HKEx 香港交易所

編號
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香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)
The Stock Exchange of Hong Kong Limited
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Operational Trading Procedures for Options Trading Exchange Participants (the "Procedures") of The Stock Exchange of Hong Kong Limited ("SEHK")

Enquiry : HKATS Hotline : 2211 6360

Holders of SEHK Trading Rights and Exchange Participants of SEHK are requested to note that the Securities and Futures Commission has approved amendments to the Procedures of SEHK for the purposes of:

(i) including four corporate events ("Corporate Events") into the Procedures such that capital adjustments in relation to the Corporate Events will no longer have to be decided on a case by case basis by SEHK in consultation with The SEHK Options Clearing House Limited and the Commission; and

(ii) setting out adjustment methods in respect of each of the Corporate Events.

The amendments, as set out in the Appendix, will come into effect on 29 June 2015.

The marked-up version of the amendments can be downloaded from the "Rule Update - Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange" section of the HKEx website.

Christine Wong
Chief Counsel & Head
Legal Services Department

HKEx 香港交易所

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通告 CIRCULAR

事項: 期權買賣交易所參與者交易運作程序之修訂

查詢: HKATS Hotline : 2211 6360

請各位香港聯合交易所有限公司交易權持有人及交易所參與者注意，證券及期貨事務監察委員會已批准期權買賣交易所參與者交易運作程序如下之修訂：

(i) 在規則中加入四類公司事件（「公司事件」），以使此後聯交所毋須再個別就公司事件所涉及的資本調整而諮詢香港聯合交易所期權結算所有限公司及證監會作出決定；及

(ii) 載列每類公司事件的調整方法。

載於附件(只有英文版)之修訂由 2015 年 6 月 29 日起生效。

有關規則的標明修訂本可在香港交易所網站之"規則修訂 - 期權買賣交易所參與者交易運作程序 - 聯交所"中下載。

法律服務部
首席法律顧問及主管
黃凱明 謹啟

Appendix

Operational Trading Procedures for Options Trading Exchange Participants

Chapter 8: Special Events

8.2 Circumstances Which May Give Rise to Capital Adjustment

Special events like offering of shares in another company and change of domicile are not common entitlement or corporate events and standard adjustments may not be applicable. Under such circumstances, the Exchange, in consultation with SEOCH and the Commission, will decide on a case by case basis whether an adjustment is needed, and if so, the adjustment method.

8.2.1 Entitlement Events

Entitlement events generally take the form of a dividend payment, cash bonus, rights issue, bonus issue of shares, bonus issue of warrants or spin-off (with entitlement).

For rights issues, bonus issue of shares, bonus issue of warrants and spin-off, the Exchange will perform a capital adjustment irrespective of its size in relation to the underlying market price.

8.2.2 Corporate Action Events

Corporate action events may take the form of share sub-division, share consolidation, merger and privatisation.

The Exchange will **always** perform a capital adjustment irrespective of the corporate action's effect on the underlying market price.

8.3 Standard Adjustment Methodology

For each capital adjustment, there will be an adjustment ratio. In each case, the old exercise price of the option contract will be **multiplied** by this adjustment ratio to obtain the **adjusted exercise price**. The corresponding **adjusted contract size** is obtained by **dividing** the old contract value by the adjusted exercise price. The old contract value is simply the product of the old exercise price and the old contract size.

The following table describes the rules for all the standard capital adjustment events.

Figure 1: Standard Terms of Capital Adjustments

Event	**Adjusted Exercise Price (AEP) =**	**Adjusted Contract Size (ACS) =**
Rights Issue ‘A’ new shares for ‘B’ old shares at C amount per share; where it closes at closing price S on the last trading day prior to ex-rights day.	Old Exercise Price (OEP) times[1]: $\frac{B + (A*C/S)}{A+B}$	$\frac{\text{OEP * Old Contract Size}}{\text{AEP}}$

Bonus Issue of Shares 'A' new shares for 'B' old shares.	Old Exercise Price (OEP) times: B --------------- A+B	OEP * Old Contract Size ------------------------ AEP
Bonus Issue of Warrants W is the theoretical value of bonus warrant entitlement per share one day prior to ex-date [2]. OD is ordinary cash dividend. The share closes at closing price S on the last trading day prior to the ex-date.	Old Exercise Price (OEP) times: S - OD - W --------------- S - OD Note: OD shall be deducted from S only if OD and the bonus warrants have the same ex-date.	OEP * Old Contract Size ------------------------ AEP
Share Consolidation X shares consolidate into Y shares.	Old Exercise Price (OEP) times: X -- Y	OEP * Old Contract Size ------------------------ AEP
Share Sub-division X shares sub-divided into Y shares.	Old Exercise Price (OEP) times: X -- Y	OEP * Old Contract Size ------------------------ AEP
Merger (Shares+Cash) Y shares in new company and Z amount of cash for every X shares in old company; where it closes at closing price S on its last trading day.	Old Exercise Price (OEP) times: X-Z/S -- Y	OEP * Old Contract Size ------------------------ AEP

Merger (Shares Only) Y shares in new company for X shares in old company.	Old Exercise Price (OEP) times: $\frac{X}{Y}$	$\frac{\text{OEP * Old Contract Size}}{\text{AEP}}$
Privatisation / Merger (Cash Only)	• The Exchange will announce a Last Day of Dealing ("LDD") on the contracts, which is subject to conditions of the offer being satisfied. • Contracts will be cash-settled based on the share offer price/cancellation price immediately after the LDD if the offer has become unconditional. • No physical delivery of the underlying shares will be involved.	
Spin-off[3] (with Entitlement) E is the value of the entitlement of the spin-off calculated using VWAP[4] on its first trading day. OD is ordinary cash dividend. The share closes at closing price S on the last trading day prior to the ex-date.	Old Exercise Price (OEP) times: $\frac{S - OD - E}{S - OD}$ Note: OD shall be deducted from S only if OD and the entitlement have the same ex-date.	$\frac{\text{OEP * Old Contract Size}}{\text{AEP}}$
Other forms of Cash Distribution (CD), such as a special dividend, cash bonus or extraordinary dividend No capital adjustment unless CD is 2% or more of the share's closing price on the dividend announcement day.	Old Exercise Price (OEP) times: $\frac{S - OD - CD}{S - OD}$ Note: OD shall be deducted from S only if OD and CD have the same ex-date.	$\frac{\text{OEP * Old Contract Size}}{\text{AEP}}$

OD is ordinary cash dividend. The share closes at closing price S on the last trading day prior to the ex-date.		
The shaded area is the "adjustment ratio"		

[1] Capital adjustment will only be made if the adjustment ratio is smaller than 1.

[2] The theoretical value is determined by SEOCH based on such pricing parameters from such market makers as it may consider appropriate.

[3] No capital adjustment will be made in respect of any preferential offering arising from a spin-off as entitlement will not be extended to all shareholders. Capital adjustments in respect of spin-offs which do not involve the listing of the relevant company's shares will be considered on a case-by-case basis.

[4] The Volume Weighted Average Price (VWAP) is determined by calculating the summation of the value of each transaction (i.e. price multiplied by number of shares traded) and then dividing it by the total shares traded for the day.

In cases where a cash or scrip alternative is offered, the capital adjustments will be based on the cash version of the payout. If the cash payment is in a currency other than that in which the underlying securities are traded, it will be converted to that currency at the conversion rate determined by SEOCH.