

**Options Clearing Rules**

**CHAPTER 1**

**DEFINITIONS AND INTERPRETATION**

**Definitions**

101. In these Clearing Rules, unless the context otherwise requires:-

“DCASS User Guide” means the manual entitled “DCASS User Guide” relating to the operation of DCASS via online access, as amended from time to time by SEOCH;

“System Input Cutoff Time” means 6:45 p.m. or such other time after the close of trading from time to time prescribed by SEOCH as the system input cutoff time of DCASS on each Business Day;

The definitions of “After Business Period” has been repealed.

**CHAPTER 3**

**SEOCH PARTICIPANTSHIP**

**Registration**

313. SEOCH will maintain a register containing the full names and addresses and contact details of all SEOCH Participants, particulars of the category of SEOCH Participantship under which each SEOCH Participant is registered and the date of admission of each SEOCH Participant.

**CHAPTER 5**

**EXERCISE, DELIVERY AND SETTLEMENT**

**Exercise**

501. An OCH Contract comprised in a long open position of a SEOCH Participant shall be validly exercised if, upon the System Input Cutoff Time on any day up to and including the Last Exercise Day for that option series, an exercise request in respect of that long open position, entered in accordance with the Operational Clearing Procedures, is recorded in the Options Clearing System.

502. An NCP Contract comprised in a long open position of an NCP shall be validly exercised if, upon the System Input Cutoff Time on any day up to and including the Last Exercise Day for that option series, an exercise request in respect of that long open position, entered by its designated GCP in accordance with the Operational Clearing Procedures, is recorded in the Options Clearing System. Where an NCP Contract is so validly exercised, an OCH Contract in the same option series comprised in a long open position of the GCP which is party to that NCP Contract shall at the same time, and by operation of this Clearing Rule, be treated as having been validly exercised.

503. An exercise request may, in accordance with the Operational Clearing Procedures, be altered or withdrawn at any time prior to the System Input Cutoff Time on the day on which it is entered. Those exercise requests not so altered or withdrawn shall become irrevocable and binding in accordance with these Clearing Rules.
- 503A. The Options Clearing System will not automatically generate exercise requests in respect of in-the-money contracts on behalf of SEOCH Participants except on an expiry day. On an expiry day, the Options Clearing System will automatically generate exercise requests in respect of each and every open long position in spot month contracts which meets the exercise criterion prescribed (i) by the relevant SEOCH Participant, or (ii) if no such exercise criterion is prescribed by the SEOCH Participant, by SEOCH. An Options Trading Exchange Participant may elect, or if it is an NCP, may instruct its designated GCP, to deny such automatically generated exercise requests for any spot month series via DCASS in accordance with the Operational Clearing Procedures at any time prior to the System Input Cutoff Time on the expiry day. Those automatically generated exercise requests not so denied are deemed as exercise requests entered by that SEOCH Participant and shall become irrevocable and binding in accordance with these Clearing Rules.
505. After the System Input Cutoff Time on each Business Day, all validly exercised OCH Contracts shall, by a random assignment process conducted by SEOCH, be allocated against OCH Contracts comprised in short open positions of SEOCH Participants in each option series in respect of which those exercise requests have been so recorded. Each SEOCH Participant party to OCH Contracts comprised in a short open position in respect of which an exercise request is so allocated will be notified of such allocation by SEOCH, which notice shall specify the SEOCH Participant and the affected DCASS account of such SEOCH Participant.

## **CHAPTER 6**

### **RISK MANAGEMENT AND PAYMENT PROCEDURES**

#### **Margin, Premium and Settlement Amounts Calculation**

608. After the System Input Cutoff Time on each Business Day, SEOCH will determine the amount of Premium and Settlement Amounts payable by or to each SEOCH Participant and the amount of Daily Margin payable by each SEOCH Participant.

## **CHAPTER 11**

### **DCASS**

#### **Introduction**

1101. SEOCH Participants shall ensure that DCASS is operated, and Contracts are cleared and settled through DCASS, in accordance with these Clearing Rules, the Operational Clearing Procedures, the DCASS User Guide and such other procedures and requirements as may be specified by SEOCH from time to time, including those specified in the DCASS Agreement.

#### **Connection to DCASS**

- 1102A. A SEOCH Participant shall establish its DCASS connection via the central gateway provided by SEOCH.

**DCASS Equipment and Software**

1112. Repealed

**Backup Centre for DCASS**

1112A. In case SEOCH Participants cannot perform post-trade functions via DCASS due to technical or other reasons, they can request the use of the backup centre provided by SEOCH to perform such functions. For the service hours of the backup centre and other details, please refer to the DCASS User Guide.

**CHAPTER 12**

**CCMS**

**Backup Centre for CCMS**

1211. In case SEOCH Participants cannot perform collateral management functions via CCMS due to technical or other reasons for in CCMS, they can request the use of the backup centre provided by SEOCH to perform such functions. For the service hours of the backup centre and other details, please refer to the CCMS Terminal User Guide.