

## CHAPTER I

### INTERPRETATION ADMINISTRATION AND AMENDMENT OF THE RULES

#### Definitions and Interpretation

101. In these Rules, unless the context otherwise requires, the following expressions shall bear the following meanings:-

“approved debt securities” means Exchange Fund Bills or Notes issued by the Hong Kong Special Administrative Region Government for the account of the Exchange Fund, Treasury Bills or Notes issued by the U.S. Government (other than U.S. Treasury Callable Corpus (TCAL) and Separate Trading of Registered Interest and Principal of Securities (STRIPS)) and such other debt securities or instruments as may from time to time be approved by the Exchange as a form of cover for margin;

“approved securities” means TraHK Units and such other securities as may from time to time be approved by the Exchange as a form of cover for margin (Note: The date from which Exchange Participant will be allowed to accept TraHK Units as a form of cover for margin from Clients will be notified by the Exchange to Exchange Participants via circular in due course);

“Articles” means the Articles of Association of the Exchange in force from time to time;

“associated company” means any company which is directly or indirectly interested in the issued shares of an Exchange Participant or a company in which the Exchange Participant is directly or indirectly interested in the issued shares of such company so as to exercise or control the amount of 35% (or such lower amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings, or to control the composition of a majority of the

board of directors and any subsidiary or holding company of the Exchange Participant as defined in the Companies Ordinance;

- “Auction Order” means an Order where a bid or offer/ask price is not specified and which is entered into HKATS during the pre-opening or pre-open allocation session of the Pre-Market Opening Period for execution at the Calculated Opening Price;
- “Authorized Person” means a person employed or engaged by an Exchange Participant to gain access to HKATS, and for the purpose of gaining access to HKATS via the HKATS Risk Functions to establish, monitor and implement Prescribed Risk Controls, an Authorized Person may include a person appointed for such purpose by the HKCC Participant which clears the Exchange Participant’s trades if it is a Non-Clearing Participant;
- “Beneficial Identity of a Client” means the ultimate beneficiary of any Client account or, in the case of a company or body corporate, the individuals who are the ultimate beneficial owners of the share capital of the company or body corporate and includes a beneficiary holding an interest through a nominee or trust;
- “Block Trade” means any trade which is executed via the Block Trade Facility;
- “Block Trade Contract” means an Exchange Contract designated by the Board as a contract that may be executed as a Block Trade pursuant to these Rules and the Procedures;
- “Block Trade Facility” means the function of HKATS as specified by the Exchange to be used for Block Trade execution;
- “Board” means the Board of Directors from time to time of the Exchange or (as the context may require) the majority of directors present and voting at a duly convened meeting of directors at which a quorum is present, or any duly appointed committee of the Board;

“Broker”	means a person including an individual or incorporated entity registered with the Exchange under the category of “Broker” pursuant to these Rules;
“Business Day”	means any day other than a Saturday, Sunday or public holiday in Hong Kong;
“Calculated Opening Price”	means, unless otherwise determined by the Exchange, the price, if any, determined by HKATS according to pre-defined rules during the Pre-Market Opening Period to be the opening price at which Auction Orders and Limit Orders with offer prices at or below, or with bid prices at or above, such determined price may be executed;
“Central Orderbook”	means a file resident in HKATS which contains the records of all unmatched orders to buy or sell Exchange Contracts traded through HKATS;
“Chief Executive”	means the Chief Executive from time to time appointed by the Board, his designee, or, as the context may require, a designated member of the HKEX staff;
“Clearing House”	means the wholly-owned subsidiary of HKEX which provides clearing services to Exchange Participants in respect of Exchange Contracts;
“Clearing House Rules”	means the rules and applicable procedures of the Clearing House and any amendments, supplements, variations or modifications thereto from time to time in force;
“Client”	means any person on behalf of whom an Exchange Participant transacts F.O. Business, whether by the Exchange Participant himself concluding a transaction or by the Exchange Participant appointing another Exchange Participant or agent for the purpose and includes any person who gives an Exchange Participant an order to transact F.O. Business;
“Client Identity Guidance Note”	means the guidance note on client identity issued by the Commission from time to time (including but not limited to the guidance note

contained in Schedule 2 to the SFC Code of Conduct);

