

I. INTRODUCTION TO OPERATIONAL CLEARING PROCEDURES

1. INTRODUCTION

1.2 Office of SEOCH

Office hours are from 9:00 a.m. to 6:00 p.m. on a Business Day.

V. SPECIAL EVENTS

15. TYPHOONS AND RAINSTORMS

Upon the hoisting or the lowering of a Typhoon Signal No. 8 or above, or the issuance or cancellation of a Black Rainstorm Warning, trading in the options market will be operated in accordance with that in the cash market of the Exchange as described in the Rules of the Exchange. For details, please refer to the Exchange Rules and Operational Trading Procedures.

Under such circumstances, unless otherwise decided by the SEOCH Board, matters relating to clearing functions described in 4.1 and 4.3 of these Procedures, cash settlement, deposit or withdrawal of cash via CCMS, transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts and stock settlement process will be handled in the manner described below.

15.1 Clearing Functions

15.1.1 Typhoons

- i. If a Typhoon Signal No. 8 or above is hoisted by the Hong Kong Observatory before 9:00 a.m. on a Business Day and is not lowered at 12:00 noon on the same day, no clearing function will be available for the day.
- ii. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on the same day, all clearing functions will be available two hours after the lowering of the Signal.
- iii. If a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on a Business Day, all clearing functions will continue to be available within two hours after the hoisting of the Signal but all such functions will be terminated upon expiry of the two hours period.

15.1.2 Rainstorms

- i. If a Black Rainstorm Warning is issued by the Hong Kong Observatory before 9:00 a.m. on a Business Day and is not cancelled at 12:00 noon on the same day, no clearing function will be available for the day.

- ii. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is cancelled at or before 12:00 noon on the same day, all clearing functions will be available two hours after the cancellation of the Black Rainstorm Warning.
- iii. If a Black Rainstorm Warning is issued at or after 9:00 a.m. on a Business Day, all clearing functions will continue as normal for the day subject to SEOCH's discretion to suspend, in whole or in part, the availability of any clearing and settlement services.

15.2 Money Settlement

For the purposes of this section, references to the terms (i) Daily Settlement Call and (ii) intra-day margin or Special Block Trade Margin call shall mean amounts due from SEOCH Participants for settlement not later than 9:15 a.m. on a Business Day pursuant to Clearing Rule 611(1) and amounts due from SEOCH Participants resulting from a demand issued by SEOCH to SEOCH Participants on a Business Day for settlement within one hour respectively.

In cases where a demand for Reserve Fund contribution from a SEOCH Participant is due for settlement on a Business Day which is affected by the hoisting or lowering of Typhoon Signal No. 8 or above or the issuance or cancellation of a Black Rainstorm Warning, the settlement process will be handled in the same manner as that for Daily Settlement Call as described below.

15.2.1 Typhoons

- i. If a Typhoon Signal No. 8 or above is hoisted by the Hong Kong Observatory before 9:00 a.m. on a Business Day and is not lowered at 12:00 noon on the same day:
 - generally, cash settlement transactions including collection of Daily Settlement Call, intra-day margin call and settlement of cash deposit or cash withdrawal from SEOCH Participants will not be effected for the day. In such event, the amount of the Daily Settlement Call will be collected on the first Business Day on which banks in Hong Kong resume services to the public (the "first business day") and will be due for settlement by no later than 9:15 a.m. if the first business day is a full banking day or as soon as banking service in Hong Kong is available if the first business day is not a full banking day; and
 - as CCMS will not be available, no cash deposit or cash withdrawal request from SEOCH Participants will be processed for the day; nor would SEOCH issue any intra-day margin or Special Block Trade Margin call for the day.
- ii. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on the same day:
 - the collection of Daily Settlement Call will be effected and due for settlement two hours after the lowering of the Signal;

- normally, intra-day margin or Special Block Trade Margin call, if any, will be issued two hours after the lowering of the Signal. The intra-day margin or Special Block Trade Margin call, if any, once issued will be due for settlement by no later than one hour after the call is issued as in the case of a normal Business Day; and
 - cash deposit or cash withdrawal requests submitted via CCMS before the normal cut-off time of 11:00 a.m. of the day will be processed for settlement in accordance with 10.4 of these Procedures on a best effort basis and subject to the availability of applicable services of the corresponding banks.
- iii. If a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on a Business Day:
- the collection of Daily Settlement Call will be effected as normal and will be due for settlement by SEOCH Participants not later than 9:15 a.m. on the same day;
 - any intra-day margin or Special Block Trade Margin call issued one hour or more before the Signal is hoisted will remain due for settlement within one hour after the intra-day margin or Special Block Trade Margin call is issued;
 - in respect of cash deposit or cash withdrawal requests submitted via CCMS before the normal cut-off time of 11:00 a.m. of the day, the settlement of SEOCH Participants' requests for cash deposit or cash withdrawal will be processed in accordance with 10.4 of these Procedures on a best effort basis and subject to the availability of applicable services of the corresponding banks; and
 - in any event, the SEOCH Participant concerned will be informed of whether its request could be settled for same day value before the close of business of the day.

