

STOCK OPTIONS OVERVIEW

A stock option is a financial contract based on single underlying stock which is traded on the stock exchange and cleared through its clearing house. There are two types of options:

Call	Put
<ul style="list-style-type: none"> • Buyer has the right to buy the underlying stock at the strike price (i.e. pre-determined price) on or before the expiry day. • Seller has the obligation to sell the underlying stock at the strike price upon exercise on or before the expiry day. 	<ul style="list-style-type: none"> • Buyer has the right to sell the underlying stock at the strike price on or before the expiry day. • Seller has the obligation to buy the underlying stock at the strike price upon exercise on or before the expiry day.

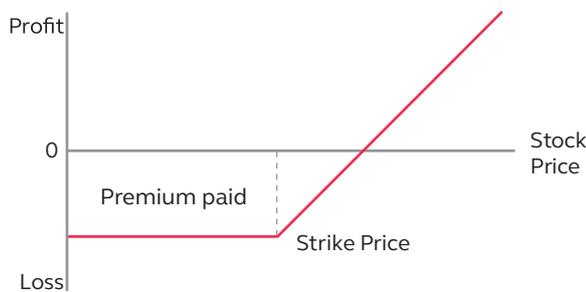
OPTION PREMIUM

The cost of an option is option premium, which is quoted on a per share basis. The buyer of a stock option pays the option premium, while the seller receives the option premium (margin requirements apply to stock option sellers).

INVESTMENT RETURN

The return of a stock option position depends on the price of the underlying stock. A diagram illustrating the profit / loss profile of a stock option position at expiration in relation to the underlying stock price is called an option expiration payoff diagram. The expiration payoff diagrams of four basic option positions are as follows:

Long Call



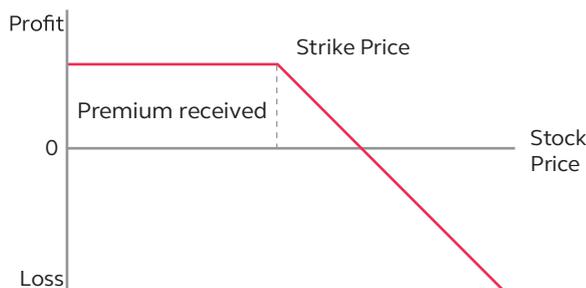
A **call option buyer** is subject to potential profit on the upside and potential loss is limited to the call premium.

Long Put



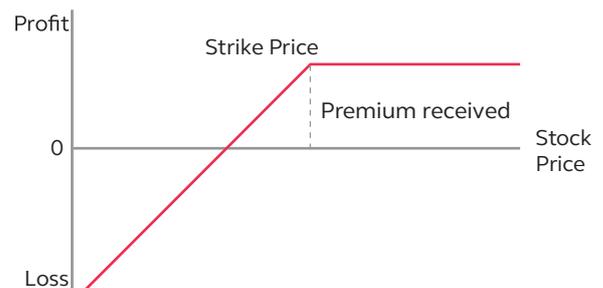
A **put option buyer** is subject to potential profit on the downside and the potential loss is limited to the put premium.

Short Call



A **call option seller** is subject to potential profit limited to the call premium and a potential loss on the upside.

Short Put



A **put option seller** is subject to potential profit limited to the put premium and a potential loss on the downside.

USES OF STOCK OPTIONS

Stock options can assist investors in meeting different investment objectives, including:

- Leveraged trading on the upside or downside, e.g. long call or long put
- Transaction cost reduction, e.g. long call as a trading substitute for its underlying stock
- Hedging market risk, e.g. long put for protection on the downside
- Yield enhancement, e.g. short call to receive the premium
- Lock-in a stock profit, e.g. long put to protect the floating profit
- Setting a stock purchase price, e.g. short put to target stock purchase at the strike price
- Meeting trading needs in bullish, bearish, stagnant or volatile markets, e.g. options combination trades

