

香港聯合交易所有限公司

(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Operational Trading Procedures for Options Trading Exchange Participants (the “Procedures”) of The Stock Exchange of Hong Kong Limited (“SEHK”)

Enquiry: Hotline : 2211 6901

Holders of SEHK Trading Rights and Exchange Participants of SEHK are requested to note that pursuant to circular no. LSD/22/2017, the Procedures have been amended to implement a revised client margining methodology whereby an Options Exchange Participant is mandated to apply a multiplier as prescribed by The SEHK Options Clearing House Limited to the clearing house margin rate/requirement when calculating the amount of margin that it collects from its clients. The Securities and Futures Commission has approved further amendments to the Procedures which provide that an Options Exchange Participant will no longer be allowed to apply alternative arrangements in collecting client margin.

The amendments, as set out in the Appendix, will come into effect on Monday, 3 April 2017.

The marked-up version of the amendments can be downloaded from the “Rule Update - Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange” section of the HKEX website.

Ferheen Mahomed
Group General Counsel

Operational Trading Procedures for Options Trading Exchange Participants

**APPENDIX H: CLIENT MARGINING USING THE PRiME
CALCULATION ALGORITHM**

H1. Margin Required in Respect of Client, NCP or Options Broker Exchange Participant

Client positions allocated to the Client Account or client positions allocated to the House Account (i.e. affiliate positions) being margined by an Options Exchange Participant, open positions of an NCP being margined by a GCP and open positions of an Options Broker Exchange Participant being margined by an Options Trading Exchange Participant should be margined by using the PRiME Calculation Algorithm. If positions of a client are allocated to the Client Account, the client must be margined gross in the same way as SEOCH margins the Omnibus Client Account. However, the open positions of a particular client of an Options Exchange Participant can be margined net provided that:

- i in the case of an Options Trading Exchange Participant which is a SEOCH Participant, it has maintained an Individual Client Account with SEOCH to record the open positions of a particular client on a net basis or, in respect of short open positions of a particular client which are eligible for margin offset, it has recorded such positions in a Client Offset Claim Account maintained by the Options Trading Exchange Participant with SEOCH;
- ii in the case of an Options Trading Exchange Participant which is an NCP, it has requested its designated GCP to maintain an Individual Client Account with SEOCH to record the open positions of a particular client on a net basis or, in respect of short open positions of a particular client which are eligible for margin offset, it has requested its designated GCP to record such positions in a Client Offset Claim Account maintained by the designated GCP with SEOCH, and the designated GCP has maintained an Individual Client Account or a Client Offset Claim Account with SEOCH in that regard; or
- iii in the case of an Options Broker Exchange Participant, it has requested the Options Trading Exchange Participant with whom it maintains an omnibus account to maintain with SEOCH an Individual Client Account to record the open positions of a particular client on a net basis or, in respect of short open positions of a particular client which are eligible for margin offset, to record such positions in a Client Offset Claim Account maintained by the Options Trading Exchange Participant with SEOCH, and the Options Trading Exchange Participant with whom it maintains an omnibus account has maintained an Individual Client Account or a Client Offset Claim Account with SEOCH in that regard.

In such case, that particular client of the Options Exchange Participant may be margined on a net basis.

Options Exchange Participants should margin their clients, NCPs or Options Broker Exchange Participants using the same algorithm as that employed by SEOCH but multiplied by a factor as prescribed by SEOCH from time to time. Please refer to the *PRiME Margining Guide* for illustration of the calculation.