

OPERATIONAL CLEARING PROCEDURES

PREFACE

SEOCH

The SEHK Options Clearing House Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, is responsible for performing the functions of a commercial clearing house for the clearing of standard contracts concluded on the options market administered by The Stock Exchange of Hong Kong Limited (“the Exchange”). Throughout this document, the clearing house is referred to as SEOCH.

Objective

This document (these Procedures), describes the operational procedures that a SEOCH Participant should follow for matters relating to clearing services provided by SEOCH.

SEOCH Participants & Options Trading Exchange Participants

References in this document to “Options Trading Exchange Participant” shall mean all Options Trading Exchange Participants including those which are not Participants of SEOCH. Participants of SEOCH are referred as SEOCH Participants.

The various functions and procedures related to SEOCH Participants are described in this document.

Other Documentation

The *DCASS User Guide* is a reference manual containing explanations of various functions and reports of DCASS.

For trading functions and Partnership matters which are not related to clearing, please refer to the *Operational Trading Procedures* and the *HKATS User’s Guide*.

For margin calculation, please refer to the manual entitled “*PRiME Margining Guide*” which describes in detail the portfolio risk margining system (“PRiME”), the methodology adopted by SEOCH for calculating margin, and examples of the calculation of margin requirements of SEOCH Participants using such methodology.

For CCMS operations, please refer to the manual entitled “*CCMS Terminal User Guide*” relating to the operation of CCMS.

Readership

All Options Trading Exchange Participants (especially those which are also SEOCH Participants) and their staff involved in or responsible for options business should ensure that they are familiar with these Procedures.

Exchange Participants which are considering enrolling to become Options Trading Exchange Participants are also advised to read these Procedures.

Amendments

From time to time, these Procedures may be amended, and Options Trading Exchange Participants and SEOCH Participants will be informed of such changes by means of circulars.

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