

**Options Trading Rules**

**CHAPTER 1**

**DEFINITIONS AND INTERPRETATION**

**Definitions**

101. In these Options Trading Rules, unless the context otherwise requires:-

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|------------------------------------|---|
| “designated <u>HKEXHKEX</u> staff” | has the same meaning as in the Exchange Rules;  |
| “ <u>HKEXHKEX</u> ”                | means Hong Kong Exchanges and Clearing Limited;   |
| “ <u>HKEXHKEX</u> staff”           | means staff of <u>HKEXHKEX</u> or staff of a company of which <u>HKEXHKEX</u> is a controller, including without limitation, staff of, the Exchange;  |
| “ <u>HKEXHKEX</u> website”         | means the official website of <u>HKEXHKEX</u> at <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a> or at such other website address specified by <u>HKEXHKEX</u> from time to time; |

**Notice**

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 HKEXHKEX 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 HKEXHKEX website will constitute written notice for the purpose of these Options Trading Rules and the Clearing Rules.

## CHAPTER 3

### OPTIONS EXCHANGE PARTICIPANTS' OBLIGATIONS

#### Confidentiality by the Exchange

317. All information in the possession of the Exchange relating to an Options Exchange Participant or its clients will be kept confidential by the executives and other staff or officers of the Exchange and ~~HKEXHKE\*~~ having access to the same in accordance with procedures made by the Exchange. The Exchange, however, may disclose any information at any time:-
- (8) to any exchange, clearing house, regulatory authority or any organization (whether in Hong Kong or elsewhere) with whom ~~HKEXHKE\*~~ or the Exchange has entered into an information sharing arrangement or agreement;
  - (11) to the chief executive or the chief operating officer of ~~HKEXHKE\*~~ for the time being appointed or deemed to be appointed in accordance with the Ordinance or, as the context may require, their designees,
- 317A. The Board may direct an Options Exchange Participant to provide it with any information requested by an exchange, clearing house, regulatory authority or an organization (whether in Hong Kong or elsewhere) with whom ~~HKEXHKE\*~~ or the Exchange has entered into an information sharing arrangement or agreement.

## CHAPTER 4

### OPTIONS EXCHANGE PARTICIPANTS AND THEIR CLIENTS

#### Disclosure of Client's Information

404. An Options Exchange Participant shall, upon the request of the Exchange or any designated ~~HKEXHKE\*~~ staff disclose (or where appropriate, cause its clients to disclose) to the Exchange or such designated ~~HKEXHKE\*~~ staff, all information regarding the identity of a client about which the Options Exchange Participant is required to be satisfied on reasonable grounds in accordance with the SFC Code of Conduct and the Client Identity Guidance Note, within such period as is specified in the Client Identity Guidance Note. Such information includes the identity, address and contact details of the person or entity (legal or otherwise) ultimately responsible for originating the instruction in relation to a transaction (and the instruction given) and of the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the transaction and/or bear its commercial or economic risk and such other information as the Exchange or any designated ~~HKEXHKE\*~~ staff may request.

## CHAPTER 5

### THE OPTIONS TRADING SYSTEM

#### Error Trades

540. If a trade takes place on HKATS at a level which deviates from the price parameters from time to time established by the Exchange and notified to Options Trading Exchange Participants (the “Price Parameters”), the Exchange will entertain claims from any original party to the trade that the price was in error. Such claims shall be entertained only in accordance with the following procedures:
- (4) The Panel shall consist of such members of ~~HKEX~~ staff, selected by the Chief Executive, from a list approved by the Chief Executive from time to time. The Panel, in reaching its decision, may consider all relevant facts, including market conditions before, during, and after the transaction occurred; and whether one or more parties to a multiple counterparty trade believe the trade is valid.
  - (6) Within 30 minutes after any mutual consent to the cancellation of an Error Trade pursuant to paragraph (2) of this Rule, or any decision by the Panel that an Error Trade should be cancelled pursuant to paragraph (3) of this Rule, each party to the Error Trade shall complete and submit to the Exchange by facsimile or by hand a form prescribed by the Exchange from time to time in respect of the cancellation. If the Exchange does not receive the relevant form within the 30 minute time period, the Exchange in conjunction with SEOCH shall be deemed to have been authorized by each party to the Error Trade to effect the cancellation on its behalf. ~~HKEX~~, SEOCH and the Exchange shall not be liable to any person in any way whatsoever in consequence of taking any such action.

## CHAPTER 8

### DISCIPLINARY

#### Situations Calling for Disciplinary Action

802. In addition to the situations calling for disciplinary action against an Options Exchange Participant pursuant to the Exchange Rules, the Exchange may take disciplinary action in relation to an Options Exchange Participant:-
- (6) if the Options Exchange Participant fails to provide information requested by an exchange, clearing house, regulatory authority or an organization with

whom ~~HKEXHKEx~~ or the Exchange has entered into an information sharing arrangement or agreement; or

## CHAPTER 9

### EMERGENCY PROCEDURES

#### Facsimile Instruction Entry

905. In circumstances where access to the Options Trading System and/or the Options Clearing System is suspended, restricted, or withdrawn pursuant to these Options Trading Rules in relation to one or more Options Trading Exchange Participants, the Exchange may allow those Options Trading Exchange Participants which have entered into a facsimile indemnity agreement with the Exchange to transmit their orders, quotes and other permitted instructions relating to the Options Trading System functions, and SEOCH may allow those Options Trading Exchange Participants that are SEOCH Participants and have entered into a facsimile indemnity agreement with SEOCH to transmit their give-up, take-up, exercise and other permitted instructions relating to the Options Clearing System functions, by facsimile to designated ~~HKEXHKEx~~ staff who will, subject to and in accordance with the Operational Trading Procedures and Operational Clearing Procedures, perform the relevant Options Trading System and/or Options Clearing System functions on behalf of such Options Trading Exchange Participant. All the provisions of these Options Trading Rules and the Clearing Rules, other than in relation to the entry of instructions into the Options System, shall apply to any resulting Options Contracts and other Contracts as if the Options Trading Exchange Participant had itself entered them into the Options Trading System and/or the Options Clearing System.

## SECOND SCHEDULE

### MARKET MAKER OBLIGATIONS

1. The market making obligations of Regular Market Makers 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 making obligations will be notified to Options Trading Exchange Participants via HKATS, e-mail, ~~HKEXHKEx~~ website or such other means as the Exchange considers appropriate. The market making obligations of Primary Market Makers are specified in the respective appointment letters appointing them as Primary Market Makers (“Primary Market Maker Obligations”). The market making obligations specified in this Schedule are not applicable to Primary Market Makers and accordingly, references to “Market Maker” and “Market

Makers” in this Schedule shall be construed as references to “Regular Market Maker” and “Regular Market Makers” respectively only.

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

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.