“Client's Money”

means money received from or for the account of a Client in relation to F.O. Business and includes money paid or reimbursed to an Exchange Participant by the Clearing House in respect of F.O. Business transacted by an Exchange Participant on the instructions of one or more Clients;

“closed out contract”

means either:-

(a) any F/O Contract in respect of which an Exchange Participant (either voluntarily or compulsorily under these Rules or the Clearing House Rules) enters into a second F/O Contract on identical terms to the first-mentioned F/O Contract, except:-

(i) that the price may not be the same as the price specified in the first-mentioned F/O Contract; and

(ii) that the Exchange Participant takes the opposite side to the side he holds under the first-mentioned F/O Contract;

for the express purpose of crystallizing the profit or loss on that first-mentioned F/O Contract; or

(b) an F/O Contract deemed to be a closed out contract pursuant to the rules of the Clearing House;

and “closing out” or “closed out” shall be construed accordingly;

“Commission”

means the Securities and Futures Commission which was established under the repealed Securities and Futures Commission Ordinance and whose existence continued by virtue of section 3(1) of the Ordinance or any other body which assumes in whole or in part the powers and functions of the Securities and Futures

	Commission and has jurisdiction over the Exchange under the Ordinance;
“commodity”	means any item and includes, without limitation, agricultural commodities, metals (including minerals and ores), currencies, shares, interest rates, indices (whether stock market or otherwise), or other financial contracts, energy, right or authority, and shall where the case requires include a Futures/Options Contract in respect of any of the above and in each case whether or not the item is capable of being delivered;
“Compliance Department”	means the department of the Exchange or HKEX which is responsible for, inter alia, the monitoring of the business, financial and trading activities of Exchange Participants to ensure compliance with these Rules, the Regulations and the Procedures, and the instigation of disciplinary proceedings against Exchange Participants;
“Contract Specifications”	means those terms and conditions of an Exchange Contract as from time to time specified by the Board pursuant to the relevant Regulations;
“controller”	has the same meaning as in Part III of the Ordinance;
“cooling-off period”	in relation to a VCM Exchange Contract, means a period during which trading of the VCM Exchange Contract shall be subject to Rule 828;
“DCASS”	means the Derivatives Clearing and Settlement System operated by the Clearing House and The SEHK Options Clearing House Limited;
“delivery month” or “contract month”	means, where the context permits, the month in which an Exchange Contract is required to be settled or in which the underlying commodity is obliged to be delivered;
“Designated Compliance Department Staff”	means such of the Compliance Department employees as may from time to time be designated by the Chief Executive to adjudicate Non-serious Offences;

“designated HKEX staff”	means such of HKEX’s staff as the Chief Executive may from time to time designate pursuant to Rule 106 and “designated member of the HKEX staff” shall mean one of such staff;
“Designated Index Arbitrage Participant”	means an Exchange Participant registered as such under Rule 1603 to conduct Designated Index Arbitrage Transactions;
“Designated Index Arbitrage Short Selling”	means the short selling of a security on SEHK as part of a Designated Index Arbitrage Transaction;
“Designated Index Arbitrage Transaction”	means the purchase of a Designated Stock Index Futures Contract (as defined in Rule 1604) with a contemporaneous offsetting sale of underlying Stocks of the index on which the Designated Stock Index Futures Contract is based. For the purpose of this definition, the term “contemporaneous” means the execution of all trades under a Designated Index Arbitrage Transaction within a certain time period prescribed by the Exchange from time to time;
“Director”	means a director of the Board;
“Disciplinary Appeals Committee”	means a committee of non-executive Directors and/or other person(s) as appointed from time to time by the Board pursuant to Rule 719 to hear disciplinary appeal(s);
“Disciplinary Committee”	means the disciplinary committee of member or members of the Board and/or other person(s) from time to time established by the Board to adjudicate disciplinary matters;
“employee” of an Exchange Participant	includes any director, trainee, consultant, associate or other person, whether retained on a commission basis or otherwise, who is engaged in the F.O. Business of an Exchange Participant or offers advice to Clients of that Exchange Participant, and in the event of any doubt the opinion of the Chief Executive as to whether any person is an employee of an Exchange Participant shall be final and binding and “employment” and “employ” shall be construed accordingly;
“Exchange”	means Hong Kong Futures Exchange Limited;

