

香港期貨結算有限公司

(香港交易及結算所有限公司全資附屬公司)

HKFE CLEARING CORPORATION LIMITED

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

通告 CIRCULAR

Subject: Standard Penalty Offences

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According to Rule 527 of the Rules and Procedures of HKCC (the “Rules”), HKFE Clearing Corporation Limited (“HKCC”) may impose a summary fine and/or issue a warning on an HKCC Participant for committing certain offence(s).

Offences on which standard penalties shall apply (“Summary Offences”)

HKCC Participants are requested to note that HKCC will impose standard penalties on the following offences:

1. a late payment of any settlement amount, variation adjustment or margin due to operations oversight¹ or other minor mistakes; and
2. a breach of capital-based position limit².

Standard penalties

Without prejudice to HKCC’s powers to institute any other disciplinary procedures in accordance with the Rules, HKCC will impose the following standard penalties on any Summary Offences as may be committed by an HKCC Participant:

Incident(s) within past 12 months³	Disciplinary Action(s)
1 st incident	Issue compliance advice letter
2 nd incident	Issue warning letter and impose a fine of HK\$10,000

¹ Example of operations oversight may include incorrect funding estimation due to missing positions net down and late fund transfer due to inactive bank account status.

² Unless, in the case of excess of the position limit during the T Session, the breach is remedied by the HKCC Participant within 10 Business Days as provided under section 5.2 of HKCC Clearing Procedures.

³ In relation to the same or different offences as may be committed by an HKCC Participant.

3 rd incident	Issue warning letter and impose a fine of HK\$25,000
4 th incident	Refer the case to the Disciplinary Committee

In addition to these standard penalties, HKCC may declare the defaulting HKCC Participant a “Defaulter” pursuant to Rule 510 of the Rules and take any other action(s) against such HKCC Participant (including but not limited to, where appropriate, close out or transfer open Contracts) as provided under the Rules.

Standard penalty procedures for Summary Offences

1. The head of Market Surveillance and Monitoring Department (“MSM”) or his / her delegate(s) shall be the “Designated Compliance Department Staff”, who will adjudicate the matter in accordance with the Rules.
2. The HKCC Participant may lodge an appeal to the Chairman of the Board against the decision of MSM in accordance with Rule 535 of the Rules. Notwithstanding any appeal by the HKCC Participant, any fine imposed with respect to Summary Offences shall, unless otherwise prescribed by HKCC, be paid within 10 business days from the day on which the HKCC Participant receives the warning letter imposing the fine.

For consistency, Hong Kong Securities Clearing Company Limited⁴ and The SEHK Options Clearing House Limited will also impose standard penalties for similar offences.

Garbo Cheung
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This circular has been issued in English with a separate Chinese translation of the same. If there is any discrepancy between the Chinese version and the English version, the English version shall prevail.

⁴ Breach of capital-based position limit is not applicable to Hong Kong Securities Clearing Company Limited.