

Options Trading Rules

**CHAPTER 1**

**DEFINITIONS AND INTERPRETATION**

**Definitions**

101. In these Options Trading Rules, unless the context otherwise requires:-
- “HKEx website” means the official website of HKEx at <http://www.hkex.com.hk> or at such other website address specified by HKEx from time to time;
111. Unless otherwise provided in these Options Trading Rules, all notices, requests, demands or other communications from the Exchange to Options Exchange Participants may be given orally or in writing, in person or by post, by electronic or wire transmission, by telephone or facsimile, by posting on the HKEx website, or by any means of computer data transmission including, but in no way limited to broadcast messages via HKATS or e-mail.
112. Any communication disseminated via DCASS or HKATS or e-mail or posted on the HKEx website will constitute written notice for the purpose of these Options Trading Rules and the Clearing Rules.

**SECOND SCHEDULE**

**MARKET MAKER OBLIGATIONS**

1. The Market Maker obligations are specified below but may be subject to revision as determined by the Chief Executive, in consultation with the Chairman of the Exchange and the Chief Executive Officer of the Commission. Any such determination made to revise these Market Maker Obligations will be notified to Options Trading Exchange Participants via HKATS, e-mail, HKEx website or such other means as the Exchange considers appropriate.

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

Option Series	Option Class	
	Liquidity Level 1	Liquidity Level 2
Spot month with 3 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 days or more to expiry and the two next 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 will not be obliged to quote a spread narrower than the best bid/offer spread of the underlying share (at the time of issuing the quote) plus \$0.05. If, at the time of issuing the quote, the nominal price of the underlying share is \$100 or more, then the market maker will not be obliged to quote a spread narrower than the best bid/offer spread of the underlying share (at the time of issuing the quote) plus \$0.10.

For the purpose of this Rule 3, the categorization of underlying stocks into Liquidity Level 1 or Level 2 will be prescribed by the Exchange at its absolute discretion from time to time.

The above maximum bid/offer spreads may be increased or decreased by the Chief Executive in consultation with the Chairman of the Exchange to reflect fluctuations in the corresponding size of the spread in the underlying stock. Any such modification shall be notified to Options Trading Exchange Participants via HKATS, e-mail, HKEx website or such other means as the Exchange considers appropriate.

### **THIRD SCHEDULE**

#### **REGULATIONS FOR BLOCK TRADES**

1. The Regulations for Block Trades are as specified below but may be subject to revision as determined by the Chief Executive in consultation with the Chairman of the Exchange and the Chief Executive Officer of the Commission. Any such determination made to revise these Regulations will be notified to Options Trading Exchange Participants through HKATS, e-mail, HKEx website or such other means as the Exchange considers appropriate.