

香港聯合交易所期權結算所有限公司

(香港交易及結算所有限公司集團全資附屬成員機構)

The SEHK Options Clearing House Limited*(A wholly-owned member of the Hong Kong Exchanges and Clearing Limited Group)*

通告 CIRCULAR

事項 Readiness for Clearing Renminbi Denominated Stock Options
 - Cross-currency Margin Offset Arrangement

查詢

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Further to the circular issued on 26 August 2011 regarding “Readiness for Clearing Renminbi Denominated Stock Options” (Ref: [CD/DCO/SEOCH/010/2011](#)), please be advised that DCASS will be enhanced to support cross-currency margin offset between stock options margined in RMB and HKD after an upgrade tentatively scheduled in the fourth quarter of 2012 (For details on the DCASS upgrade, please refer to the circular “Ref: [CD/DCO/DCASS/008/2012](#)” dated 12 July 2012). With this upgrade, margin credit of RMB stock options can be used to offset the margin debit of HKD stock options (and vice versa) within the same net margined account. Details of the cross-currency margin offset calculation are set out in the Attachment for reference.

Participants are strongly advised to make necessary arrangements in advance to ensure that their back office systems can support the cross-currency margin offset as part of the margin calculation process. The clearing house will make available sample Risk Parameter Files (RPF) on the HKEx website for Clearing Participant’s testing purposes. These sample RPFs will be updated on a monthly basis starting from 23 July 2012 until the completion of the DCASS upgrade:

http://www.hkex.com.hk/chi/market/rm/rm_dcrm/riskdata/Documents/Cross_Currency_RPF.zip

Relevant amendments to the Operational Clearing Procedures of SEOCH will be distributed to Participants via circular after regulatory approval.

Should you have any enquiries in relation to the above, please contact our Claudia Chan on 2840-3554 or Marc Luk on 2211-6905.

For and on behalf of
The SEHK Options Clearing House Limited

Felix Wang
Authorized Signatory

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Cross-currency Margin Offset Arrangement

For a net margined account with a portfolio of marginable stock options positions denominated in different currencies, the steps that will be taken in the cross-currency margin offset calculation within such an account are as follows:

1. Apply margin offset to the relevant marginable positions of the same or different option classes for each currency¹;
2. If there is a margin debit in one currency and a margin credit in another currency after step 1, the margin credit will be converted² into the currency in which the margin debit is denominated;
3. Apply the margin credit after conversion to net off against the margin debit; and
4. If step 3 results in a margin debit, the margin debit will become the margin requirement for the account. If step 3 results in a margin credit, the margin credit will be set to zero and there will be no margin requirement for such account.

Example 1

The margin requirements for RMB and HKD stock options in a house account are as follows:

Marginable Position	Margin Requirement
RMB stock options (net long)	-RMB 500 (credit)
HKD stock options (net short)	+HKD 2,000 (debit)

Margin requirement for the account = -RMB500 x 1.22681^{*} + HKD2,000 = +HKD1,387 (debit)

* Conversion rate for RMB/HKD = 1.22681 (set by the clearing house)

Example 2

The margin requirements for RMB and HKD stock options in an individual client account are as follows:

Marginable Position	Margin Requirement
RMB stock options (net short)	+RMB 1,500 (debit)
HKD stock options (net long)	-HKD 3,000 (credit)

Margin requirement for the account = RMB1,500 - HKD3,000 x 0.81512[#] = -RMB945 (credit) => 0

Conversion rate for HKD/RMB = 1/1.22681 = 0.81512

¹ For details on the stock option net margining calculation, please refer to [Appendix D of the Operational Clearing Procedures of SEOCH](#) or [the PRiME Margining Guide](#).

² Conversion will be performed at a rate set by the clearing house. Such conversion rate will be available in the “fixing values” window of the DCASS Terminal or from the Record T in the Risk Parameter File.