

香港聯合交易所期權結算所有限公司  
(香港交易及結算所有限公司全資附屬公司)

**THE SEHK OPTIONS CLEARING HOUSE 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 807 of the Options Clearing Rules of SEOCH (the “Clearing Rules”), The SEHK Options Clearing House Limited (“SEOCH”) may impose summary disciplinary measures against any SEOCH Participant who fails to pay Premium, Settlement Amount or deliver SEOCH Collateral in respect of margin when due.

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

SEOCH Participants are requested to note that, SEOCH will impose standard penalties on the following summary offences:

1. a late payment of Premium, Settlement Amount or margin due to operations oversight<sup>1</sup> or other minor mistakes; and
2. a breach of capital based position limit<sup>2</sup>.

### Standard penalties

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

<b>Incident(s) within past 12 months<sup>3</sup></b>	<b>Disciplinary Action(s)</b>
1 <sup>st</sup> incident	Issue compliance advice letter

<sup>1</sup> 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.

<sup>2</sup> Unless the breach is remedied by the SEOCH Participant within 10 Business Days as provided under Section 12.5 of the Operational Clearing Procedures.

<sup>3</sup> In relation to the same or different offences as may be committed by a SEOCH Participant.

2 <sup>nd</sup> incident	Issue warning letter and impose a fine of HK\$10,000
3 <sup>rd</sup> incident	Issue warning letter and impose a fine of HK\$25,000
4 <sup>th</sup> incident	Refer the case to Disciplinary Committee

In addition to these standard penalties, the Chairman of the SEOCH Board may declare the defaulting SEOCH Participant a “Defaulter” pursuant to Rule 703A of the Clearing Rules and take any other action(s) against such SEOCH Participant (including but not limited to, where appropriate, close out or give-up to another SEOCH Participant any OCH Contract) as provided under the Clearing Rules.

Standard penalty procedures for Summary Offences

1. The Head of Market Surveillance and Monitoring Department (“MSM”) or his / her delegate(s) will adjudicate the matter in accordance with the Clearing Rules.
2. The SEOCH Participant may lodge an appeal to the SEOCH Board against the decision of MSM within 10 Business Days or such other time period as may be prescribed by SEOCH. Notwithstanding any appeal by the SEOCH Participant, any fine imposed with respect to Summary Offences shall, unless otherwise prescribed by SEOCH, be paid within 10 Business Days from the day on which the SEOCH Participant receives the warning letter imposing the fine.

For consistency, Hong Kong Securities Clearing Company Limited<sup>4</sup> and HKFE Clearing Corporation Limited will impose standard penalties for similar offences.

**Garbo Cheung**  
**Head**  
**Market Surveillance and Monitoring**  
**Markets Division**

*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.*

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<sup>4</sup> Breach of capital based position limit is not applicable to Hong Kong Securities Clearing Company Limited.