200 contracts

* Contract Abbreviations:

Index Futures

HSIF	= Hang Seng Index Futures Contract
MHIF	= Mini-Hang Seng Index Futures Contract
CFIF	= MSCI China Free Index Futures Contract
DJIF	= Dow Jones Industrial Average Futures Contract
HSCF	= Hang Seng Commerce & Industry Sub-Index Futures Contract
HSFF	= Hang Seng Finance Sub-Index Futures Contract
PSIF	= Hang Seng Properties Sub-Index Futures Contract
HSUF	= Hang Seng Utilities Sub-Index Futures Contract
RCIF	= Hang Seng China-Affiliated Corporations Index Futures Contract
TWIF	= HKFE Taiwan Index Futures Contract
HHIF	= Hang Seng 100 Futures Contract

Index Options

HSIO	= Hang Seng Index Option Contract**
MHIO	= Mini-Hang Seng Index Option Contract**
PSIO	= Hang Seng Properties Sub-Index Option Contract

RCIO = Hang Seng China-Affiliated Corporations Index Option Contract
TWIO = HKFE Taiwan Index Option Contract
HHIO = Hang Seng 100 Option Contract

Stock Futures

Hong Kong Stock Futures

BEAF = The Bank of East Asia, Ltd. Futures Contract
BOCF = BOC Hong Kong (Holdings) Ltd. Futures Contract
CPAF = Cathay Pacific Airways Ltd. Futures Contract
CKHF = Cheung Kong (Holdings) Ltd. Futures Contract
CKIF = Cheung Kong Infrastructure Holdings Ltd. Futures Contract
CMHF = China Merchants Holdings (International) Co. Ltd. Futures Contract
CHTF = China Mobile (Hong Kong) Ltd. Futures Contract
CPCF = China Petroleum & Chemical Corporation Futures Contract
CREF = China Resources Enterprise, Ltd. Futures Contract
CHUF = China Unicom Ltd. Futures Contract
CITF = CITIC Pacific Ltd. Futures Contract
CLPF = CLP Holdings Ltd. Futures Contract
CNCF = CNOOC Limited Futures Contract
COSF = COSCO Pacific Ltd. Futures Contract
HSBF = Hang Seng Bank Ltd. Futures Contract
HLDF = Henderson Land Development Co. Ltd. Futures Contract
HKGF = Hong Kong and China Gas Co. Ltd. Futures Contract
HEXF = Hong Kong Exchanges and Clearing Ltd. Futures Contract
HEHF = Hongkong Electric Holdings Ltd. Futures Contract
HHLF = Hopewell Holdings Ltd. Futures Contract
HKBF = HSBC Holdings Plc. Futures Contract
HNPF = Huaneng Power International, Inc. Futures Contract
HWLF = Hutchison Whampoa Ltd. Futures Contract
JSEF = Johnson Electric Holdings Ltd. Futures Contract
LEHF = Legend Group Ltd. Futures Contract
LIFF = Li & Fung Ltd. Futures Contract
MTRF = MTR Corporation Ltd. Futures Contract
NWDF = New World Development Co. Ltd. Futures Contract
PCCF = PCCW Ltd. Futures Contract
PECF = PetroChina Co. Ltd. Futures Contract
SIHF = Shanghai Industrial Holdings Ltd. Futures Contract
SHKF = Sun Hung Kai Properties Ltd. Futures Contract
SWAF = Swire Pacific Ltd. A Futures Contract
WHLF = The Wharf (Holdings) Ltd. Futures Contract

US Stock Futures

CSCF = Cisco Systems, Incorporated Futures Contract
INTF = Intel Corporation Futures Contract
IBMF = International Business Machines Corporation Futures Contract
MSFF = Microsoft Corporation Futures Contract
ORCF = Oracle Corporation Futures Contract

Japanese Stock Futures

FUJF	= Fujitsu Limited Futures Contract
NTTF	= Nippon Telegraph & Telephone Corporation Futures Contract
DCMF	= NTT DoCoMo, Incorporated Futures Contract
SNEF	= Sony Corporation Futures Contract
TMCF	= Toyota Motor Corporation Futures Contract

Korean Stock Futures

KEPF	= Korea Electric Power Corporation Futures Contract
KTCF	= KT Corporation Futures Contract
SAMF	= Samsung Electronics Company, Limited Futures Contract
SKCF	= SK Telecom Company Limited Futures Contract
KKMF	= Kookmin Bank Futures Contract

Taiwanese Stock Futures

MOSF	= Mosel Vitelic Incorporated Futures Contract
RKCF	= Ritek Corporation Futures Contract
TSMF	= Taiwan Semiconductor Manufacturing Company Limited Futures Contract
UMCF	= United Microelectronics Corporation Futures Contract
WINF	= Winbond Electronics Corporation Futures Contract

