

APPENDIX B: OPTIONS CONTRACT SPECIFICATIONS

B5 Strike Price Intervals

The intervals between strike prices are as shown below.

Strike Price HK \$	Interval Group A HK\$	Interval Group B HK\$
up to \$2	\$0.10	\$0.05
\$2 to \$5	\$0.20	\$0.10
\$5 to \$10	\$0.50	\$0.25
\$10 to \$20	\$1.00	\$0.50
\$20 to \$50	\$2.00	\$1.00
\$50 to \$100	\$5.00	\$2.50
\$100 to \$200	\$5.00	\$2.50
\$200 to \$300	\$10.00	\$5.00
\$300 to \$500	\$20.00	\$10.00

B6 Addition of New Strike Prices

New series are added either automatically by HKATS or manually by the Exchange at its absolute discretion.

1. Automatic addition of new series

New series will be generated under the following conditions:

a) Upon addition of a new contract month

i) Option classes under Interval Group A

Upon expiry of a contract month, call and put contracts for five new strike prices -- two out-of-the-money, one at-the-money (or nearest-the-money) and two in-the-money -- will be added for the new expiry month in the cycle.

ii) Option classes under Interval Group B

Upon expiry of a contract month, call and put contracts for nine new strike prices -- four out-of-the-money, one at-the-money (or nearest-the-money) and four in-the-money -- will be added for the new expiry month in the cycle.

b) Upon daily underlying price movements

i) Option classes under Interval Group A

Based on the closing price of the underlying security, new strike prices will be added such that there are at least two out-of-the-money strikes, one at-the-money (or nearest-the-money) and two in-the-money strikes for both puts and calls. Under normal circumstances, there will be no addition of new strike prices within the final 5 trading days before expiry.

ii) Option classes under Interval Group B

Based on the closing price of the underlying security, new strike prices will be added such that there are at least four out-of-the-money strikes, one at-the-money (or nearest-the-money) and four in-the-money strikes for both puts and calls. Under normal circumstances, there will be no addition of new strike prices within the final 5 trading days before expiry.

The at-the-money strike price is the closing price of the underlying security rounded off to the nearest strike price, unless the closing price is precisely midway between two strike prices in which case it shall be rounded off to the lower strike price.

2. Manual addition of new series

The Exchange may at its absolute discretion manually add new series with strike prices at such intervals as it deems necessary, but only within the expiry months defined above.

All new series, automatically generated or manually added, will be announced prior to the effective day for trading.