

Operational Trading Procedures for Options Trading Exchange Participants

APPENDIX B: OPTIONS CONTRACT SPECIFICATIONS

B4 Expiry Months

The contract expiry months will be:

- the spot month (i.e. the month in which the next expiring date occurs);
- the next two calendar months; and
- the next two calendar quarter months (i.e. quarter months are March, June, September and December).

The Exchange may, in consultation with the Commission, introduce the third calendar quarter month and any other longer-dated expiry month in selected stock option classes as it deems necessary.

The increase in the number of expiry months will be announced prior to the effective day of trading.

B11 Tier Levels

All option classes are classified into two tiers. Different trading tariffs are applicable to Tier 1 and Tier 2 option classes as specified in Appendix A. The tier level of an option class is determined by the nominal value* of one board lot of the underlying stock fixed before introduction of the option class. An option class with a nominal value above HK\$20,000 will be classified as Tier 1 and an option class with a nominal value of HK\$20,000 or less will be classified as Tier 2.

Any determination of a tier level for a new option class will be notified to Options Trading Exchange Participants via HKATS, email or such other means as the Exchange considers appropriate.

* The nominal value will be determined according to the closing price of the underlying stock one trading day before the consultation with the Commission. When the underlying stock has no prior trading on the Exchange, the offer price per share of the public offering of the underlying stock (exclusive of brokerage, Transaction Levy and Investor Compensation Levy) will be used and in the event that the offer price is not available, the lowest offer price of the indicative offer price range stated in the prospectus will be used.