

Operational Clearing Procedures for Options Trading Exchange Participants

**III. CLEARING SERVICES**

**4. SERVICE SCHEDULES**

**4.1 Daily Schedule for Clearing Functions**

**Table 1: Availability of Clearing Services**

Clearing Functions	Normal Business Day			
	PT	TPT	AB	BT
A. Enquiry	X	X		X
B. Input Functions Performed by Participants				
1. Trade Rectification				
<i>a) Trade Separation</i>	X	X		
<i>b) Trade Open/Close Adjustment</i>	X	X		
<i>c) Trade Account Transfer</i>	X	X		
<i>d) Trade Give-up / Take Up</i>	X	X		
<i>e) Average Price Trade</i>	X	X		
2. Exercise Request Input				
<i>a) Exercise Request / Rejection</i>	X	X		
<i>b) Deny Auto Exercise</i>	X	X		
3. Securities Collateral Cover/De-cover	X	X		
4. Position Maintenance				
<i>a) Internal Position Transfer</i>	X	X		
<i>b) Position Netting</i>	X	X		
5. Report Download & Printing	X	X	X	X

**4.3 Clearing Functions Performed By SEOCH at Its Discretion Upon SEOCH Participants' Instructions**

Certain clearing functions cannot be performed by SEOCH Participants directly. SEOCH will, at its discretion, perform all such clearing functions upon the proper delivery of instructions from a SEOCH Participant. Each transaction processed by SEOCH will be subject to a processing fee at such rate as may be prescribed by the SEOCH Board from time to time. Instructions must be received by SEOCH no later than the System Input Cutoff Time to be assured of same day processing.

**5. TRADE AND POSITION MANAGEMENT**

**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 terminals.

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

In the event that the netting of positions using the Position Netting function is mistakenly made by a SEOCH Participant, the SEOCH Participant may request for an annulment of such position netting by submitting to SEOCH an Annulment of Position Netting Request Form [Appendix A6] no later than the System Input Cutoff Time on the fifth Business Day after the original position netting was effected. The annulment request is effected by and subject to the approval of SEOCH.

## **IV. DUTIES AND OBLIGATIONS OF SEOCH PARTICIPANTS**

### **8. SETTLEMENT AND DELIVERY IN RESPECT OF STOCK TRANSACTIONS**

#### **8.8 Settlement under IT Systems in CCASS**

##### **8.8.2 Settlement where the SEOCH Participant is the Seller under IT**

###### **8.8.2.1 Settlement Process**

As soon as being notified of any exercised options trades to be settled under the IT system, the affected SEOCH Participant must change or have arrangement in place to change the payment method of such exercised options trades to an FOP basis via its CCASS terminal before the first batch run on T+2 and it may settle the stock delivery obligations by the use of the DI functions of CCASS or during any batch run on T+2. Upon receipt of the underlying securities in full settlement of the pending stock positions, SEOCH will credit the relating Settlement Amount to the SEOCH Participant's CCMS Collateral Account on T+2 for same day value.

## **V. SPECIAL EVENTS**

### **15. TYPHOONS AND BLACK RAINSTORM**

#### **15.4.1 Approach of typhoon and issuance of Black Rainstorm Warning**

- i. Typhoon Signal No.8 hoisted before 9:30 a.m. and not lowered by 12:00 noon or Black Rainstorm Warning issued before 9:00 a.m. and not discontinued by 12:00 noon

The trading day will not be treated as a settlement day for stock settlement purposes. In such event, SEOCH will extend by one trading day for the settlement of pending stock transactions resulting from exercise or assignment transactions effected two trading days prior to the day.

- ii. Typhoon Signal No.8 hoisted at or after 9:30 a.m or Black Rainstorm Warning issued at or after 9:00 a.m.

The trading day will be treated as a settlement day for stock settlement purposes and settlement process will be effected as normal trading days.