

## **Operational Clearing Procedures for Options Trading Exchange Participants**

### **4. SERVICE SCHEDULES**

#### **4.1 Daily Schedule for Clearing Functions**

All clearing input functions will be allowed up to the System Input Cutoff Time, which is normally the start of the After Business Period except that any submission of trade adjustment request in respect of a Block Trade will be allowed up to 30 minutes prior to the System Input Cutoff Time. After AB, only clearing inquiries and report download will be allowed.

### **5. TRADE AND POSITION MANAGEMENT**

#### **5.4 Trade Adjustments**

##### **5.4.5 Adjustment to Block Trades**

Any trade adjustment request in respect of a Block Trade shall be submitted by SEOCH Participants at any time 30 minutes prior to the System Input Cutoff Time on the same Business Day or 30 minutes prior to the System Input Cutoff Time on the next Business Day.

~~At trade adjustments request in relation to respect of a Block Trade must will be made no later than 5 minutes after rejected by SEOCH if the Block Trade is executed on HKATS, determined by SEOCH to be invalid for any reason. In the event that a trade adjustment request relates to Open/Close or Account Transfer adjustment, the executing of a valid Block Trade, but the trade adjustment request is subsequently determined by SEOCH or the Exchange to be invalid for any reason (including where the transferring or receiving SEOCH Participant shall immediately inform SEOCH by telephone of fails to pay or otherwise satisfy any Special Block Trade Margin arising from the trade adjustment request by the prescribed time), such request as soon as it has been executed on DCASS. If the trade adjustment relates to Give-up/Take-up, the give-up SEOCH Participant shall immediately inform SEOCH by telephone of such request as soon as it has been confirmed by the take-up SEOCH Participant on DCASS, trade adjustment request will be rejected by SEOCH.~~ Notwithstanding the foregoing, SEOCH has the sole discretion to accept or reject any Block Trade adjustment ~~made, in particular but not limited to any trade adjustment request submitted~~ after the prescribed deadline. ~~In the event that the Block Trade is subsequently determined by SEOCH or the Exchange to be invalid for any reason, trade adjustments made to the Block Trade will be rejected by SEOCH.~~

## 9. MARGIN REQUIREMENT

### 9.8 Special Block Trade Margin

SEOCH has full discretion to call for Special Block Trade Margin from the relevant SEOCH Participant in respect of a Block Trade ~~or a trade adjustment in respect of such Block Trade.~~ The SEOCH Participant will be notified of a Special Block Trade Margin call within 30 minutes after the execution of the Block Trade ~~or after the submission of a trade adjustment request in respect of such Block Trade.~~

A Block Trade will not be subject to the process of substitution and novation in accordance with the First Schedule to the Clearing Rules or be cleared by SEOCH unless any Special Block Trade Margin in respect of the Block Trade has been ~~satisfied, paid or otherwise considered by SEOCH to have been satisfied.~~ Any trade adjustment request in respect of a Block Trade will not be accepted by SEOCH unless any Special Block Trade Margin arising from such trade adjustment has been paid or otherwise satisfied.

## 10. MONEY SETTLEMENT

### 10.5A The Special Block Trade Margin Settlement Process

Where Special Block Trade Margin is called for, SEOCH will ~~fax~~issue a **Special Block Trade Margin Call Notice** [Appendix C5] to the relevant SEOCH Participant. The SEOCH Participant shall arrange sufficient funding in its account with the Designated Bank or Settlement Bank in order to cover the Special Block Trade Margin call within one hour after notification or such shorter period as may from time to time be prescribed by SEOCH. Special Block Trade Margin calls may only be satisfied by payment in cash in the Settlement Currency.

If the SEOCH Participant is unable to ~~meet~~pay or otherwise satisfy its Special Block Trade Margin ~~call~~in respect of a Block Trade by the prescribed deadline for any reason, the relevant Block Trade shall, without notice being required to be given to the SEOCH Participant, not be subject to the process of substitution and novation in accordance with the First Schedule to the Clearing Rules or be cleared by SEOCH, and shall be deleted from the Options System as if the Block Trade had never been executed.

If the SEOCH Participant is unable to pay or otherwise satisfy its Special Block Trade Margin arising from a trade adjustment request submitted in respect of a Block Trade by the prescribed deadline for any reason, the relevant trade adjustment request shall be rejected by SEOCH.