

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

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

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SEOCH Participants and Options Trading Exchange Participants of The Stock Exchange of Hong Kong Limited are requested to note that the Securities and Futures Commission has approved amendments to the Rules and the Procedures for the purpose of implementing the enhancement of third party clearing arrangement in the Hong Kong stock options market.

The amendments, as set out in the Appendices 1 and 2, will come into effect on Monday, 24 June 2024.

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”](#)

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<sup>1</sup> Calls to and from the DCASS Hotline may be recorded. HKEX Privacy Notice is available [here](#).

**Options Clearing Rules**

**CHAPTER 1**

**DEFINITIONS AND INTERPRETATION**

**Definitions**

101. In these Clearing Rules, unless the context otherwise requires:

“designated GCP” has the same meaning as in the Options Trading Rules;

**CHAPTER 2**

**CLEARING BY SEOCH**

**OCH Contracts and NCP Contracts**

202. (1) Unless otherwise specified in the Options Trading Rules, the Operational Clearing Procedures and these Clearing Rules, immediately upon an Options Contract being validly made under Options Trading Rule 513, it shall, by operation of this Clearing Rule and the First Schedule to these Clearing Rules, be replaced by OCH Contracts and/or NCP Contracts in accordance with the substitution and novation process laid out in the First Schedule to these Clearing Rules. Unless otherwise specified in the Options Trading Rules, the Operational Clearing Procedures and these Clearing Rules, every OCH Contract and NCP Contract shall be validly made at the time when the details of the Options Contract from which it is derived are recorded in the Transaction Register of the Options Trading System. The Transaction Register of the Options Trading System or such other record as SEOCH shall in its sole discretion accept, together with the Standard Contract, the Options Trading Rules and these Clearing Rules, shall be conclusive evidence of OCH Contracts and NCP Contracts which have been validly made unless the SEOCH Board otherwise determines in exceptional circumstances.
- (2) An Options Contract that is executed as a Block Trade shall, by operation of this Clearing Rule and the First Schedule to these Clearing Rules, be replaced by OCH Contracts and/or NCP Contracts in accordance with the substitution and novation process laid out in the First Schedule to these Clearing Rules only upon SEOCH being satisfied that the Block Trade recorded in the Transaction Register of the Options Trading System is a valid Block Trade and all criteria applicable to the Block Trade, including but not limited to the payment of any Special Block Trade Margin, have been satisfied. Unless a SEOCH Participant receives any oral or written notice from the Exchange or SEOCH that a Block Trade is not valid or not all criteria have been satisfied or the Block Trade shall not be cleared for any other reason, the Block Trade shall be deemed to have been validly made and subject to the process of substitution and novation upon the recording of such Block Trade in the

Transaction Register. The Exchange will endeavour to notify the SEOCH Participant of any issue concerning any criteria set forth in Regulation 2 of the Third Schedule to the Options Trading Rules within 30 minutes of the execution by the SEOCH Participant of the Block Trade.

- (3) In the event that an Options Trading Exchange Participant or its designated GCP (if the Options Trading Exchange Participant is an NCP) has been notified by SEOCH or the Exchange that a Block Trade executed by the Options Trading Exchange Participant on the Options Trading System is not valid or has not satisfied all the criteria applicable to the Block Trade or the Block Trade will not be registered or cleared by SEOCH for any reason or in the event that the Options Trading Exchange Participant or its designated GCP (if the Options Trading Exchange Participant is an NCP) fails to pay or otherwise satisfy any Special Block Trade Margin required by SEOCH by the stipulated time, the Exchange in conjunction with SEOCH will, without being required to give further notice to the Options Trading Exchange Participant or its designated GCP, delete the Block Trade from the Options System as if the Block Trade had never been executed.
- (4) [Repealed]
- (5) [Repealed]

