ASX Consultation Paper:

Single Stock ETO Expiry: Response to Market Interruptions

3 April 2012

EXECUTIVE SUMMARY

ASX received a wide range of market and participant feedback on difficulties they were experiencing in rolling option positions during the ASX TradeMatch® outage that occurred on 27 October 2011. The cash market was unavailable for a period of time (four hours) on the day when October series stock options were expiring and this impacted on normal expiry day trading patterns.

While all efforts are made to minimise the risk of technical outages impacting on normal trading (whether it is on an expiry day or not) having well communicated procedures in place to inform the market about how any such circumstances will be handled is important.

While that particular situation was dealt with under existing ASX procedures with the exchange traded option (ETO) market reopened at 2.10pm that day and expiry proceeding normally, the range of questions and views put forward that day suggested those procedures were not well understood.

The current operating procedure is to leave the expiry date of the stock options market unchanged in all circumstances where there is any disruption to trading on expiry day. While the ASX operating rules give ASX and ASX (Clear) broad powers in situations such as a technical outage to take actions to ensure a fair and orderly market, and this may include moving the expiry date for the options market, in practice existing procedure is for expiry to occur as normal – even in circumstances where no trading is possible that day.

Given the range of views expressed following the October 2011 outage, and some apparent market uncertainty around the approach ASX takes in such circumstances, it was decided ASX should formally canvass market views on the appropriate approach in future. This consultation would cover the range of options available, and views received would help to finalise a formal procedure for the future that could be the basis of clear guidance to the market.

Considering alternate approaches outside of the environment of a real-time event enables the interest of a range of stakeholders to be balanced in formulating a procedure going forward. ASX has a market license obligation to operate markets that are fair, orderly and transparent and a clearing and settlement licence obligation to provide services in a fair and effective manner. Any final solution will need to be assessed against how they meet these criteria.

It should be noted that this consultation is generally limited to the impact of a technical disruption on the expiry of ETOs over individual securities. While market disruptions on expiry day will impact the expiry processes around derivative products such as equity index options and equity index futures, the nature of these products are somewhat different and so the proposed responses may not necessarily be the same. ASX proposes to use the feedback received on this consultation paper, including any specific comments respondents wish to make on implications for the expiry of equity index products, to consider a transparent framework for handling such disruptions.

This consultation also does not reconsider existing practice in relation to an underlying stock being in a trading halt or a trading suspension at the time of options expiry where existing processes are well known and generally accepted by the market.

ASX has examined overseas practice in identifying the range of approaches that could be taken for future situations where there is a trading interruption on the underlying equities market or the derivatives market on the expiry day for stock options contracts. However there is no single approach taken. As is the case with ASX, while decisions may be able to be taken under the auspices of the exchange's emergency (or like) powers, there is often limited guidance given on what specific approach would be taken in response to hypothetical scenarios, given the wide range of possible situations. That said, some other major options exchanges do appear more inclined to move expiry day if circumstances require it.

This paper identifies five possible general approaches that we seek market views on:

1. Leave the timing of ETO expiry unchanged
2. Move ETO expiry to the next business day and allow trading in the impacted expiry month on the day
3. Move ETO expiry to the next business day but do not allow trading in the impacted expiry month on that day (ie delay exercise only)
4. Extend the closing hour for cash equity and ETO trading on expiry day
5. Termination of the options positions (i.e. cash settlement)

ASX seeks feedback on these alternative approaches to identify and assess the pros and cons of each approach or a combination of the approaches. While the approaches noted are based on global analysis ASX will consider other viable approaches and encourages feedback in this respect.

ASX welcomes comment in response to this Consultation Paper from a broad range of stakeholders, including both cash market and derivatives market participants.

How to Respond to This Consultation Paper

ASX welcomes written responses to the questions raised in this consultation. They can be forwarded ASX by **no later than Friday, 25 May 2012**. If you would like your submission, or any part of it, to be treated as 'confidential', please indicate this clearly.

Written comments may be sent:

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In addition, ASX is available to hold face to face discussions with stakeholders to discuss the issues raised in this paper.

