

CHAPTER 5

THE OPTIONS TRADING SYSTEM

Recording of Trades

513. One or more Options Contracts shall be executed at the time when an order in respect of an option series is matched by HKATS with another order in respect of that option series and the details of such matched orders are recorded in the Transaction Register of HKATS. Immediately upon such recording, Options Contracts shall be subject to a process of substitution and/or novation which gives rise to OCH Contracts and/or NCP Contracts as more particularly described in the Clearing Rules. Notwithstanding the foregoing, no Block Trade recorded in the Transaction Register of HKATS shall be registered with SEOCH or subject to the process of substitution and/or novation until SEOCH is satisfied that the recorded Block Trade is a valid Block Trade and all criteria applicable to the Block Trade have been satisfied. Unless an Options Trading Exchange Participant receives any oral or written notice from the Exchange or SEOCH that a Block Trade is not valid or not all criteria applicable to the Block Trade have been satisfied or that the Block Trade will not be registered with SEOCH for any reason, the Block Trade shall be deemed to be registered with SEOCH and subject to the process of substitution and/or novation in accordance with the Clearing Rules immediately upon the recording of such Block Trade in the Transaction Register of HKATS. The Exchange will endeavour to notify the Options Trading Exchange Participant of any issue concerning any criteria set forth in Regulation 2 of the Third Schedule to these Options Trading Rules within 30 minutes of the execution by the Options Trading Exchange Participant of the Block Trade.