

Operational Trading Procedures for Options Trading Exchange Participants

Chapter 3 : Trading Functionalities

3.5 Error Trades / Large-Scale Error Trades

If a trade takes place on HKATS at a level which deviates from the ~~pPrice pParameters~~ from time to time established by the Exchange pursuant to *Options Trading Rule 540* and notified to Options Exchange Participants (the Price Parameters), an original party to the trade may lodge a claim, in accordance with *Options Trading Rule 540*, with the Exchange that ~~the price was in error~~ it is an Error Trade. If the Error Trades claimed by an Options Trading Exchange Participant are of such magnitude or complexity that any claim in respect of such Error Trades may have to be handled in accordance with *Options Trading Rule 540A* as a Large-Scale Error Trade, the Exchange may in its absolute discretion determine if the claim should be handled as a Large-Scale Error Trade and if so, the Exchange will entertain such claim in accordance with *Options Trading Rule 540A*.

~~Within 30 minutes after any mutual consent to the correction of an Error Trade pursuant to *Options Trading Rule 540*, or any decision by the HKATS Error Trade Review Panel that an Error Trade should be cancelled, each party to the Error Trade shall complete and submit to the Exchange by facsimile or by hand a form prescribed by the Exchange in respect of the cancellation of the Error Trade. If the Exchange does not receive the relevant form within the 30 minute time period, the Exchange and SEOCH shall be deemed to have been authorized by each party to the Error Trade to effect the cancellation on its behalf.~~

Important: There is a handling charge levied for each claim to correct an Error Trade regardless of whether the claim is approved by the Exchange. The Exchange may entertain an Error Trade claim as a Large-Scale Error Trade claim in accordance with *Options Trading Rule 540A*. The handling charge may exceed any financial benefit of handling the Error Trade / Large-Scale Error Trades. See Appendix A.

APPENDIX A: FEES & COSTS PAYABLE TO THE EXCHANGE

A5 Emergency Costs

Service	Costs	Remarks
Re-Print of reports	HK\$5 per page up to HK\$1,000 per report	Subject to availability.
On-Behalf-Of processing except bulk deletion	HK\$50 per accepted and executed transaction	1. Inclusive of Printed Trade Confirmation. 2. Exclusive of trading and clearing tariff.
On-Behalf-Of processing for bulk deletion	HK\$1,000	This includes deletion of more than 20 orders in one class or in all classes.
Error Trades / <u>Handling of Large-Scale Error Trades</u>	HK\$3,000 <u>per trade</u> payable by the party which initiated the claim	<u>For handling of Large-Scale Error Trades, on trades to which the Options Trading Exchange Participant is a party only.</u>