Operational Trading Procedures for Options Trading Exchange Participants

APPENDIX H: CLIENT MARGINING USING THE PRiME CALCULATION ALGORITHM

H1. Margin Required in Respect of Client, NCP or Options Broker Exchange Participant

Options Exchange Participants should margin their clients, NCPs or Options Broker Exchange Participants using the same algorithm as that employed by SEOCH but multiplied by a factor as prescribed by SEOCH from time to time. Please refer to the *PRiME Margining Guide* for illustration of the calculation.

In exceptional cases, an Options Exchange Participant may margin a client, NCP or Options Broker Exchange Participant without adopting the above-mentioned factor as prescribed by SEOCH. To qualify for such margining, the Options Officer of the Options Exchange Participant must make a determination in writing that the financial resources and the margin payment arrangement made by the client, NCP or Options Broker Exchange Participant justify such treatment. The Options Exchange Participant must notify the Exchange in writing directly in respect of every such determination made.

H3. [Repealed]