SECTION 1: INTRODUCTION

Background on ASX Options Trading and Expiry

The ASX options market has been operating since 1976 and offers markets across equity and index options. Equity options give exposure to the securities they are listed over and their value generally varies according to movements in the value of the underlying shares. There are currently over 60 equity options available over many of the top 100 listed companies. Index options give exposure to the securities comprising a sharemarket index and allow trading with a view on the market as a whole, or on a particular market sector. Their value generally varies according to movements in the underlying index.

Trading hours are 10:00am to 4:20pm.

ASX options have a limited life span and expire on standard expiry days. The expiry day is the day on which all unexercised options in a particular series expire and is the last day of trading for that particular series. For options over shares this is usually the Thursday before the last Friday of the month. For index options, expiry is usually the third Thursday of the contract month.

Anecdotally, 60% of ASX option positions are "closed out" and/or "rolled" into further dated expiry months (through trading in the options market), 30% expire, and about 10% are exercised.

Market Makers play an important role in the ASX options market. Under contractual arrangements with the ASX they are required to ensure liquidity in the market through minimum volume and spread requirements.

Trading volumes generally increase leading into an expiry period, as option position holders manage their relevant strategies. During an expiry day, trading is generally spread evenly across the trading day.

ASX options can be exercised by the option buyer at any time (American options) or on the expiration date (European options). The majority of ASX quoted options are "American". Exercise notices must be lodged with ASX Clear before 7pm on expiry day.

For more detail on ASX options please refer to the ASX website: www.asx.com.au/products/exchange-traded-options.

Single stock derivatives, such as ETOs, generally trade only when trading in the underlying security is open. That is, trading in the exchange traded option contract would be suspended if the underlying was in a non-matching state (ie trading halt, suspension) unless it was in the interests of providing a fair, orderly and transparent market.

Contingent trading in derivatives and cash markets (e.g. market makers hedging) require both markets to be available at the same time for trading.

This review is being conducted on the general assumption that the single stock ETO market cannot operate efficiently in isolation of the cash equities market.

There are limited exceptions to this principle, and these also generally revolve around trading leading into contract expiry. For example, ASX has well established and well known procedures in place for dealing with the process of ETO expiry when the underlying security is in a trading halt or a trading suspension.

ASX also has existing procedures in place in circumstances (such as those that occurred on 27 October 2011) when trading in cash and/or options markets is disrupted on expiry day.

The current approach ASX uses is that, the expiry date of stock ETOs market is not moved in the event of a period of cash market unavailability on expiry day, regardless of whether that interruption is relatively minor or more extensive, or whether it happens at the start or the end of the day's trading. The reference price to determine automatic exercise activity would be the last traded share price before the outage.

ASX has broad powers to do all things necessary to maintain operational efficiency and proper functioning of the options market where there is an extended trading outage on a stock ETO expiry day (e.g. due to a technical failure when it is not apparent to the market operator when trading can be effectively resumed).

Technical outages have been infrequent and often only involve minimal interruption to trading services. However, if more significant disruptions do occur on the ETO expiry day, then the outage may impact both the cash and derivatives markets. Such an incident occurred on 27 October 2011, which was the first time that this scenario had occurred.

The circumstances involved a cash market trading outage from 10.05 am (AEDT) to 2.00pm AEDT. Only a limited number of stocks had small amounts of trading before the market was officially halted. The ETO market was also closed for that period. The cash market and the ETO market recommenced trading at 2.00pm and 2.10pm respectively.

While a full day's trading was concentrated in a two hour period, and there were inevitable strains on some participants' activities, it appeared that this was sufficient time for normal expiry day trading to be conducted in a fair and orderly manner.

