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CHAPTER 1

DEFINITIONS AND INTERPRETATION

~~“Bulletin Board Orderbook”~~

~~means a file resident in HKATS which contains the records of all unmatched strategy trade orders involving Options Contracts traded through HKATS;~~

CHAPTER 5

THE OPTIONS TRADING SYSTEM

General Provisions

500. (k) An Options Trading Exchange Participant shall be liable for all orders and Options Contracts arising from its connection to HKATS and recorded in the Central Orderbook ~~or Bulletin Board Orderbook~~ and the Transaction Register respectively of HKATS or other consequences resulting from the use of the Options Trading Exchange Participant's connection, regardless of whether or not such consequences resulted from the use of such connection by its Authorized Persons.
509. Each order shall be validly entered into HKATS at the time when it has been recorded in the Central Orderbook ~~or Bulletin Board Orderbook~~ of HKATS relating to the option series in respect of which the order was entered.
510. Except as otherwise determined by the Board in its absolute discretion, the recorded details of each order maintained in the Central Orderbook ~~or Bulletin Board Orderbook~~ of HKATS shall be conclusive evidence of the terms of each order entered into HKATS. No other evidence shall be admissible or otherwise recognized by any person in relation to determining whether an order has been entered into HKATS or in relation to determining the terms of any such order.
511. Except as otherwise determined by the Exchange, no Options Trading Exchange Participant shall, apart from an ability to check its own orders through HKATS, be entitled to have access to any information stored in the Central Orderbook ~~or Bulletin Board Orderbook~~ of HKATS or be able to enquire as to, or be entitled to discover, the identity of any person who has entered an order into the Central Orderbook ~~or Bulletin Board Orderbook~~.

Rules for Order Entry

- 522B. An Options Trading Exchange Participant may amend and cancel any order which has been entered into the Central Orderbook ~~or Bulletin Board Orderbook~~ of HKATS on behalf of a client or itself provided that the amendment or cancellation is made in compliance with the instructions of that client or the Options Trading Exchange Participant, as the case may be, and in accordance with the order number designated in respect of that particular order. The Exchange shall permit the amendment or cancellation of an order in accordance with the Operational Trading Procedures. Notwithstanding any provisions in the Operational Trading Procedures which limit the amendment or cancellation of orders to specified time periods, inactive orders of clients or the Options Trading Exchange Participant may be amended or cancelled at any time provided that the amendment or cancellation is made in compliance with the instructions of clients or the Options Trading Exchange Participant, as the case may be.

Bulletin Board

546. ~~The Bulletin Board shall apply to such Options Contract(s) as the Exchange may from time to time notify to Options Trading Exchange Participants.~~~~[Repealed]~~
547. ~~Where the Bulletin Board is applicable to any Options Contract(s), an Options Trading Exchange Participant may define and place orders for strategy trades involving such Options Contract(s) in the Bulletin Board Orderbook window for execution by other Options Trading Exchange Participants provided the following criteria are satisfied:~~~~[Repealed]~~
- ~~• a price shall be entered in respect of each strategy trade order;~~
 - ~~• the quantity shall be specified in respect of each option series (“leg”) comprising the strategy trade;~~
 - ~~• the total number of legs comprising each strategy trade shall not be less than two or more than eight; and~~
 - ~~• no two option series comprising a strategy trade shall be identical.~~
548. ~~Prior to placing a strategy trade into the Bulletin Board Orderbook window, an Options Trading Exchange Participant shall ensure that no other strategy trades exist in the Bulletin Board Orderbook window that could be matched by such strategy trade.~~~~[Repealed]~~
549. ~~Subject to Options Trading Rule 550, an Options Trading Exchange Participant may accept and execute a strategy trade placed in the Bulletin Board Orderbook window provided the following criteria are satisfied:~~~~[Repealed]~~
- ~~(i) notwithstanding that the Options Trading Exchange Participant may modify the price of any leg comprising the strategy trade, the prices of two or “x” minus two legs, whichever is greater, must satisfy the spread check rule;~~
 - ~~(ii) the price of any leg comprising the strategy trade must not deviate from the prevailing market price such that an Intra-day Margin would have been demanded by SEOCH; and~~
 - ~~(iii) the absolute values of the Net Price and the Calc Net Price are identical except that one is a positive number and the other is a negative number.~~

~~For the purpose of this Options Trading Rule 549,~~

~~“x” means the total number of legs comprising the strategy trade;~~

~~“spread check rule” refers to the requirement that the price of a particular leg comprising a strategy trade must be at or between the prevailing bid/offer prices for such leg provided that if no prevailing bid/offer prices exist in respect of such leg, the price specified shall be deemed to have satisfied the spread check rule;~~

~~“Net Price” means the net premium that the Options Trading Exchange Participant which placed the strategy trade is willing to pay or receive in respect of the strategy trade; and~~

~~“Calc Net Price” means the net premium that the Options Trading Exchange Participant which is accepting and executing the strategy trade is willing to pay or receive in respect of the strategy trade.~~

550. ~~Options Trading Exchange Participants shall adhere strictly to the price/time priority principle in executing strategy trades placed in the Bulletin Board Orderbook window. Any strategy trade which is not executed in accordance with the price/time priority principle will not be considered as a valid trade by the Exchange and, notwithstanding any provisions of these Rules or the Options Clearing Rules, will not be registered or cleared by SEOCH. In the event that an Options Trading Exchange Participant has been notified by the Exchange that a strategy trade is invalid on the Business Day during which the strategy trade is executed, the Exchange in conjunction with SEOCH will, without being required to give further notice to the Options Trading Exchange Participant, delete the invalid strategy trade from the Options System as if the strategy trade had never been executed. No action shall lie against and no liability of whatsoever nature and howsoever arising, whether in contract, tort or otherwise, shall be incurred by the Exchange or SEOCH directly or indirectly in connection with the deletion of any invalid strategy trades. [Repealed]~~
551. ~~Notwithstanding the provisions of the Second Schedule to these Options Trading Rules, a Market Maker in an Options Contract shall not be required to respond to a quote request for a strategy trade involving Options Contracts in the Bulletin Board Orderbook window. [Repealed]~~
552. ~~Notwithstanding the provisions of Options Trading Rule 522B, any amendment to an order for strategy trade involving Options Contracts in the Bulletin Board Orderbook window will result in the loss of time priority of the order. [Repealed]~~