

FIRST SCHEDULE : ITEM A1

[Repealed]

FIRST SCHEDULE : ITEM A2

[Repealed]

FIRST SCHEDULE : ITEM A3

UNIFORM OPTIONS BROKING AGREEMENT

To: [Name of Options Trading Exchange Participant]

[Address]

(licensed by the Securities and Futures Commission (“SFC”) as a licensed corporation to carry on Type 1 regulated activity under the Securities and Futures Ordinance [and any other regulated activities] and an Options Trading Exchange Participant of The Stock Exchange of Hong Kong Limited (the “Exchange”).

We

(licensed by the SFC as a licensed corporation to carry on Type 1 regulated activity [and any other regulated activities] and registered with Options Broker Exchange Participantship status by the Exchange) request you to operate a client account (the “Omnibus Account”) for us, in relation to the transaction of Exchange Traded Options Business for us in our capacity as an Options Broker Exchange Participant. Terms defined in the Exchange’s Options Trading Rules, and the Clearing Rules, have the same meaning in this Agreement. The Omnibus Account will be operated on the following terms and conditions:-

1 The Account

- 1.1** We acknowledge that the only Exchange Traded Options Business which may be effected through our Omnibus Account is the entering into/purchase*, exercise, settlement and discharge of options transactions on behalf of our clients. We will open an Options Broker Exchange Participant Account with you, pursuant to an Options Client Agreement if we wish to effect options transactions for our own account or the account of affiliates.
- 1.2** We confirm that the information provided in the Client Information Check List is complete and accurate. We will inform you of any changes to that information. You are authorized to conduct credit enquiries on us to verify the information provided.
- 1.3** You will keep information relating to our Omnibus Account confidential, but may provide any such information to the Exchange and the SFC to comply with their requirements or requests for information.
- 1.4** We hereby agree that, in relation to a transaction where you have received an enquiry from the Exchange and/or the SFC, the following provisions shall apply.
 - (a) Subject as provided below, we shall, immediately upon request by you, inform the Exchange and/or the SFC of the identity and contact details of the client for whose account the transaction was effected and of the person with the ultimate beneficial interest in the transaction. We shall also inform the Exchange and/or the SFC of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.
 - (b) If we effected the transaction for an investment fund, collective investment scheme or discretionary account (the “fund”), we shall, immediately upon request by you, inform the Exchange and/or the SFC of the identity and contact details of the fund and, if applicable, the identity and contact details of the person who, on behalf of the fund, instructed us to effect the transaction.

(c) If we are aware that our client is acting as intermediary for its underlying clients, and we do not know the identity and contact details of the underlying client for whom the transaction was effected, we confirm that

- we have arrangements in place with our client which entitle us to obtain such information from our client immediately upon request or to require our client to provide such information immediately on request direct to the Exchange and/or the SFC and
- we will, on request from you in relation to a transaction, promptly request our client on whose instructions the transaction was effected, either (i) to provide such information to us (in which case we shall provide the information to the Exchange and/or the SFC as soon as received from our client) or (ii) promptly request our client to provide such information direct to the Exchange and/or the SFC.

* delete wherever appropriate

2 Laws and rules

2.1 All Exchange Traded Options Business shall be effected in accordance with all laws, rules and regulatory directions (the "Rules") applying to you as an Options Trading Exchange Participant, and to us as an Options Broker Exchange Participant. This includes the Options Trading Rules of the Exchange, the Clearing Rules of The SEHK Options Clearing House Limited ("SEOCH") and the rules of Hong Kong Securities Clearing Company Limited ("HKSCC"). In particular, the Exchange has authority under the Rules to make adjustments to the terms of Contracts, and you shall notify us of any such adjustments which affect Options Broker Client Contracts to which we are a party. All actions taken by you, by the Exchange, by SEOCH or by HKSCC in accordance with such Rules shall be binding on us.

2.2 We agree that the terms of the Standard Contract for the relevant options series shall apply to each Options Broker Client Contract between you and us, and that all Options Broker Client Contracts shall be created, exercised, settled and discharged in accordance with the Rules.

3 Margin

3.1 We agree to provide you with cash and/or securities and/or other assets ("Margin") as may be agreed from time to time, as security for our obligations to you under this Agreement. Such Margin shall be paid or delivered as demanded by you from time to time. The amounts required by way of Margin shall not be less than, but may exceed, the amounts as may be required by the Rules in respect of our delivery obligations.

3.2 If you accept securities by way of Margin, I/we will on request provide you with such authority as you may require under the Rules to authorize you to deliver such securities to SEOCH as SEOCH Collateral in respect of Exchange Traded Options Business resulting from my/our instructions to you. You do not have any further authority from me/us to borrow or lend such securities or otherwise part with possession (except to me/us or on my/our instructions) of any of such securities for any other purpose.

4 Client Default

- 4.1** We agree to indemnify you, and your employees and agents, against all losses and expenses resulting from breach of our obligations under this Agreement, including costs reasonably incurred in collecting debts from us, and in closing the Omnibus Account.
- 4.2** If we fail to comply with any of our obligations and/or to meet our liabilities under this Agreement, including failure to provide Margin, you may, in accordance with the Options Trading Rules
- decline to accept further instructions from us in respect of Exchange Traded Options Business
 - close or exercise some or all of our Options Broker Client Contracts with you
 - dispose of Margin, and apply the proceeds thereof to discharge our liabilities to you.
- 4.3** We agree to pay interest on all overdue balances (including interest arising after a judgment debt is obtained against us) at such rates and on such other terms as you have notified to us from time to time.

