

## **PART I**

### **RESPONSIBILITIES, POWERS AND FUNCTIONS OF COMMITTEES, DIVISIONS, DEPARTMENTS, SECTIONS, UNITS AND SEOCH CONCERNING DISCIPLINARY MATTERS**

#### **1. Disciplinary Section**

The responsibilities and functions of the Disciplinary Section include the following:-

- 1.1 to act as a co-ordinator between the Disciplinary Appeals Committee, the Disciplinary Committee, SEOCH and other divisions and departments of the Exchange;
- 1.2 to ensure that the "Disciplinary Procedures" is properly understood and followed by the Exchange and the Participants;
- 1.3 to keep all records of and relating to disciplinary matters;
- 1.4 to notify the Commission whenever the Exchange considers taking disciplinary action against a Participant and to notify the Commission of the result of such consideration and the disciplinary action taken, if any; in the event of a Participant being called upon to resign pursuant to Rule 702(2), to notify the Commission of such fact [Rule 709];
- 1.5.1 to notify the Hong Kong Securities Clearing Company Limited ("HKSCC") whenever the Exchange considers taking disciplinary action against an Exchange Participant in relation to any breaches of Rules 401 to 429, 501 to 545, 552 to 563D, 723 or the CCASS Rules and to notify HKSCC of the result of such consideration and the disciplinary action taken, if any; in the event of an Exchange Participant being called upon to resign pursuant to Rule 702(2), to notify HKSCC of such fact [Rule 709A(1)];
- 1.5.2 to notify HKSCC whenever the Exchange considers taking disciplinary action against a Special Participant in relation to any breaches of Rules 501, 501G to 501I, 502A to 502B, 502D, 503 to 505A, 506A, 507A, 508, 511, 512, 514, 516, 516A, 517(1), 517(4), 517(6), 517B to 519, 522, 528, 544(1), 544(3), 544(4), 545, 563C to 563D, 723 or the CCASS Rules and to notify HKSCC of the result of such consideration and the disciplinary action taken, if any; in the event of a Special Participant being called upon to resign pursuant to Rule 702(2), to notify HKSCC of such fact [Rule 709A(2)];

- 1.5.3 to notify SEOCH whenever the Exchange considers taking disciplinary action against an Exchange Participant in relation to any breaches of Rules 401 to 429, 534(3), 537 to 543, 545, 563C to 563D, 723, the Options Trading Rules or the Clearing Rules and to notify SEOCH of the result of such consideration and the disciplinary action taken, if any; in the event of an Exchange Participant being called upon to resign pursuant to Rule 702(2), to notify SEOCH of such fact [Rule 709B];
- 1.6 to review the "Disciplinary Procedures" from time to time and make recommendations to the Disciplinary Committee to ensure that the procedures remain efficient and appropriate in the light of experience;
- 1.7 to assist in the arrangement of meetings of the Disciplinary Committee and of disciplinary hearings before the Disciplinary Committee, and to be responsible for supplying the members of the Disciplinary Committee with the necessary papers for use at disciplinary hearings;
- 1.8 to arrange for the service of notices referred to in the "Disciplinary Procedures" upon both the Participant charged with an offence and the Enforcement Section;
- 1.9 to arrange for the service of the decisions of the Disciplinary Committee;
- 1.10 to collect fines from the Participants charged as ordered by the Disciplinary Committee;
- 1.11 to arrange for the publication, if so required by the Disciplinary Committee or the Disciplinary Appeals Committee, of the decision in any particular case;
- 1.12 to arrange for the collection from and payment of costs to the Participant charged as ordered by the Disciplinary Committee or the Disciplinary Appeals Committee (as the case may be);
- 1.13 upon request by the Participant charged, to produce or arrange to produce a copy of the notes taken and evidence adduced at the hearing by the Disciplinary Committee; and
- 1.14 to carry out the duties specified in the Standard Penalty Procedures.