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通告 CIRCULAR

事項

Subject: **Lower the In-The-Money Triggering Percentage for Automatic Generation of Stock Options Exercise Requests**

查詢

Enquiry: **DCASS Hotline 2979 7222**

On an expiry day for stock options, the Derivatives Clearing and Settlement System (DCASS) will automatically generate exercise requests for each and every open long position in the spot month stock options contracts which is in-the-money ("ITM") by or above the percentage ("ITM Triggering Percentage") prescribed by The SEHK Options Clearing House Limited ("SEOCH") from time to time. The current ITM Triggering Percentage has been set at 3% since 1997.

To reduce operational workload of SEOCH Participants in handling exercise requests manually via DCASS on the expiry day, the ITM Triggering Percentage will be lowered from 3% to 1.5% with effect from the first expiry day of 2008, i.e. 30 January 2008 onward.

The lowering of the ITM Triggering Percentage should not affect the decision of SEOCH Participants or their clients on whether to exercise an options contract or not. Participants may elect to deny any automatically generated exercise requests before the DCASS input cutoff time at 6:45 p.m. on the expiry day. For open long positions in spot month contracts below the ITM Triggering Percentage, Participants still need to make exercise requests through manual input via DCASS if they or their clients choose to do so.

Participants are advised to discuss with their technical support staffs and/or their system vendors to assess whether any relevant changes to their back office systems are required in this connection. They are also advised to make any necessary operational arrangements, where appropriate, and communicate with their clients in relation to this change in the ITM Triggering Percentage.

For any enquiries, please contact the DCASS hotline at 2979 7222.

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