“Exchange Contract”	means a contract for a commodity approved by the Commission and the Exchange for trading on a Market and which may result in an F/O Contract;
“Exchange-HKCC Participant”	means an Exchange Participant which is also an HKCC Participant;
“Exchange Participant”	means a person who, in accordance with these Rules, may trade on or through the Exchange and whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange, and “Exchange Participantship” shall be construed accordingly;
“Exchange Participant Admission Appeals Committee”	means a committee convened to review decisions of the Board in respect of application for Exchange Participantship in accordance with the Exchange Participant Admission Appeals Procedures as prescribed by the Exchange from time to time;
“executing agent”	means a broker or dealer (whether or not an Exchange Participant) appointed by an Exchange Participant to transact F.O. Business on behalf of that Exchange Participant;
“executive director”	means a director of an Exchange Participant who actively participates in, or is responsible for directly supervising, the Exchange Participant’s F.O. Business;
“Expiry Day”	means the last or only Trading Day on which an option can be traded or exercised and is, subject to Rule 901, described in the applicable Contract Specifications;
“Extreme Conditions”	means the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below;

“Financial Resources Rules”	means the Securities and Futures (Financial Resources) Rules made by the Commission under the Ordinance and any amendments, supplements, variations or modifications thereto from time to time in force;
“financial year”	means a period which is adopted by an Exchange Participant as its financial year;
“F.O. Business”	means the business of dealing in Futures Contracts and/or Options Contracts;
“Futures Commission Merchant”	means a company registered with the Exchange under the category of “Futures Commission Merchant” pursuant to these Rules;
“Futures/Options Contract” or “F/O Contract”	means a Futures Contract and/or an Option Contract effected in a Market or arising from the exercise of an Option Contract effected in a Market, as the case may be;
“Futures Contract” or “future”	means a contract executed on any commodity, futures or options exchange or arising from the exercise of an Option Contract, the effect of which is that:- <ul style="list-style-type: none"> <li>(a) one party agrees to deliver to the other party at an agreed future time an agreed commodity or quantity of a commodity at an agreed price; or</li> <li>(b) the parties will make an adjustment between them at an agreed future time according to whether the agreed commodity is worth more or less or, as the case may be, stands higher or lower at that time than a level agreed at the time of making the contract, the difference being determined in accordance with the rules of the commodity, futures or options exchange in which that contract is made;</li> </ul>
“Futures Exchange Trading Right”	means a right to be eligible to trade on or through the Exchange and entered as such a right in a list, register or roll kept by the Exchange;
“group of companies”	has the meaning assigned to it by section 2 of the



Companies Ordinance;

“HKATS”	formerly known as the “ATS”, means the automated trading system operated by the Exchange in accordance with Chapter XII;
“HKATS Official”	means designated HKEX staff empowered to oversee the trading in Markets operated through HKATS;
“HKATS Risk Functions”	means such HKATS software as each Exchange Participant is required by the Exchange to install, and if it is a Non-Clearing Participant, to arrange for each HKCC Participant which clears its trades to install, in order to establish, monitor and implement Prescribed Risk Controls for the Exchange Participant;
“HKATS Risk Functions User’s Guide”	means the manual relating to the operation of the HKATS Risk Functions entitled “HKATS Risk Functions User’s Guide”, as amended from time to time by the Exchange;
“HKATS Username”	means a unique set of numbers and characters which identifies the Exchange Participant or, with regard to HKATS Risk Functions, the HKCC Participant gaining access to HKATS;
“HKATS User’s Guide”	means the manual relating to the operation of HKATS entitled “HKATS User’s Guide”, as amended from time to time by the Exchange;
“HKCC Participant” or “Participant of the Clearing House”	has the same meaning as in the Clearing House Rules;
“HKEX”	means Hong Kong Exchanges and Clearing Limited;
“HKEX Board”	means the board of directors from time to time of HKEX or (as the context may require) the majority of directors present and voting at a duly convened meeting of directors at which a quorum is present, or any duly appointed committee of the HKEX Board;
“HKEX staff” or “HKEX’s	means staff of HKEX or staff of a company of