5 Contracts

- 5.1** In respect of all Contracts effected on our instructions, we will pay you, within the time period notified by you, Premium, your commission and any other charges, and applicable levies imposed by the Exchange, as have been notified to us. You may deduct such Premium, commissions, charges and levies from the Omnibus Account.
- 5.2** You may place limits on the open positions or delivery obligations that we may have at any time. We acknowledge that
- you may be required to close out Options Broker Client Contracts to comply with position limits imposed by the Exchange
 - if you go into default, the default procedures of the Exchange may result in Options Broker Client Contracts being closed out, or replaced by Options Broker Client Contracts between us and another Options Trading Exchange Participant of the Exchange and
 - if we go into default, the Exchange may take against us any of the steps set out in Chapter 7 of the Options Trading Rules.
- 5.3** At our request, you may agree to the Options Broker Client Contracts between us being replaced, in accordance with the Rules, by Options Broker Client Contracts between us and another Options Trading Exchange Participant of the Exchange.

- 5.4 On exercise of an Options Broker Client Contract by or against us, we will perform our delivery obligations under the relevant contract, in accordance with the Standard Contract and as we have been notified by you.

6 Risk Disclosure Statement

WE ACKNOWLEDGE THAT DUE TO THE VOLATILE NATURE OF SECURITIES MARKETS, THE WRITING AND PURCHASE OF OPTIONS OVER SECURITIES INVOLVES A HIGH DEGREE OF RISK.

WARNING TO OPTION HOLDERS

SOME OPTIONS MAY ONLY BE EXERCISED ON AN EXPIRY DAY (EUROPEAN-STYLE EXERCISE) AND OTHER OPTIONS MAY BE EXERCISED AT ANY TIME BEFORE EXPIRATION (AMERICAN-STYLE EXERCISE). WE UNDERSTAND THAT UPON EXERCISE SOME OPTIONS REQUIRE DELIVERY AND RECEIPT OF THE UNDERLYING SECURITY AND THAT OTHER OPTIONS REQUIRE A CASH PAYMENT.

AN OPTION IS A WASTING ASSET AND THERE IS A POSSIBILITY THAT AS AN OPTION HOLDER WE MAY SUFFER THE LOSS OF THE TOTAL PREMIUM PAID FOR THE OPTION. WE ACKNOWLEDGE THAT, AS AN OPTION HOLDER, IN ORDER TO REALISE A PROFIT IT WILL BE NECESSARY TO EITHER EXERCISE THE OPTION OR CLOSE THE LONG OPTION POSITION IN THE MARKET. UNDER SOME CIRCUMSTANCES IT MAY BE DIFFICULT TO TRADE THE OPTION DUE TO LACK OF LIQUIDITY IN THE MARKET. WE ACKNOWLEDGE THAT YOU HAVE NO OBLIGATION EITHER TO EXERCISE A VALUABLE OPTION IN THE ABSENCE OF OUR INSTRUCTION OR TO GIVE TO US PRIOR NOTICE OF THE EXPIRATION DATE OF THE OPTION.

WARNING TO OPTION WRITERS

AS A WRITER OF AN OPTION WE MAY BE REQUIRED TO PAY ADDITIONAL MARGIN AT ANY TIME. WE ACKNOWLEDGE THAT AS AN OPTION WRITER, UNLIKE AN OPTION HOLDER, WE MAY BE LIABLE FOR UNLIMITED LOSSES BASED ON THE RISE OR FALL OF THE PRICE OF THE UNDERLYING SECURITY AND OUR GAINS ARE LIMITED TO THE OPTION PREMIUM.

ADDITIONALLY, WRITERS OF AMERICAN-STYLE CALL (PUT) OPTIONS MAY BE REQUIRED AT ANY TIME BEFORE EXPIRY TO DELIVER (PAY FOR) THE UNDERLYING SECURITIES TO THE FULL VALUE OF THE STRIKE PRICE MULTIPLIED BY THE NUMBER OF UNDERLYING SECURITIES. WE RECOGNIZE THAT THIS OBLIGATION MAY BE WHOLLY DISPROPORTIONATE TO THE VALUE OF PREMIUM RECEIVED AT THE TIME THE OPTIONS WERE WRITTEN AND MAY BE REQUIRED AT SHORT NOTICE.

7 General

- 7.1 You agree to provide us, upon request, with the product specifications for Options Contracts.
- 7.2 We confirm that we have received the Exchange booklet "Understanding Stock Options (and their Risks)".

7.3 Each party will notify the other of material changes in respect of its business which may affect the services provided under this Agreement.

7.4 We confirm that we have read and agree to the terms of this Agreement.

7.5 This Agreement is governed by, and may be enforced in accordance with, the laws of the Special Administrative Region of Hong Kong.

SIGNED by [Name of Options Broker Exchange
Participant]

)

in the presence of

)

) Authorized Signature/Business Chop

[witness name
address and
occupation]

[Witness Signature]

ACKNOWLEDGED AND
ACCEPTED BY
[Name of Options Trading Exchange Participant]

)

)

) Authorized Signature/Business Chop

FIRST SCHEDULE: ITEM B

[Repealed]

FIRST SCHEDULE: ITEM C

[Repealed]

FIRST SCHEDULE: ITEM D

**MODEL ACKNOWLEDGEMENT LETTER FROM OPTIONS CLIENTS
IN RESPECT OF SEOCH MARGINING ON A PORTFOLIO BASIS**

To : [NAME OF OPTIONS TRADING EXCHANGE PARTICIPANTS AND ADDRESS]

Dear Sirs

I/We hereby authorize you to submit a claim with The SEHK Options Clearing House Ltd. ("SEOCH") in respect of my/our open positions to the effect that SEOCH will calculate and collect margin in respect of such positions on a portfolio basis.

Yours faithfully,

(Signed by Client)

Date