ASX received a variety of real-time market feedback during the outage which was factored into the decision making of ASX Operations on that day in terms of reopening the market and whether to adjust expiry arrangements. For example:

- There was difficulty experienced in rolling entire option positions when, under normal expiry day circumstances, the participant would spread their roll related options trading activity throughout the course of the expiry day

- Some participants had effectively less than an hour of trading to close out or roll positions as it took their systems almost an hour to be reset following ETO trading recommencing

- Some participants faced difficulty in creating and/or accessing TMCs (tailor made combinations) to enable rolling of positions to be facilitated

- While some suggested the appropriate response would be to extend the closing hours of the options and/or cash market to allow for a longer and more orderly process, others pointed out that this would have caused challenges for some participants in configuring their systems to operate beyond normal close

ASX's review has identified a range of possible approaches in response to different scenarios where market disruptions may impact on the operational decisions necessary to ensure an orderly options expiry, depending on when the initial outage occurs and when the market can be reopened.

Overseas Experience

A brief overview of the procedures at a selection of major global options exchanges in similar circumstances is provided at Appendix A.

It is fair to say that there is no common approach across all exchanges examined. These exchanges call on similar emergency (or like) powers to determine how they will respond and ASX understands that there is no prescription in, or documentation of, their approaches to hypothetical scenarios as they retain flexibility to respond to the circumstances before them.

That said, our high level interpretation of their approaches is as follows:

- Eurex is not inclined to move the expiry timetable in the event of trading disruptions.

- Hong Kong Exchange, NYSE-Euronext-Liffe, and the Options Clearing Corporation (OCC), representing major US options exchanges such as ISE, CBOE, Nasdaq OMX PHLX are open to moving the expiry timetable, however this is more likely to involve the extension of the period for exercise of options rather than for trading of those options.

SECTION 2: SCENARIOS AND A FRAMEWORK FOR ENSURING ORDERLY ETO EXPIRY

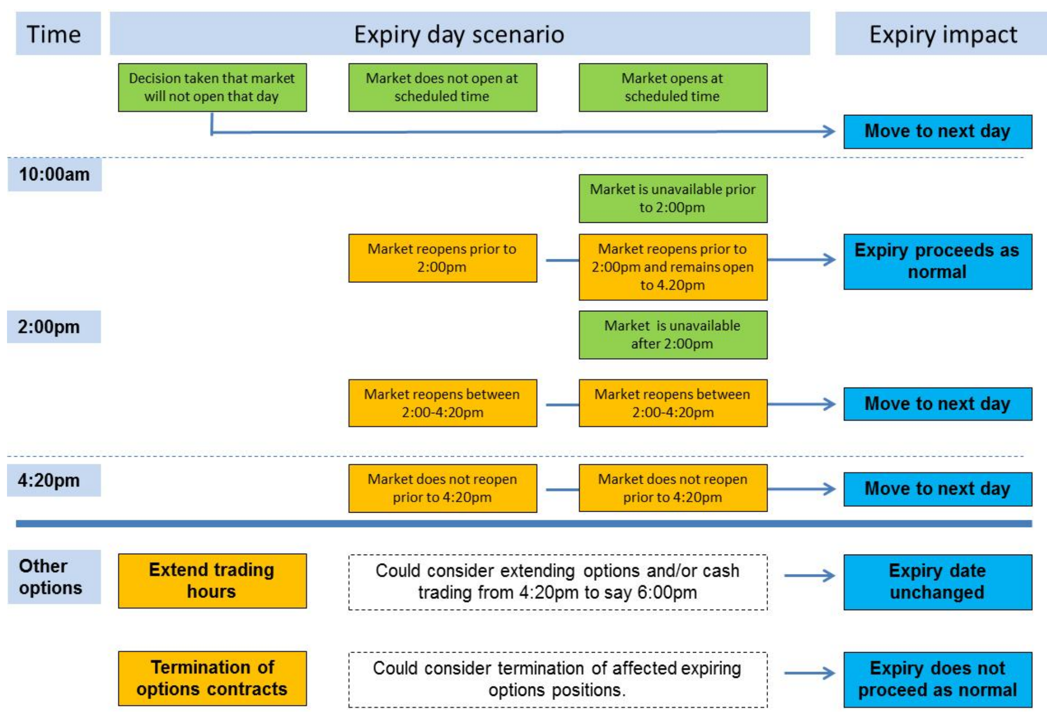
To facilitate market feedback on the issues we have proposed a framework for decision making across a limited range of scenarios.