Contract Summary Of Stock Options																			
Option Types	Puts and calls																		
Contract Size (in terms of shares)	Refer to the stock option class list																		
Contracted Value	Option Premium multiplied by the Contract Size																		
Contract Months	Spot, the next three calendar months and the next three calendar quarter months [#]																		
Minimum Fluctuation	\$0.01*																		
Option Premium	Quoted in HK dollars on a per share basis																		
Strike Prices (HK\$)	<table border="0"> <tr><td>Up to \$2</td><td>\$0.05</td></tr> <tr><td>\$2 to \$5</td><td>\$0.10</td></tr> <tr><td>\$5 to \$10</td><td>\$0.25</td></tr> <tr><td>\$10 to \$20</td><td>\$0.50</td></tr> <tr><td>\$20 to \$50</td><td>\$1.00</td></tr> <tr><td>\$50 to \$100</td><td>\$2.50</td></tr> <tr><td>\$100 to \$200</td><td>\$2.50</td></tr> <tr><td>\$200 to \$300</td><td>\$5.00</td></tr> <tr><td>\$300 to \$500</td><td>\$10.00</td></tr> </table>	Up to \$2	\$0.05	\$2 to \$5	\$0.10	\$5 to \$10	\$0.25	\$10 to \$20	\$0.50	\$20 to \$50	\$1.00	\$50 to \$100	\$2.50	\$100 to \$200	\$2.50	\$200 to \$300	\$5.00	\$300 to \$500	\$10.00
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Trading Hours (Hong Kong time)	9:30 am – 12:00 noon & 1:00 pm – 4:00 pm																		
Expiry Day	Business day immediately preceding the last business day of the contract month																		
Exercise Style (American)	Options can be exercised at any time up to 6:45 pm on any business day up to and including the last trading day																		
Exercise Fee	\$2.00																		
Settlement	Physical delivery of underlying shares on exercise and settlement periods are: T + 1 (options premium, payable in full); or T + 2 (stock transfer following exercise)																		
Trading Tariff (Combined trading and clearing fee)	<table border="0"> <tr><td>Tier 1</td><td>\$3.00</td></tr> <tr><td>Tier 2</td><td>\$1.00</td></tr> <tr><td>Tier 3</td><td>\$0.50</td></tr> </table>	Tier 1	\$3.00	Tier 2	\$1.00	Tier 3	\$0.50												
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Brokerage Commission	Negotiable																		

[#] The Exchange may introduce any other longer-dated expiry month in selected stock option classes as it deems necessary.

* Effective from 9 December 2013, \$0.001 was introduced in four stock option classes:

1. Bank of China Limited
2. China Construction Bank Corporation
3. Industrial and Commercial Bank of China Limited
4. Agricultural Bank of China Limited

The HKATS Codes for all stock options with \$0.001 are started with “X”.

STOCK OPTION CLASS LIST⁺

Stock Option Classes with Contract Size More Than One Underlying Board Lot Shares

SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Number of Board Lots	Tier No.
1113	Cheung Kong Property Holdings Ltd.	CKP	1,000	2	1
1288	Agricultural Bank of China Limited	XAB	10,000	10	1
1299	AIA Group Limited	AIA	1,000	5	1
1336	New China Life Insurance Co. Ltd.	NCL	1,000	10	1
1339	The People's Insurance Company (Group) of / China Limited	PIN	5,000	5	2
1359	China Cinda Asset Management Co., Ltd	CDA	5,000	5	2
1816	CGN Power Co., Ltd	CGN	10,000	10	1
1988	China Minsheng Banking Corporation Limited	MSB	2,500	5	2
2601	China Pacific Insurance (Group) Co., Ltd.	CPI	1,000	5	1
2822	 CSOP FTSE China A50 ETF	CSA	5,000	25	1
2823	 iShares FTSE A50 China Index ETF [^]	A50	5,000	50	1
2827	 W.I.S.E. - CSI 300 China Tracker [^]	CS3	1,000	5	1
2828	 Hang Seng H-Share Index ETF	HCF	1,000	5	1
3188	 ChinaAMC CSI 300 Index ETF	AMC	2,000	10	1
3800	GCL-Poly Energy Holdings Ltd.	PLE	5,000	5	3
6030	CITIC Securities Co. Ltd.	CTS	1,000	2	2
6837	Haitong Securities Co., Ltd.	HAI	2,000	5	1

