

**Options Trading Rules**

**SECOND SCHEDULE**

**MARKET MAKER OBLIGATIONS**

3. The maximum bid/offer spread is as follows:

Option Series	Option Class	
	Liquidity Level 1	Liquidity Level 2
Spot month with 3 Business Days or less to expiry	20% of the bid price of the quote or 3 times the best bid/offer spread of the underlying securities, whichever is the lower.	20% of the bid price of the quote or 4 times the best bid/offer spread of the underlying securities, whichever is the lower.
Spot month with 4 Business Days or more to expiry and the next 3 calendar expiry months	10% of the bid price of the quote or 3 times the best bid/offer spread of the underlying securities, whichever is the lower.	10% of the bid price of the quote or 4 times the best bid/offer spread of the underlying securities, whichever is the lower.
The next 2 calendar quarter expiry months	20% of the bid price of the quote or 4 times the best bid/offer spread of the underlying securities, whichever is the lower.	20% of the bid price of the quote or 6 times the best bid/offer spread of the underlying securities, whichever is the lower.
The 3rd calendar quarter expiry month and any other longer-dated expiry month as the Exchange deems necessary	20% of the bid price of the quote or 8 times the best bid/offer spread of the underlying securities, whichever is the lower.	20% of the bid price of the quote or 12 times the best bid/offer spread of the underlying securities, whichever is the lower.

Notwithstanding the above, a Market Maker that provides quotes in option classes with a minimum price fluctuation of HK\$0.01 or RMB0.01 will not be obliged to quote a spread narrower than the best bid/offer of the underlying security (at the time of issuing the quote) plus 5 minimum price fluctuations (if the numerical value of the nominal price of such underlying security is below 100) or plus 10 minimum price fluctuations (if the numerical value of the nominal price of the underlying security is equal to or above 100), and a Market Maker that provides quotes in option classes with a minimum price fluctuation of HK\$0.001 or RMB0.001 will not be obliged to quote a spread narrower than HK\$0.03 or RMB0.03.

In addition, a Market Maker will not be obliged to quote for the bid side in response to a quote request for a far out-of-the-money Contract which has a value near zero, but shall remain obliged to quote for the sell side by issuing a sell limit order with a limit price no greater than 10 minimum price fluctuations for option classes with a minimum price fluctuation of HK\$0.01 or RMB0.01 and no greater than 30 minimum price fluctuations for option classes with a minimum price fluctuation of HK\$0.001 or RMB0.001 within the required response time and for the minimum required quantity and duration.

6. A Market Maker in providing continuous quotes shall not be assigned less than 50 option series in an option class as may be determined by the Exchange from time to time. For each assigned option series, a Market Maker in providing continuous quotes shall provide quotes for not less than 50 percent of the trading hours of an option class in a month.