Market unavailability can arise from a number of causes which range from computer hardware or software failure to external emergency situations such as natural disasters or acts of terrorism. This paper considers scenarios in which market availability can be achieved within the course of a trading day and where the markets may be closed, possibly for more than a single day. Any operating procedure needs to be structured such that it is flexible enough to cover a broad range of potential scenarios.

The first scenario is that the situation causing the trading outage is known in advance and prior to the scheduled market opening and it is clear that there will be no trading on options expiry day. The other scenarios assume that the trade outage is unexpected. The second assumes a technical issue prevents the market from opening as scheduled but can be resolved during the course of that day while the third scenario assume the outage occurs after the market has already opened and there has already been some opportunity for positions to be traded.

The diagram below outlines a range of alternative responses to different scenarios affecting market availability on the stock ETO expiry day. It is designed to provide a basis for consideration of the issue. The choice of 2:00pm as a cut-off time for illustrative purposes was based on the experience from October 2011 where that seemed to provide a sufficient window for trading to be conducted.

The framework is based on an assessment on the time any disruption occurs on expiry day and the actual (or expected) duration of that disruption.



SECTION 3: ALTERNATIVE APPROACHES

1. Leave the timing of ETO expiry unchanged.

This is essentially the “status quo” approach. Options can still be exercised through the clearing system by 7pm on the day of expiry.

Such an approach could be considered in cases where no trading at all was possible on expiry day and/or in cases where a minimum amount of trading was available to enable positions to be closed out or rolled to a new expiry month.

2. Move ETO expiry to the next business day and allow trading in the impacted expiry month on the day

3. Move ETO expiry to the next business day but don’t allow trading in the impacted expiry month on the day (i.e. delay exercise only)

These are two versions of the same broad alternative to move expiry to the next business day. The principle ASX proposes as the prime driver of decisions around the need to consider whether ETO should proceed as normal or be moved is the time available for trading to occur following the resumption of trading and prior to market close.

For illustrative purposes, this framework assumes that trading should be open for at least two hours leading to market close (eg from 2:00pm) for expiry to continue as normal on that day. If that is not possible then trading in ETOs could recommence that day but expiry would be moved to the next business day. While this timeline provides a firm signpost, it does not mean that expiry would be automatically shifted to the next day. There might be benefit (given the costs involved in moving expiry) to retain some flexibility in the decision making process, for example if it is clear that trading will resume shortly after 2:00pm.

Such a procedure would mean that by 2:00pm ASX should be in a position to determine and be able to communicate to the market whether expiry would be proceeding as normal or would be postponed to the next business day.

The decision to move the expiry day could be combined with allowing an additional day’s trading in the impacted expiry month options to facilitate rolling or closing out of positions (Alternative 2) or could be conducted without any additional trading on the next business day (Alternative 3), effectively just extending the time allowable for exercising the option. Alternative 3 is the approach that seems to be contemplated in overseas jurisdictions that indicate a willingness to move the expiry day.

4. Extend the closing hour for ETO and/or cash equity trading on expiry day

This alternative approach involves extending option and/or cash equity trading hours beyond the normal 4:20pm or 4:00pm close (respectively), for example to 6.00pm. While market makers are not able to hedge if cash market trading was not extended beyond the normal 4pm close, it is worth noting that during the October 2011 incident, the volume of trade in the 4pm – 4.20pm period (ie when cash market trading had closed) reached 13.2% of the day’s trading activity. On normal days, this short period sees little activity, around 3% or less. This suggests that the options market was able to function in a limited way during that period, although the absence of simultaneous cash market trading.

5. Termination of the options positions

Another alternative raised with ASX was to terminate unexercised options positions. This would require ASX to determine the ‘fair value’ of each expiring option series to facilitate cash settlement of the contract.

SECTION 4: STAKEHOLDER FEEDBACK

ASX is seeking market views on the five broad alternative approaches (listed above) to responding to situations where there is trading disruption on options expiry day or any approaches respondents may wish to raise.

It may be that a single approach is preferred or a combination of approaches may provide the best solution, depending on the specific circumstances. For example, as outlined in the diagram above, the best outcome may be to allow expiry to proceed unchanged in some circumstances but move expiry to the next business day in other circumstances. In addition, moving expiry but not allowing trading on the next business day may be appropriate in some circumstances but allowing trading may possibly be appropriate in other circumstances.

