

Operational Clearing Procedures for Options Trading Exchange Participants

II. SEOCH PARTICIPANTSHIP

2. SEOCH PARTICIPANT

2.1 Admission Process

The application form for SEOCH Participantship can be obtained directly from the office of SEOCH or at the counter in the Trading Hall.

The applicant is required to fill in the **Application For Participantship Form** and submit all necessary documents and where applicable, processing fees as prescribed by the SEOCH Board from time to time to SEOCH according to the instructions given on the form.

SEOCH will verify the details submitted against the entry requirements as stipulated in the Clearing Rules. If necessary, the applicant may be required to provide further information. Site visits may also be carried out in the approval process.

The SEOCH Board shall at its absolute discretion approve or reject an application. The SEOCH Board may also approve an application in principle subject to the applicant's fulfilment of conditions set by the SEOCH Board within the prescribed time period. The applicant will be notified in writing as to the SEOCH Board's decision.

If the SEOCH Board rejects an application to admit as a SEOCH Participant, the applicant may, within 14 Business Days after it is notified of the SEOCH Board's decision, appeal in writing to the Participant Admission Appeals Committee in accordance with Section 2.8. The decision of the Participant Admission Appeals Committee will be final and conclusive.

2.8 APPEAL TO THE PARTICIPANT ADMISSION APPEALS COMMITTEE

2.8.1 Membership of the Participant Admission Appeals Committee

The Participant Admission Appeals Committee shall have 3 members, and all 3 members must attend the hearing to form a quorum. The three members shall be:

- (a) an independent non-executive director of HKEX who is also the chairman of the Clearing Consultative Panel (CCP). He shall be appointed as the chairman of the Participant Admission Appeals Committee. If he cannot attend a hearing, the deputy chairman of the CCP or an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee can act as his proxy;

- (b) a director of the SEOCH Board who is not involved in the day to day operations of SEOCH to be appointed by the chairman of the Participant Admission Appeals Committee; and
- (c) an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee.

2.8.2 Secretary

The Participant Admission Appeals Committee shall have a secretary to carry out any administrative functions.

2.8.3 Time for Appeal

If the SEOCH Board rejects an application to admit as a Participant, the applicant may appeal to the Participant Admission Appeals Committee by service of a notice in writing to the secretary within 14 Business Days of being notified of the SEOCH Board's decision.

2.8.4 Notice of appeal

A notice of appeal shall set out the name of the appellant, the decision appealed against, the grounds of appeal, all material facts and attaching copies of all documents relevant to the appeal.

The appellant shall provide SEOCH with all information for the application to admit as a SEOCH Participant before seeking to appeal against the rejection.

The appellant shall not seek to present to the Participant Admission Appeals Committee new information or evidence that was not previously submitted with its application to admit as a SEOCH Participant.

If the secretary upon receipt of the appeal application discovers that the appellant seeks to adduce any new information, the secretary shall request the appellant to withdraw its appeal application and re-submit an application to admit as a SEOCH Participant.

2.8.5 Notice of hearing

The Participant Admission Appeals Committee shall fix a date for the hearing within 30 Business Days after receipt of the appellant's written application together with the information required under first paragraph of Section 2.8.4 and the secretary shall notify the appellant of the date of hearing.

The secretary's notice to the appellant shall set out the time, date and place of the hearing and shall be delivered to the business address of the appellant by hand or by registered mail no later than 14 Business Days before the hearing.

2.8.6 Attendance

The hearing will be held in private. The appellant can attend the hearing by the personal attendance of an appropriate and authorised representative.

The appellant shall have the right to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee. If the appellant wishes to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee, it shall notify the secretary of the name of the solicitor and/or counsel representing it at least 7 Business Days before the hearing takes place.

The Participant Admission Appeals Committee may seek external legal representation at the hearing.

At least 3 Business Days before the hearing, the appellant shall provide the secretary with a list of all persons attending the hearing and the respective capacity in which such persons will attend the hearing.

If the appellant fails to attend the hearing before the Participant Admission Appeals Committee, the Participant Admission Appeals Committee hearing may proceed in the absence of the appellant and dispose of the matter in whatever manner as it sees fit.

2.8.7 The hearing

The appellant and/or its legal representatives may make an oral presentation or submission before the Participant Admission Appeals Committee in the hearing. The Participant Admission Appeals Committee may ask any persons attending the hearing any questions relevant to the admission application.

At any hearing, the Participant Admission Appeals Committee may, at its full discretion, admit or reject any evidence adduced, whether oral or written, and attach such weight to the evidence as the Participant Admission Appeals Committee considers appropriate in its discretion.

2.8.8 Decisions on appeal

The Participant Admission Appeals Committee will consider the evidence, written and oral, presented to it in coming to its decision. The secretary shall notify the appellant in writing of the decision of the Participant Admission Appeals Committee as soon as practicable and in any event no later than 30 Business Days after the hearing. The decision of the Participant Admission Appeals Committee shall be final and conclusive.