



HKEX TO LAUNCH ITS FIRST ASIA COMMODITIES CONTRACTS

Hong Kong Exchanges and Clearing Limited (**HKEx**) announced yesterday, 22 April 2014, that it plans to launch its commodities business with four futures contracts that will be traded in its derivatives market. The four futures contracts are:

- London Aluminium Mini Futures;
- London Zinc Mini Futures;
- London Copper Mini Futures; and
- API 8 Thermal Coal Futures

HKEx aims to introduce the contracts later this year, pending regulatory approval and market readiness.

HKEx stated that the rationale behind the new business is to meet the needs of the industry in Asia and to provide currency convenience through contracts in RMB.

The new business is a further step to expand HKEx's commodities business following its acquisition of the London Metal Exchange (**LME**) in 2012.

Basic market information

The following table contains the basic market information provided by HKEx in relation to the commodities covered by the proposed futures contracts:

	Aluminium	Copper	Zinc	Thermal Coal
Major Users	<ul style="list-style-type: none">• Construction• Packaging• Transportation• Automotive	<ul style="list-style-type: none">• Construction• Electronics• Automotive	<ul style="list-style-type: none">• Construction• Automotive• Batteries	<ul style="list-style-type: none">• Electricity

Consumption in China as a Percentage of World Consumption	45%	44%	44%	45%
Year-on-year Growth in 2013	8%	11%	11%	5%

Key contract specifications

All four contracts will be traded on the Hong Kong Futures Exchange Limited (**HKFE**) and cleared through HKFE Clearing Corporation Limited. They will all be monthly cash-settled futures contracts. The key contract specifications which are subject to regulatory approval are summarised in the table below.

	London Aluminium Mini Futures	London Zinc Mini Futures	London Copper Mini Futures	API 8 Thermal Coal Futures
Underlying Commodity	High Grade Primary Aluminium as defined in the LME Rules	Special High Grade Zinc as defined in the LME Rules	Copper – Grade A as defined in the LME Rules	API 8 Thermal Coal Index
Contract Size	5 tonnes			200 tonnes
Trading and Settlement Currency	RMB			US dollar
Contract Months	Spot Month and the next eleven calendar months (monthly contracts)			Spot Month and the next twenty-three calendar months (monthly contracts)
Trading Hours	9:00 am to 4:15 pm (day trading session) and 5:00 pm to 1:00 am (after-hours trading session)			8:00 am to 4:15 pm (day trading session) and 5:00 pm to 1:00 am (after-hours trading session)
Trading Platform	Hong Kong Futures Automated Trading System (HKATS)			
Tick Size	RMB 5 / tonne		RMB 10 / tonne	USD 0.01 / tonne
Last Trading Day	Two business days before the 3rd Wednesday of the spot month			The last Friday of the Contract Month
Final Settlement Price	Official Settlement Price determined and published by the LME on the Last Trading Day			The monthly average API 8 Index published in the <i>Argus/McCloskey's Coal Price Index Report</i> on the last Friday of the expiring Contract Month
Settlement Method	Cash-settled			
Holiday Schedule	Follow HKEx holiday schedule			

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