Stock Option Classes with Contract Size Equal to One Underlying Board Lot Shares

SEHK Code	Underlying Stock Name	HKATS Code	Contract Size (shares)	Tier No.
1	CK Hutchison Holdings Ltd.	CKH	500	1
2	CLP Holdings Limited	CLP	500	1
3	The Hong Kong and China Gas Company Limited	HKG	1,000	2
4	The Wharf (Holdings) Limited	WHL	1,000	1
5	HSBC Holdings Plc.	HKB	400	1
6	Power Assets Holdings Limited	HEH	500	1
11	Hang Seng Bank Limited	HSB	100	2
12	Henderson Land Development Company Limited	HLD	1,000	1
16	Sun Hung Kai Properties Limited	SHK	1,000	1
17	New World Development Company Limited	NWD	1,000	3
19	Swire Pacific Limited	SWA	500	1
23	The Bank of East Asia, Limited	BEA	200	3
27	Galaxy Entertainment Group Limited	GLX	1,000	1
66	MTR Corporation Limited	MTR	500	2
135	Kunlun Energy Co. Ltd.	KLE	2,000	2
151	Want Want China Holdings Ltd.	WWC	1,000	3
267	CITIC Limited	CIT	1,000	2
293	Cathay Pacific Airways Limited	CPA	1,000	2
330	Esprit Holdings Limited	ESP	100	3
358	Jiangxi Copper Company Limited	JXC	1,000	2
386	China Petroleum & Chemical Corporation	CPC	2,000	2
388	Hong Kong Exchanges and Clearing Limited	HEX	100	2
390	China Railway Group Limited	CRG	1,000	3
489	Dongfeng Motor Group Co. Ltd.	DFM	2,000	2
494	Li & Fung Limited	LIF	2,000	2
688	China Overseas Land & Investment Limited	COL	2,000	1
700	Tencent Holdings Limited	TCH	100	2
728	China Telecom Corporation Limited	CTC	2,000	3
762	China Unicom (Hong Kong) Limited	CHU	2,000	2
857	PetroChina Company Limited	PEC	2,000	2
883	CNOOC Limited	CNC	1,000	3
902	Huaneng Power International, Inc.	HNP	2,000	2
914	Anhui Conch Cement Company Limited	ACC	500	2
939	China Construction Bank Corporation	XCC	1,000	3
941	China Mobile Limited	CHT	500	1
992	Lenovo Group Limited	LEN	2,000	2
998	China CITIC Bank Corporation Limited	CTB	1,000	3
1044	Hengan International Group Co. Ltd.	HGN	500	1
1088	China Shenhua Energy Company Limited	CSE	500	3
1109	China Resources Land Ltd.	CRL	2,000	1
1171	Yanzhou Coal Mining Company Limited	YZC	2,000	3
1186	China Railway Construction Corporation Limited	CRC	500	3
1211	BYD Company Limited	BYD	500	2
1398	Industrial and Commercial Bank of China Limited	XIC	1,000	3
1800	China Communications Construction Company Limited	CCC	1,000	2
1880	Belle International Holdings Limited	BIH	1,000	3
1898	China Coal Energy Company Limited	CCE	1,000	3
1919	China COSCO Holdings Company Limited	CCS	500	3
1928	Sands China Ltd.	SAN	400	2
2038	FIH Mobile Limited	FIH	1,000	3
2282	MGM China Holdings Limited	MGM	400	3
2318	Ping An Insurance (Group) Company of China, Ltd.	PAI	500	2
2319	China Mengniu Dairy Co. Ltd.	MEN	1,000	2
2328	PICC Property and Casualty Company Limited	PIC	2,000	1
2333	Great Wall Motor Co. Limited	GWM	500	3
2388	BOC Hong Kong (Holdings) Limited	BOC	500	2
2600	Aluminum Corporation of China Limited	ALC	2,000	3
2628	China Life Insurance Company Limited	CLI	1,000	1
2777	Guangzhou R&F Properties Co., Ltd.	RFP	400	3
2800	 Tracker Fund of Hong Kong	TRF	500	2
2888	Standard Chartered PLC	STC	50	3
2899	Zijin Mining Group Company Limited	ZJM	2,000	3
3323	China National Building Material Company Limited	NBM	2,000	2
3328	Bank of Communications Co., Ltd.	BCM	1,000	3
3888	Kingsoft Corporation Ltd.	KSO	1,000	2
3968	China Merchants Bank Co., Ltd.	CMB	500	2
3988	Bank of China Ltd.	XBC	1,000	3

+ The most updated stock options contract specifications, stock options classes and board lot sizes are available at www.hkex.com.hk.

^ Synthetic ETF



LIST OF INFORMATION VENDORS AND ACCESS CODES

Information Vendor	Access Codes
AASTOCKS.com Ltd.	6 digits code starting with 340
ACTIV Financial Systems, Inc.	HKATS Trading Code/<Year><Month Code><Exchange Code>
AFE Solutions Ltd.	7 + 5 digits SEHK Code + Contract Month (1 = spot month, 2 = 2nd month, 3 = 3rd month and etc.)
Bloomberg L.P.	Stock code + HK Equity + OMON <GO>
ET Net Ltd.	Hit "option" on menu bar, select "Stock Options Quotation" and then select the underlying
Finet Holdings Ltd.	Finet FME/FIE/FFE: Select "Options" button Finet PowerStation: Select "Menu", Derivatives -> HK Option
Infocast Ltd.	HKATS Trading Code
Intelligent Group Enterprise Limited	HKATS Trading Code
Interactive Brokers LLC	Stock code
Interactive Data	O:HKATS Trading Code\myydd\ss.ss
Morningstar Real-Time Data	HKATS Trading Code
SIX Financial Information Ltd	<Class code> + <strike> + <m> + <y> (Class code = HKATS code, y = year, m = month, c = Call, p = Put, strike = strike Price)
Thomson Reuters	0# + stock code + *.HK
Telequote Data International Ltd.	HKATS Trading Code + "O" [Month][Year]
Tele-Trend Ltd.	Alt+O -> <stock code>
Wind Information Co., Ltd	HKATS Trading Code + "O"

For the most updated information, please visit: www.hkex.com.hk/eng/market/dv_tradfinfo/infovendor.htm

HKEX Stock Options Tools		
Stock Option Corner	www.hkex.com.hk/eng/prod/drprod/so/stk_opt.htm	
Stock Options Mobile App	IOS: Searching keywords "HKEX" in App store	
	Android (Google Play): Searching keywords "HKEX" in Google Play	
	Android (360 Mobile Assistant): Searching keywords "Options" (in Chinese)	
	Android (Xiaomi App Store): Searching keywords "Options" (in Chinese)	

ENQUIRY

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