We are interested in hearing your views on the preferred process for dealing with such scenarios, and identifying the impact of particular options on the broad range of effected stakeholders. This would include the direct systems and other costs for participants and options traders of particular choices as well as the opportunity cost impacts on writers and takers of options.

To assist stakeholders in preparing feedback, the following sets out questions that ASX would like views on.

1. Do you make a distinction between a market interruption on the ETO expiry day and one that occurs at another time of the month?

    a) If so, is this because of the particular challenges posed by expiring options?

2. Do you make a distinction between a temporary technology market interruption and a state of emergency situation?

    a) If so, are the appropriate responses different?

    b) If not, what are the arguments that the responses should be the same?

3. Do you believe there are circumstances where it is appropriate to move the expiry day of ETOs when there is a market disruption which restricts trading (cash equities and/or options) on expiry day?

    a) If so, what are those circumstances?

    b) If not, what are the arguments against moving expiry in any circumstances? Are the interests of those with open options positions, whether in the money or out of the money, fairly balanced? How significant are the costs for these investors in not being able to close out or roll positions prior to expiry?

    c) Should moving the expiry date necessarily include allowing options trading on the next business day? If not, what are the arguments that trading should not also be moved?

    d) If moving expiry date only means allowing exercises on the next business day, but not trading, should the exercises notification occur before market opens or after market closes?

4. Does the time of day that the market interruption occurs affect your views on your preferred option? For example, if trading was affected only at the very end of the day.

5. Do you support the principle that a minimum period of options and/or cash equity market trading should be required on options expiry day to enable positions to be orderly rolled over or closed out, and that if this is not available, expiry should be moved to the next business day?

    a) If you accept that principle do you have a view on what the appropriate minimum period of trading is (and is it relevant as to what part of the trading day that minimum trading period covers)? Would the two hours leading to the 4pm cash market close assumed in our illustrative model be sufficient to enable orderly trading leading into expiry. Is more than the two hours required? Please provide reasons.

6. What was your experience and that of your customers, with the concentrated two hours trading on the afternoon following the October 2011 outage? Was it sufficient to roll expiry positions? What particular difficulties did you face?

7. Should a 2:00pm (or other) time be a hard cut-off time or should there be some limited flexibility if it was clear the market would recommence very shortly after that time?

8. What are the practical impacts for participants and their customers of moving the expiry date? Would current trading systems be capable of accommodating a change in expiry date or would changes be required, including to automated exercise programs?

   a) If a decision was taken to provide the scope for moving expiry day, how long would it take for participants and their customers to make required systems changes?

   b) What impact would it have on market makers in the ETO market?

   c) What impact would it have on particular commonly used trading strategies?

9. Do you support the alternative of extending options and/or cash equity trading on expiry day to help facilitate expiry day trading?

   a) If so, what benefits do you see from taking this approach rather than moving the expiry day? For what length of time do you think trading should be extended? Would 6:00pm, for example, be an appropriate period?

   b) What are the practical and technical impacts on participants and traders of extending the trading day? How much notice of the extension would need to be provided in advance of the extension? Would extending trading only apply to securities with associated ETOs expiring that day?

   c) Would extending trading only in the ETO (and not the cash market) provide any benefits to traders and participants, particularly if there were no market making in ETOs for that period?

10. Are there any circumstances in which termination of positions may be justified? For example, if the market was unlikely to recommence trading for a number of days.

   a) If you support termination, what methodology should be used to calculate the value of the option for the purposes of cash settlement?

   b) Who would be disadvantaged from this process?

   c) Is termination a more acceptable outcome if there has been some trading on expiry day and so the termination price is relatively fresh?

   d) What would the flow-on consequences be for those calendar-spread trading strategies, of having one leg cancelled and the other still open?

11. What impact, if any, would there be on options pricing from the risk that, in rare circumstances, expiry date might be moved?