## **CHAPTER 4**

### **SEOCH PARTICIPANTS' OBLIGATIONS**

#### **Clearing Agreements**

- 434A.(1) A GCP shall give prior written notice to SEOCH if it or an NCP intends to terminate the Clearing Agreement between them, unless the NCP has already given notice to terminate the Clearing Agreement to the Exchange in accordance with the Options Trading Rules.
- (2) When SEOCH receives a termination notice from the GCP or when SEOCH receives notification from the Exchange that notice to terminate the Clearing Agreement had been given by an NCP, SEOCH will issue a confirmation of termination to the GCP (with a copy to the NCP concerned) in writing and unless and until written confirmation has been issued to the GCP, the Clearing Agreement shall be treated as valid, binding and effective by SEOCH for the purposes of these Clearing Rules notwithstanding any provision to the contrary in the Clearing Agreement and/or the termination notice from the GCP or the NCP and the GCP shall continue to be bound by the Clearing Agreement and responsible for all the OCH Contracts concluded and designated to it for clearing by such NCP.
- (3) Notwithstanding the above and without prejudice to the rights of SEOCH under Clearing Rules 714 to 717, the Clearing Agreement is deemed to be terminated when the GCP has resigned or is suspended or expelled from SEOCH Participantship or when its access to the Options Clearing System is suspended or terminated under these Clearing Rules.
- (4) The termination of the Clearing Agreement between a GCP and an NCP will not affect any of their rights or liabilities arising out of matters which have taken place prior to the termination of the Clearing Agreement and for the purpose of settlement of any such rights or liabilities of the GCP and NCP, SEOCH may continue to treat the GCP as the GCP of the NCP for all the OCH Contracts concluded and designated to it for clearing by such NCP.

- (5) Each GCP shall notify SEOCH forthwith of any failure of an NCP to meet its obligations under a Clearing Agreement, in which case SEOCH may disclose such information to any other GCP of the NCP. Such notification shall be in such form as SEOCH may from time to time specify.

## **CHAPTER 5**

### **EXERCISE, DELIVERY AND SETTLEMENT**

#### **Exercise**

502. An NCP Contract comprised in a long open position of an NCP shall be validly exercised if, upon the System Input Cutoff Time on any day up to and including the Last Exercise Day for that option series, an exercise request in respect of that long open position, entered by its designated GCP in accordance with the Operational Clearing Procedures, is recorded in the Options Clearing System. Where an NCP Contract is so validly exercised, an OCH Contract in the same option series comprised in a long open position of the GCP which is a party to that NCP Contract shall at the same time, and by operation of this Clearing Rule, be treated as having been validly exercised.
- 503A. The Options Clearing System will not automatically generate exercise requests in respect of in-the-money contracts on behalf of SEOCH Participants except on an expiry day. On an expiry day, the Options Clearing System will automatically generate exercise requests in respect of each and every open long position in spot month contracts which meets the exercise criterion prescribed (i) by the relevant SEOCH Participant, or (ii) if no such exercise criterion is prescribed by the SEOCH Participant, by SEOCH. An Options Trading Exchange Participant may elect, or if it is an NCP, may instruct any of its designated GCP, to deny such automatically generated exercise requests for any spot month series via DCASS in accordance with the Operational Clearing Procedures at any time prior to the System Input Cutoff Time on the expiry day. Those automatically generated exercise requests not so denied are deemed as exercise requests entered by that SEOCH Participant and shall become irrevocable and binding in accordance with these Clearing Rules.

## **FIRST SCHEDULE**

### **PROCESS FOR SUBSTITUTION AND NOVATION OF OPTIONS CONTRACTS**

Immediately upon an Options Contract being validly made under Options Trading Rule 513 by operation of Clearing Rule 202 and this First Schedule to these Clearing Rules, either:-

1. the Options Contract shall be replaced by novation with 2 OCH Contracts on the terms of that Options Contract recorded by SEOCH. One OCH Contract shall be between, as seller, SEOCH and, as buyer, the SEOCH Participant that is recorded as buyer of that Options Contract. The other OCH Contract shall be between, as buyer, SEOCH and, as seller, the SEOCH Participant that is recorded as the seller of that Options Contract; or

