

## **Operational Clearing Procedures for Options Trading Exchange Participants**

### **4. Service Schedules**

#### **4.1 Daily Schedule for Clearing Functions**

##### **4.1.6 Position Maintenance**

SEOCH Participants can perform various types of rectification on their open or closed positions, including position netting and transfer between different internal or external accounts where applicable.

### **5. Trade and Position Management**

#### **5.5 Position Adjustments**

Position adjustments may be made on accumulated positions in all position accounts. Some position adjustments can only be effected by SEOCH upon receipt of the proper instructions from SEOCH Participants and the adjustments are effective on-line immediately following completion of the adjustments. There are two types of position adjustments - Internal and External Position Adjustments, which are described in paragraphs 5.5.1 and 5.5.2 respectively. Only external position adjustment requests are subject to the approval of SEOCH. The SEOCH Participant must provide a valid reason for each external position adjustment requested.

##### **5.5.2 External Position Transfers**

An external position transfer involves the transfer of positions in one or more accounts between different SEOCH Participants. The transfer is effected by SEOCH only upon receipt of proper instructions from SEOCH Participants no later than the System Input Cutoff Time and in the case of any request for the external position transfer of positions in a Client Offset Claim Account of a SEOCH Participant upon the occurrence of an event of default, only if the transfer is for all, but not part, of the positions in that account. SEOCH Participants can verify the effect of external position transfers in position reports and in position inquiry screens via DCASS.

An external position transfer can be initiated by a transferring SEOCH Participant by submitting a request to SEOCH using DCASS. Any external position transfer request not approved by SEOCH or not confirmed by the receiving SEOCH Participant will remain as the position of the transferring SEOCH Participant.

### **5.5.3 Annulment of Position Netting**

In the event that a SEOCH Participant needs to annul the position netting input (other than that relating to positions which were previously netted by trade close or adjustment or position transfer), the SEOCH Participant may request for an annulment of the position netting by submitting an annulment request to SEOCH using DCASS no later than such deadline as may be prescribed by SEOCH from time to time.

For annulment requests relating to positions which were previously netted by trade close adjustment or position transfer, the SEOCH Participant must submit to SEOCH the relevant form available from the HKEX website or such other channels as SEOCH may from time to time notify SEOCH Participants no later than such deadline as may be prescribed by SEOCH from time to time and stated in the form.

Each annulment request is subject to the approval of SEOCH. In respect of any annulment request not approved by SEOCH, the relevant positions will remain as closed.

## **17. SUPPORT SERVICES IN THE EVENT OF LOSS OF ACCESS TO DCASS AND/OR CCMS**

### **17.2 On-Behalf-Of Processing**

In case SEOCH Participants cannot perform post-trade adjustment functions via DCASS due to technical or other reasons, they may request SEOCH to input post-trade adjustment requests into DCASS on their behalf by completing and submitting to SEOCH the relevant request forms available from the HKEX website or such other channels as SEOCH may from time to time notify SEOCH Participants, where applicable, and deliver the request pursuant to the procedure described in 17.3.

The requesting SEOCH Participant shall ensure that its request is received by SEOCH no later than the relevant cut-off time if the request is for same day processing. However, services of On-Behalf-Of processing provided by SEOCH to SEOCH Participants are subject to availability of resources at the time of the request and on a best effort basis.

### **17.3 Delivery of Instructions to SEOCH**

The following procedure will apply to a SEOCH Participant for delivering instructions to SEOCH requesting On-Behalf-Of processing or clearing functions to be performed by SEOCH:

- i. No verbal instructions will be accepted by SEOCH. All written instructions through a specified form or otherwise must be submitted to SEOCH by such means as SEOCH considers appropriate.
- ii. Where signature is required on the written instruction, it must be properly authorised in accordance with the signing mandate and specimen signatories filed with SEOCH by the SEOCH Participant.
- iii. Fax instructions can only be accepted if a properly executed Fax Indemnity is accepted by SEOCH. The standard Fax Indemnity form can be obtained from SEOCH.
- iv. All instructions must be received by SEOCH before the relevant cut off time prescribed by SEOCH in order to be assured of same day processing.
- v. SEOCH will decide whether the instruction can be accepted and notify the SEOCH Participant immediately if the request is denied or if the instruction cannot be completed in the normal prescribed time of SEOCH on the day the instruction is received.