12. Having considered all of the above, which particular procedure of the five alternatives set out in the paper, do you favour as the most appropriate?

   a) Is the procedure you favour the same regardless of the situation or circumstances how and when the market interruption had occurred and how soon trading could be restored?

   b) How would you rank each of the five alternative procedures as best for fairness, orderliness and transparency?

   c) How would you rank each of the five alternative procedures as best for having the least impact on systems and implementation?

13. Are there are alternative procedures, not raised in this paper that you believe ASX should consider? Please explain the mechanics of your proposal and its advantage.

14. Although directly excluded from the scope of this paper, ASX welcomes comments on responses to similar situations of market disruptions on the expiry date of stock index futures (SPI futures trading on ASX Trade24 platform) and/or stock index options (XJO trading on ASX TradeMatch®).

APPENDIX A: REVIEW OF OVERSEAS APPROACHES

The following section sets out a brief overview of different approaches that may be used by a sample of key derivatives exchanges and clearing houses overseas.

The exchanges reviewed included:

- NYSE-Euronext Liffe which operates major ETO markets in both the US and Europe
- Eurex which operates the largest ETO market in Europe;
- Hong Kong which, after Australia operates the largest ETO market in Asia; and
- The Options Clearing Corporation (OCC) clearing for major US options exchanges such as ISE and CBOE

In summary, it is understood that the various approaches that may be used by derivatives exchanges internationally in the event of markets unavailability arising from trading outage are:

- Utilise emergency or other like powers, but unlikely to move expiry timetable; or
- Utilise emergency or other like powers, and more likely to move expiry timetable (either including or excluding scope for additional trading).

Expiry Timetable Unchanged	Expiry Timetable Changed
Eurex	HKEx NYSE-Euronext Liffe OCC (ISE, CBOE)

Summary details for each derivatives exchange are set out below.

Hong Kong Exchanges and Clearing Limited (HKEx)

The approach that may be taken by HKEx is understood to be based on the use of their emergency (or like) powers, but they also explicitly include a procedure to allow them to move expiry date for a specific event. Namely, there is a specific procedure used by the SEHK Options Clearing House Limited (SEOCH) where they will move the expiry date in the event of a non-trading day caused by extreme weather, which is expected to be a fairly regular event. This type of cash market unavailability can be anticipated by weather forecasts, and the decision to move the expiry date can be made before the opening times of the cash market and the options market.

SEOCH Procedure 6.1 – No automatic Exercise except on Expiry: The automatic exercise feature of spot month series described above will be applicable on any expiry day which is a normal Business Day. In the case of a typhoon day or black rainstorm day on which the expiry day becomes a non trading day, the expiry day of the spot month series affected and the automatic exercise feature will be deferred to the next Business Day.

There is a recent example of these contingency arrangements being invoked in Hong Kong.

In September 2011, HKEx declared contingency arrangements for stock option contracts. The trading sessions of 29 September 2011 in the derivatives markets were cancelled due to a typhoon warning and no clearing and settlement services were provided for the day.

SEOCH Procedure 6.1 was invoked, whereby the expiry day of September stock option contracts and the automatic exercise service were postponed to 30 September 2011. SEOCH continued to margin these contracts until they expired. A special arrangement was made to allow SEOCH Participants to perform (1) trade give up, (2) trade take up, and (3) trade rectification in respect of trades executed on 28 September 2011 in DCASS before 6:45pm on 30 September 2011.

The closing prices of the underlying stocks quoted on the Stock Exchange of Hong Kong Limited on 28 September were used as the fixing prices of the underlying stocks for the purpose of automatic exercise on the postponed expiry day (i.e. 30 September 2011).

NYSE Liffe

The approach that may be taken by NYSE Liffe is understood to be based on use of their emergency (or like) powers with no predefined procedure. While there is no specific paragraph in the rules which expressly provides for this, NYSE Liffe may have the ability to adjust the expiry time whenever the exchange deems necessary.

ASX understands that for NYSE Liffe an example of an event that could justify moving the expiry date would be if the expiry price for a future or index cannot be calculated. However it would seem that no decision to move expiry has been made in recent years by NYSE Liffe.