15.2.2 Rainstorms

- i. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is not cancelled at 12:00 noon on the same day:
- generally, cash settlement transactions including collection of Daily Settlement Call, intra-day margin call and settlement of cash deposit or cash withdrawal from SEOCH Participants will not be effected for the day. In such event, the amount of the Daily Settlement Call will be collected on the first Business Day on which banks in Hong Kong resume services to the public (the "first business day") and will be due for settlement by no later than 9:15 a.m. if the first business day is a full banking day or as soon as banking service in Hong Kong is available if the first business day is not a full banking day; and
 - as CCMS will not be available, no cash deposit or cash withdrawal request from SEOCH Participants will be processed for the day; nor would SEOCH issue any intra-day margin or Special Block Trade Margin call for the day.

- ii. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is cancelled at or before 12:00 noon on the same day:
 - the collection of Daily Settlement Call will be effected and due for settlement two hours after the cancellation of the Black Rainstorm Warning;
 - normally, intra-day margin or Special Block Trade Margin call, if any, will be issued two hours after the cancellation of the Black Rainstorm Warning. The intra-day margin or Special Block Trade Margin call, if any, once issued will be due for settlement not later than one hour after the call is issued as in the case of a normal Business Day; and
 - cash deposit or cash withdrawal requests submitted via CCMS before the normal cut-off time of 11:00 a.m. of the day will be processed for settlement in accordance with 10.4 of these Procedures on a best effort basis and subject to the availability of applicable services of the corresponding banks.
- iii. If a Black Rainstorm Warning is issued at or after 9:00 a.m. on a Business Day, normal cash settlement transactions including collection of Daily Settlement Call, intra-day margin call and settlement of cash deposit or cash withdrawal from SEOCH Participants will be processed for the day.

15.3 Requests from SEOCH Participants for the Transfer of Collateral Securities between CCMS Collateral Accounts and CCASS Stock Accounts

15.3.1 Typhoons

- i. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is not lowered at 12:00 noon on the same day, no request for the transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts will be processed for the day.
- ii. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on the same day, requests for the transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts will be processed on a best effort basis and subject to the availability of applicable services of CCMS and CCASS.
- iii. If a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on a Business Day, requests for the transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts will be processed on a best effort basis and subject to the availability of applicable services of CCMS and CCASS.

15.3.2 Rainstorms

- i. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is not cancelled at 12:00 noon on the same day, no request for the transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts will be processed for the day.

- ii. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is cancelled at or before 12:00 noon the same day, requests for the transfer of collateral securities between CCMS Collateral Accounts and CCASS Stock Accounts will be processed on a best effort basis and subject to availability of applicable services of CCMS and CCASS.
- iii. If a Black Rainstorm Warning is issued at or after 9:00 a.m. on a Business Day, normal CCMS services, including transfer of collateral securities will continue to be available for the day.

15.4 Stock Settlement

Generally, the stock settlement process of SEOCH will follow the practice adopted in CCASS regarding the underlying market with respect to Business Days affected by typhoons or rainstorms.

15.4.1 Typhoons

- i. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is not lowered at 12:00 noon on the same day, the day will not be treated as a Settlement Day for stock settlement purposes. In such event, SEOCH will extend by one Settlement Day for the settlement of pending stock transactions resulting from exercise or assignment transactions effected two Business Days prior to the day.
- ii. If a Typhoon Signal No. 8 or above is hoisted before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on the same day, the day will be treated as a Settlement Day for stock settlement purposes and settlement process will be effected as usual.
- iii. If a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on a Business Day, the day will be treated as a Settlement Day for stock settlement purposes and settlement process will be effected as usual.

15.4.2 Rainstorms

- i. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is not cancelled at 12:00 noon on the same day, the day will not be treated as a Settlement Day for stock settlement purposes. In such event, SEOCH will extend by one Settlement Day for the settlement of pending stock transactions resulting from exercise or assignment transactions effected two Business Days prior to the day.
- ii. If a Black Rainstorm Warning is issued before 9:00 a.m. on a Business Day and is cancelled at or before 12:00 noon on the same day, the day will be treated as a Settlement Day for stock settlement purposes and the settlement process will be effected as usual.
- iii. If a Black Rainstorm Warning is issued at or after 9:00 a.m. on a Business Day, normal stock settlement services will continue to be available for the day.