

PART II

DISCIPLINARY PROCEDURES

1. Offences to be Dealt with under the Standard Penalty Procedures and Offences to be Dealt with by Hearings

1.1 The following are classified as "offences to be dealt with under the Standard Penalty Procedures":-

1.1.1 [Repealed]

1.1.2 [Repealed]

1.1.3 [Repealed]

1.1.4 [Repealed]

1.1.5 [Repealed]

1.1.6 failure of an Exchange Participant to give advance notice of commencement, suspension (except as a result of the event referred to in Rule 345 or by order of the Exchange), cessation or recommencement of business as required under Rule 353;

1.1.7 failure of an Exchange Participant to be a licensed corporation or deemed to be a licensed corporation licensed to carry on Type 1 regulated activity under the Securities and Futures Ordinance as required under Rule 302(2);

1.1.8 failure of a Special Participant to be an ATS provider authorised by the Commission under section 95(2) of the Ordinance as required under Rule 1507(2);

1.1.9 failure of an Exchange Participant, a China Connect Exchange Participant or a SPAC Exchange Participant to comply with the requirements under Rule 525A(2), Rule 14A06(15), Rule 14B06(18) or Rule 593(6), as the case may be, within a 12-month rolling period; and

1.1.10 failure of a Relevant Regulated Intermediary, which is an Exchange

Participant, to comply with the following requirements under Rule 538A, as the case may be, within a 12-month rolling period:

- to submit the BCAN-CID Mapping File to the Exchange in such manner and by such deadline as the Exchange may prescribe from time to time as required under Rule 538A(3);
- to provide the BCAN-CID Mapping File to the Exchange for validation by the relevant prescribed deadlines (T-1 day or T day as the case may be) as required under Rule 538A(4);
- to provide accurate and up-to-date information in the BCAN-CID Mapping File submitted to the Exchange as required under Rule 538A(5), specifically the name and identity document number (including characters, numbers, and symbols) which form the client's CID should be exactly the same as in the corresponding official identity document;
- to report each order underlying an executed aggregated order (on-exchange or off-exchange) in such form the Exchange may prescribe from time to time on or before market close on the third trading day after the execution of the aggregated order i.e. T+3 day as required under Rule 538A(6)(d);
- to obtain all necessary authorizations and written or other express consents from each existing and new individual client as required under Rule 538A(8) before inputting any buy orders for such client on T-day.

1.2 All other situations calling for disciplinary action are classified as "offences to be dealt with by hearings".

1.3 Any person, whether an Exchange official or a member of the Board, the Disciplinary Committee or the Disciplinary Appeals Committee, who is an interested party by virtue of his connection with the Participant being charged or his involvement in the matters being dealt with shall declare his interest to the Exchange and abstain from taking any part in the procedures set out below (unless required to give information or evidence to those Committees).