Options on Stock Futures

Options on US Stock Futures

CSCO	= Options on Cisco Systems, Incorporated Futures Contract
INTO	= Options on Intel Corporation Futures Contract
IBMO	= Options on International Business Machines Corporation Futures Contract
MSFO	= Options on Microsoft Corporation Futures Contract
ORCO	= Options on Oracle Corporation Futures Contract

Options on Japanese Stock Futures

FUJO	= Options on Fujitsu Limited Futures Contract
NTTO	= Options on Nippon Telegraph & Telephone Corporation Futures Contract
DCMO	= Options on NTT DoCoMo, Incorporated Futures Contract
SNEO	= Options on Sony Corporation Futures Contract
TMCO	= Options on Toyota Motor Corporation Futures Contract

Options on Korean Stock Futures

KEPO	= Options on Korea Electric Power Corporation Futures Contract
KTCO	= Options on KT Corporation Futures Contract
SAMO	= Options on Samsung Electronics Company Limited Futures Contract
SKCO	= Options on SK Telecom Company Limited Futures Contract
KKMO	= Options on Kookmin Bank Futures Contract

Options on Taiwanese Stock Futures

MOSO	= Options on Mosel Vitelic Incorporated Futures Contract
RKCO	= Options on Ritek Corporation Futures Contract
TSMO	= Options on Taiwan Semiconductor Manufacturing Company Limited Futures Contract
UMCO	= Options on United Microelectronics Corporation Futures Contract
WINO	= Options on Winbond Electronics Corporation Futures Contract

Interest Rate Futures

HB3F	= Three-Month HIBOR Futures Contract
HB1F	= One-Month HIBOR Futures Contract

Exchange Fund Note Futures

EF3F	= Three-year Exchange Fund Note Futures Contract
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** An option series means all option contracts of the same type (ie: a put option and a call option are of different option types) with the same Strike Price and the same Expiry Day.

Please note: Upon the introduction of new Contracts, the Exchange will advise Exchange Participants of the relevant Large Open Positions from time to time. Exchange Participants are required to report positions in excess of the Large Open Positions in new Contracts even though this Schedule A has not been updated. Exchange Participants should ensure that they are aware of the latest information.

Monitoring Large Open Positions

628. (a) The Board shall from time to time specify the number of open contracts in a particular futures contract month or option series in a particular Market carried or held by Exchange Participants on behalf of any Client or for their own account which is to be regarded as a Large Open Position for the purpose of this Rule.
- (b) Every Exchange Participant shall make reports to the Chief Executive or any designated HKEx staff of its Large Open Positions in such form and with such frequency as may from time to time be prescribed by the Board.
- (c) The Chief Executive or any designated HKEx staff may require Exchange Participants to supply such information in respect of a Large Open Position report as he deems appropriate.

Client-Based Delta Position Limits

- 632A. (a) Without prejudice to the provisions of Rules 629 to 632, no person shall own or control positions in the Hang Seng Index ("HSI" Futures, HSI Options, Mini-HSI Futures and Mini-HSI Options Markets combined that exceed a position delta of 10,000 long or short in all contract months combined, or own or control positions in the Mini-HSI Futures Market or Mini-HSI Options Market that exceed a position delta of 2,000 long or short in all contract months combined. For this purpose, the position delta of one Mini-HSI 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. Exchange Participants shall advise Clients of these position limits.
- (b) For the purpose of this Rule, the positions of all accounts under the direct or indirect common control or management of a person, and the positions of all accounts of a person or persons acting pursuant to an express or implied agreement or understanding, shall be subject to aggregation by the Exchange.
- (c) The Chief Executive, or his designee, shall require an Exchange Participant or Exchange Participants carrying an account or aggregated accounts in excess of the position limit to liquidate positions necessary to bring the account or aggregated accounts into compliance with the position limits. In the case of aggregated accounts in excess of the position limits that are carried by more than one Exchange Participant, the Chief Executive, or his designee, shall in his discretion require each affected Exchange Participant to close out as many positions as he may direct, to bring the aggregated accounts into compliance with the position limits. In exercising this discretion, the Chief Executive, or his designee, shall take into account the proportion of the aggregated accounts held by each Exchange Participant. The Chief Executive, or his designee, in directing the timing and procedure for any closing of positions pursuant to this Rule shall take into account the orderly operation of the markets.
- (d) Exchange Participants which knowingly contravene this Rule or which fail to comply with any directions provided under this Rule shall be liable to disciplinary proceedings.

Contract Limits and Reportable Positions Prescribed by the Commission under Section 35(1) of the Securities and Futures Ordinance

633. (a) (deleted)
- (b) The Board may adopt procedures to assist Exchange Participants and their Clients in complying with contract limits and reportable positions prescribed by the Commission under Section 35(1) of the Ordinance, including procedures for the acceptance from Clients of reports in relation to their reportable positions.
- (c) Exchange Participants shall inform their Clients of the reporting requirements and the responsibilities of reporting set out in these Rules, Regulations and Procedures and in the Securities and Futures (Contracts Limits and Reportable Positions) Rules and related guidance notes issued by the Commission.