Operational Trading Procedures for Options Trading Exchange Participants

Chapter 3：Trading Functionalities

3.9   Combination Orders

Combination orders are a group of orders that are to be matched at one single all in price. ~~HKATS allows combination orders of up to 10 legs.~~ HKATS allows orders of standard combinations and non-standard combinations as follows:

Execution of Standard Combinations

In the event an order for a spread or strategy combination listed in HKATS ("standard combination") is entered into HKATS, HKATS will automatically generate derived orders ("Bait Orders") based on the prevailing market price of each individual option series comprising the standard combination and the price of the order for the standard combination. Prices of these Bait Orders will be automatically adjusted according to price movement in the individual option series comprising the standard combination.

The ranking of Bait Orders shall be in accordance with the time the original order for the standard combination is entered into HKATS and not the time the Bait Orders are generated.

In the event an order for a standard combination is executed separately as Bait Orders in the individual option series, each stock options contract comprising the standard combination will be matched at the prevailing market price of the individual option series. Any matched contracts will be recorded in HKATS as separate trades in the individual option series.

In the event an order for a standard combination is executed in the standard combination market and not as Bait Orders in the individual option series, the executed price of the standard combination may not necessarily correspond with the prevailing market prices of the stock options contracts comprising the standard combination. The matched standard combination will be recorded in HKATS as separate trades in the individual option series.

Execution of Non-Standard Combinations

Combinations may be defined by Options Trading Exchange Participants using the "Enter Combination" window of HKATS ("non-standard combinations"). Non-standard combinations may only be executed as "fill or kill" orders. A non-standard combination which has been fully executed will be recorded in HKATS as separate trades in the individual ~~contracts~~ option series comprising the non-standard combination.