

香港聯合交易所期權結算所有限公司

(香港交易及結算所有限公司全資附屬公司)

**THE SEHK OPTIONS CLEARING HOUSE LIMITED**

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

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**Subject:** Amendments to the Options Clearing Rules (the “Rules”) and the Operational Clearing Procedures (the “Procedures”) for Options Trading Exchange Participants of The SEHK Options Clearing House Limited (“SEOCH”)

**Enquiry:** Hotline 2211 6901

SEOCH Participants are requested to note that the Securities and Futures Commission has approved amendments to the Rules and the Procedures of SEOCH for the purposes of (i) removing excess collateral in performing credit and liquidity stress testing for SEOCH, (ii) raising the collection buffer for reserve fund (“RF”) collection from 10% to 15% for all instances of RF resizing and (iii) realigning the condition to waive ad hoc RF collection for the last four business days of each month to that applicable for the other business days (i.e. when RF exposure is below 115% of the existing RF size).

The amendments, as set out in Appendices 1 and 2, will come into effect on Monday, 9 August 2021.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- [“Rule Update - Options Clearing Rules of SEOCH”](#)
- [“Rule Update - Operational Clearing Procedures for Options Trading Exchange Participants of SEOCH”](#)

Florence Leung  
Head of Legal

**Options Clearing Rules**

**CHAPTER 4**

**SEOCH PARTICIPANTS' OBLIGATIONS**

**Resignation of SEOCH Partnership for limiting liability following the expiry of the Capped Liability Period**

413J. (1) (c) either: (i) successfully close out, transfer, sell or otherwise discharge its liabilities in respect of all OCH Contracts registered in its client clearing accounts and any clearing account which is of a client nature in accordance with the Clearing Rules prior to the expiry of the applicable Capped Liability Period or (ii) notify SEOCH that it wishes to extend the period for the winding down of OCH Contracts registered in its client clearing accounts and any clearing account which is of a client nature until the date which falls 5 Business Days from the date of expiry of the applicable Capped Liability Period. If a SEOCH Participant sends a notification pursuant to Clearing Rule 413J(1)(c)(ii) above it must provide collateral, by way of additional margin, which is at least equal to the net projected loss (projected aggregate loss less General Collateral (excluding any excess collateral) and any margin) arising from such OCH Contracts registered in the client clearing accounts and any clearing account which is of a client nature as communicated by SEOCH until the time at which any remaining open positions in its client clearing accounts and any clearing account which is of a client nature have been successfully closed out, transferred, sold or any liabilities in respect of such open positions have been discharged in accordance with the Clearing Rules.

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

**OPERATIONAL CLEARING PROCEDURES**

**9. MARGIN REQUIREMENT**

**9.2.5 Additional Margin – Reserve Fund Additional Margin**

An additional margin will be imposed on a SEOCH Participant in respect of all its open positions and pending stock positions and notified to SEOCH Participants from time to time in the event that when assessed by reference to the historical data from each of the realized stressed market conditions and/or hypothetical data for each of the unrealized stressed market conditions as SEOCH may determine:

- (a) the projected aggregate loss (less General Collateral (excluding any excess collateral) and any margin except additional margin collected under this section) arising from such open option positions and pending stock positions of the SEOCH Participant (“Reserve Fund Net Projected Loss”) exceeds the Reserve Fund Risk Predefined Limit, which is equal to 50% of the Reserve Fund Threshold or such other percentage as SEOCH may consider appropriate; and
- (b) the prevailing Reserve Fund size is equal to the Reserve Fund Threshold.

**11. RESERVE FUND**

**11.2.2 Variable Contributions and Resources which may be Appropriated by SEOCH as Contributions to the Reserve Fund**

On the Top-up calculation date, SEOCH calculates the daily risk exposure of the Reserve Fund on each Business Day, which is the greater of the upside or downside risk exposure of the Reserve Fund on that day, and Variable Contributions and the resources which may be appropriated by SEOCH as contributions to the Reserve Fund will be recalculated (and in the case of Variable Contributions demanded) such that the size of the Reserve Fund after the injection of the Variable Contributions and the resources which may be appropriated by SEOCH as contributions to the Reserve Fund will cover 115% of the risk exposures of the Reserve Fund throughout the most recent 60 Business Days. If the size of Reserve Fund determined above is higher than the Reserve Fund Threshold, it shall be reduced to an amount equal to the Reserve Fund Threshold.

SEOCH will determine the resources which may be appropriated by SEOCH as contributions to the Reserve Fund using the following formulae:

If 115% of MEX is higher than the Reserve Fund Threshold:

$CHA = 10\%$  of the Reserve Fund Threshold

If 115% of MEX is higher than or equal to MIN but lower than the Reserve Fund Threshold:

$CHA = 10\% \times (MEX \times 115\%)$

If 115% of MEX is lower than MIN:

$CHA = 10\% \times (BEF \div 90\%)$

where

MEX = the maximum daily risk exposure of the Reserve Fund during the most recent 60 Business Days

BEF = the basic elements of the Reserve Fund (including Initial Contributions, interest income, any guarantee, facility and insurance policy)

CHA = the resources which may be appropriated by SEOCH as contributions to the Reserve Fund, which should amount to 10% or such other percentage of the Reserve Fund size as determined by SEOCH from time to time, in which case the percentage in the formulae above shall be adjusted accordingly

MIN = the minimum size of the Reserve Fund (i.e. the sum of BEF and the resources which may be appropriated by SEOCH as contributions to the Reserve Fund), which should amount to  $BEF \div 90\%$

### **11.2.3 Maintenance of the Reserve Fund**

The Reserve Fund will be of a minimum size as determined by SEOCH, regardless of the number of SEOCH Participants.

Subject to Clearing Rule 413F, ad hoc recalculation of the Variable Contributions, and associated demands for payment, may be made from time to time separate from the regular monthly calculations, if:

- (a) the daily risk exposure of the Reserve Fund calculated on each Business Day exceeds 90% of; and
- (b) Reserve Fund Threshold is higher than

the existing Reserve Fund size or if SEOCH considers it appropriate to do so in any other circumstances. If the ad hoc recalculation is required, Variable Contributions and the resources which may be appropriated by SEOCH as contributions to the Reserve Fund will be recalculated (and in the case of Variable Contributions demanded) such that the existing size of the Reserve Fund after the injection of the Variable Contributions and the resources which may be appropriated by SEOCH as contributions to the Reserve Fund will cover 115% of the risk exposures of the Reserve Fund throughout the most recent 60 Business Days. If the size of Reserve Fund determined above is higher than the Reserve Fund Threshold, it shall be reduced to an amount equal to the Reserve Fund Threshold.