2. where at least one of the parties to an Options Contract is an NCP:-
- (a) the GCP of each such NCP that has been designated for clearing such Options Contract shall, by operation of Clearing Rule 202 and this First Schedule to these Clearing Rules and the Options Trading Rules, become a party to that Options Contract as principal in substitution for, and with exactly the same rights and obligations under that Options Contract as, that NCP immediately upon the details of that Options Contract being recorded in the Transaction Register of the Options Trading System. That Options Contract shall, by operation of Clearing Rule 202 and this First Schedule to these Clearing Rules, be immediately replaced by novation with two OCH Contracts on the terms of that Options Contract recorded by SEOCH. One OCH Contract shall be between, as seller, SEOCH and, as buyer, either the Options Trading Exchange Participant that bought under that Options Contract or, where the Options Trading Exchange Participant is an NCP, the GCP that was substituted for that NCP. The other OCH Contract shall be between, as buyer, SEOCH and, as seller, either the Options Trading Exchange Participant that sold under that Options Contract or, where the Options Trading Exchange Participant is an NCP, the GCP that was substituted for that NCP; and
  - (b) immediately upon novation of that Options Contract, there shall arise, by operation of Clearing Rule 202 and this First Schedule to these Clearing Rules and the Options Trading Rules, a contract between each such NCP and the GCP that was substituted for that NCP as principals to such contract and subject to the terms and conditions of that Options Contract (an NCP Contract). The GCP shall, if buying under the Options Contract, sell to the NCP under the NCP Contract (and vice versa).

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

**I. INTRODUCTION TO OPERATIONAL CLEARING PROCEDURES**

**1. INTRODUCTION**

**1.3 SEOCH Participants**

SEOCH will maintain a register of its Participants in accordance with the Clearing Rules.

There are two categories of SEOCH Participantship:

A **Direct Clearing Participant (DCP)** is entitled to clear options contracts traded in HKATS on the instructions, in its capacity as an Options Trading Exchange Participant, of its clients, as well as trades for its own account.

A **General Clearing Participant (GCP)** is entitled to clear options contracts traded in HKATS on the instructions, in its capacity as an Options Trading Exchange Participant, of its clients, as well as trades for its own account. In addition, a GCP is entitled to clear options contracts on behalf of other Options Trading Exchange Participants with whom it has entered into a Clearing Agreement.

An Options Trading Exchange Participant which is not a SEOCH Participant is referred to as a **Non-Clearing Options Trading Participant (NCP)**. An NCP cannot clear trades on its own, but has to rely on one or more GCPs to clear trades on its behalf.

**II. SEOCH PARTICIPANTSHIP**

**2. SEOCH PARTICIPANT**

**2.4 Resignation of SEOCH Participantship**

**2.4.1 Resignation of SEOCH Participantship to become an NCP**

A SEOCH Participant resigning from SEOCH Participantship and becoming an NCP shall submit a written request to SEOCH, together with a certified true copy of each Clearing Agreement which it has signed with a GCP. Upon becoming an NCP, it will no longer be able to clear its own or any client's options trades.

A SEOCH Participant which is a GCP at the time of submitting the resignation request must also present certified true copy(ies) of the termination agreement(s) that it has signed with any of the NCPs on whose behalf it has been clearing.

**2.6 Change of Clearing Relationship**

If there is a change to an existing clearing relationship between an NCP and a GCP, they are

required to sign a termination agreement to end the relationship. The NCP shall, if applicable appoint a replacing GCP to clear its options trades.

Besides the NCP, any newly appointed GCP and the terminated GCP are also required to notify SEOCH in writing. If the change request is approved by SEOCH, SEOCH will confirm the effective date for change of clearing relationship in writing.

The NCP's trades done prior to the effective date of termination of an existing GCP will be cleared by the existing GCP where such trades have been designated to the existing GCP for clearing and trades done on or after the effective date and trades not designated to the existing GCP for clearing will be cleared by any other existing GCP or new GCP of the NCP. SEOCH will transfer all its existing positions with the terminated GCP to the corresponding accounts with any of the NCP's other or new GCPs as notified to SEOCH on the effective date.

If the change in clearing relationship leads to a change in the GCP's Reserve Fund Contribution, SEOCH will process the addition/reduction in Initial Contribution within such period of time as specified by the SEOCH Board.