Euronext

The approach that may be taken by Euronext is understood to be based on the use of their emergency powers with no specific procedure prescribed.

Euronext Operating Rule 8.1 – Subject to any steps taken at any time by the Board under emergency powers in the Rules, a Seller or a Buyer shall be liable to perform his obligations in respect of a lot compromised in a Contract by the due time therefore, notwithstanding that he may be or is likely to be prevented from do doing by an event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, riot, civil commotion, combination of workmen, act of terrorism, fire, natural disaster, breakdown on machinery, unavailability or restriction of computer or date processing facilities or energy supplies or bank transfer systems and notwithstanding that any such event may prevent the transfer of registered Contracts pursuant to the Link Rules.

Eurex

The approach that may be taken by Eurex is understood to be based on use of their emergency (or like) powers, but it seems they would be unlikely to extend the expiry date.

Eurex Operating Rule 6 – In the event that the system of the Eurex Exchanges is non-functional for a long period of time, the Boards of Management of the Eurex Exchanges shall declare a technical emergency and shall determine, if necessary, alternative trading and clearing methods.

ASX understands that Eurex has never extended the stock option expiry in the event of a trading interruption. An incident like this, where no trading is possible due to technical glitch on a settlement day has never occurred. ASX understands that from Eurex's perspective, options trading would not be extended as the contract specifications clearly define the lifetime of an option and one cannot simply extend this period because of a trading disruption.

Options Clearing Corporation

The Options Clearing Corporation (OCC) clears for all the US specialist options exchanges, for example, the Chicago Board Options Exchange Inc, the International Securities Exchange, NASDAQ OMX PHLX and others.

OCC RULE 805 - Expiration Date Exercise Procedure

805 (f) On any expiration date, the Corporation may in its discretion extend any or all of the times prescribed pursuant to subparagraphs (a) and (b). If unusual or unforeseen conditions (including but not limited to power failures or equipment malfunctions) prevent the Corporation from making Expiration Exercise Reports available to Clearing Members on a timely basis, or Clearing Members from submitting on-line responses to such reports, prior to any applicable deadline, the Corporation, in its discretion, may prescribe such alternative procedures for exercising expiring options period as the Corporation deems reasonable, practicable and equitable under the circumstances.

Notwithstanding the foregoing, in no event shall the deadline for submitting exercise instructions be extended beyond the expiration time for such option contracts except pursuant to Article VI, Section 18 of the By-Laws.

Section 18 of the OCC By-Laws

Certain Delays

SECTION 18. (a) Anything in these By-Laws or the Rules notwithstanding, in the event that the Corporation is unable for any reason (i) to make available, pursuant to Chapter VIII of the Rules, any Expiration Exercise Report, or (ii) to receive properly submitted exercise instructions from Clearing Members, prior to 5:00 P.M. Central Time (6:00 P.M. Eastern Time) on any expiration date that is immediately followed by a day that is not a business day, the Corporation shall make available the delayed report or accept such exercise instructions as soon as practicable thereafter, provided that the Corporation may, in its discretion, defer making the delayed report available or accepting such instructions until 7:00 A.M. Central Time (8:00 A.M. Eastern Time) or as soon as practicable thereafter on the non-business day immediately following such expiration date, or, if such expiration date is followed by more than one consecutive non-business day, on such of those days as the Corporation shall specify. In any such event, Clearing Members shall submit exercise instructions to the Corporation on such non-business day within such times and in such manner as the Corporation shall prescribe. Exercise instructions submitted by a Clearing Member to the Corporation within time limits fixed pursuant to this subsection shall be deemed to have been duly given prior to the expiration of the option contracts to which they relate. Notwithstanding the foregoing, no Expiration Exercise Report shall under any circumstances be made available by the Corporation, nor shall any exercise instructions be accepted by the Corporation, after 11:00 P.M. Central time (12:00 midnight Eastern Time) on the last consecutive non-business day immediately following the expiration date.

ASX understands that OCC can only decide on an extension of the exercise lodgement deadline, under certain circumstances, as their powers relate only to the exercise of options. The US options exchanges which govern secondary trading in options have never extended trading beyond the scheduled expiry day.