staff “	which HKEX is a controller, including without limitation, staff of the Exchange;
“HKEX website”	means the official website of HKEX at <a href="http://www.hkex.com.hk">http://www.hkex.com.hk</a> or at such other website address specified by HKEX from time to time;
“HKFE-HKATS Agreement”	means the Agreement in such form as may be prescribed by the Exchange from time to time and which is entered into between the Exchange and an Exchange Participant entitling such Exchange Participant to participate in HKATS in accordance with Chapter XII;
“HKFE Trade”	means transactions relating to or resulting from trading of Exchange Contracts in the Markets;
“HKSCC”	means Hong Kong Securities Clearing Company Limited;
“holder of a Futures Exchange Trading Right”	means a person who holds a Futures Exchange Trading Right and whose name is entered as such in the register of Futures Exchange Trading Rights kept by the Exchange;
“holding company”	means a holding company as that term is used in the Companies Ordinance ;
“Holiday Trading Exchange Contract”	means an Exchange Contract which can be traded on such public holidays in Hong Kong in addition to Trading Days which are normal Business Days, as designated by the Exchange in accordance with Rule 830;
“Hong Kong dollar”, “HKD” or “\$”	means Hong Kong Dollar, the lawful currency of Hong Kong;
“in writing” and “written”	include printing, lithography and other modes of representing or reproducing words in a permanent and visible form; and
“Investor Compensation Fund”	means the compensation fund established by the Commission pursuant to the Ordinance;
“Large Open Position”	means the number of open F/O Contracts determined by the Board to be a Large Open Position pursuant to Rule 628;

“Leviable Transaction”	an F/O Contract which is treated for the purposes of the Clearing House Rules as registered with the Clearing House;
“Limit Order”	means an Order where a bid or offer/ask price is specified, which can be executed at the specified price or a better price;
“margin”	<p>means the amounts, whether cash or non-cash collateral, demanded by Exchange Participants from Clients and shall include:-</p> <ul style="list-style-type: none"> <li>(a) any margin demanded by the Exchange from time to time pursuant to Rule 617(a);</li> <li>(b) minimum Client margins as prescribed by the Exchange pursuant to Rule 617(d);</li> <li>(c) any margin demanded by the Exchange from time to time pursuant to Rule 617(e); and</li> <li>(d) any further margin demanded by Exchange Participants from their Clients pursuant to Rule 616;</li> </ul>
“Market”	means one of the markets from time to time established and operated by the Exchange pursuant to Rule 201;
“Market Maker”	means an Exchange Participant approved as such by the Chief Executive under Rule 11A01;
“Market Maker Incentives”	means fee concessions or other incentives which are set forth in these Rules, the Procedures or from time to time announced by the Exchange and which are given to a Market Maker upon meeting such market making requirements as may from time to time be prescribed by the Exchange;
“Market Maker permit”	means the permission granted to an Exchange Participant under Rule 11A04 to make a market in a particular Market;
“market making	means an arrangement between a Market Maker

arrangement”	and a corporate entity under which the corporate entity has agreed to perform market making activities in a Market for which the Market Maker has been granted a Market Maker permit by the Exchange;
“Market Order”	means an Order where no bid or offer/ask price is specified and which can be executed at the prevailing market price;
“Member”	means a person which, immediately prior to the Scheme Effective Date, was duly registered as a Trader, Broker, Futures Commission Merchant, Merchant Trader or any other category of member established by or pursuant to these Rules as in force at the relevant time, and “Membership” shall be construed accordingly (but excluding, for the avoidance of doubt, Overseas Affiliated Members (as defined in the Rules in force prior to the Scheme Effective Date));
“Merchant Trader”	means a company registered with the Exchange under the category of “Merchant Trader” pursuant to these Rules;
“Mini Contract”	means an Exchange Contract that is named a “Mini” contract;
“Minimum Volume Threshold”	means, in relation to a Block Trade Contract, the number of lots from time to time determined by the Board to be the minimum volume that an order must satisfy in order for it to be executed as a Block Trade;
“month”	means a calendar month;
“Non-Clearing Participant”	means an Exchange Participant who is not a Participant of the Clearing House;
“Non-HKFE Trade”	means transactions relating to or resulting from the trading of Futures Contracts and/or Options Contracts on markets operated by exchanges other than the Exchange whether in Hong Kong or elsewhere;
“Non-serious Offence”	means any offence which does not involve or result in any of the following:

- (a) the interests of the Exchange or any other Exchange Participant or any Client being jeopardised;
- (b) fraudulent, dishonest or criminal activity;
- (c) conduct which may impair the reputation, dignity or welfare of the Exchange;
- (d) conduct inconsistent with just and equitable principles of trade; or
- (e) non-compliance by the Exchange Participant with any applicable financial requirements under the Ordinance, these Rules, the Regulations or the Procedures

provided however that the Compliance Department may in its absolute discretion determine that an offence does not constitute a Non-serious Offence notwithstanding that such offence satisfies the criteria referred to above if, having considered the nature, frequency, persistence of the offence or any other circumstances applicable, the Compliance Department is of the view that such offence should not be considered as a Non-serious Offence;

“Omnibus Account”

means an account opened with an Exchange Participant by a Client (who may, but need not necessarily be another Exchange Participant) in respect of which the Exchange Participant is notified that the account is to be operated for a customer, or a number of customers, of the Client and not the Client itself;

“open contract” or  
“open position”

means an F/O Contract other than a closed out contract;

“Option Contract”  
or “option”

means a contract executed between one party (the “first party”) and another party (the “second party”) on any commodity, futures or options exchange under which :-

- (a) the first party grants the second party the right, but not the obligation, to buy an agreed commodity, or quantity of a commodity, from the first party at an

agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to buy:-

- (i) the first party is obliged to deliver the commodity at the agreed price; or
  - (ii) the second party receives a payment referable to the amount (if any) by which the commodity is worth more than the agreed price, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made; or
- (b) the first party grants to the second party the right, but not the obligation, to sell an agreed commodity, or quantity of a commodity, to the first party at an agreed price on or before an agreed future date or on an agreed future date as the case may be and, in the event that the second party exercises his right to sell:-
- (i) the first party is obliged to take delivery of the commodity at the agreed price; or
  - (ii) the second party receives a payment referable to the amount (if any) by which the agreed price is worth more than the commodity, such payment being determined in accordance with the rules of the commodity, futures or options exchange in which the contract is made;

a contract falling within sub-paragraph (a) being a “Call Option” and a contract falling within sub-paragraph (b) being a “Put Option”;

“option series”	means all Option Contracts with the same underlying commodity and of the same option type and with the same Strike Price and Expiry Day;
“option type”	describes whether an Option Contract is a Call Option or a Put Option;
“order”/“Order”	means an Auction Order, a Market Order or a Limit Order as the case may be;
“Ordinance”	means the Securities and Futures Ordinance and any subsidiary legislation made thereunder;
“Overseas Affiliated Participant”	means a body corporate or other organisation registered with the Exchange as an “Overseas Affiliated Participant” pursuant to these Rules;
“Physical Delivery Contract”	means an Exchange Contract that may be performed by physical delivery of the underlying commodity or instrument;
“Pre-Market Opening Period”	means, in relation to an Exchange Contract to which the pre-market opening algorithm of HKATS is determined by the Exchange to apply, the price discovery period before the opening of each trading session of the Exchange Contract, as specified in its Contract Specifications;
“Prescribed Risk Controls”	means such prescribed controls and limits as the Exchange and the Clearing House may from time to time require Exchange Participants and HKCC Participants to establish using the HKATS Risk Functions in order to manage the risks associated with orders placed and trades executed through their own connections to HKATS or connections granted by the Exchange through them and in the case of an HKCC Participant which clears trades for Non-Clearing Participants, its Non-Clearing Participants’ connections to HKATS or connections granted by the Exchange through such Non-Clearing Participants;
“Procedures”	means the practices, procedures and administrative requirements by whatever name called and wherever contained, which may be

	prescribed from time to time by the Exchange in relation to the trading of Exchange Contracts;
“Professional Accountant”	means a professional accountant registered and holding a current practising certificate under the Professional Accountants Ordinance;
“Quote”	means one Limit Order to buy and one Limit Order to sell Exchange Contracts provided by a Market Maker and which complies with the applicable Rules, Regulations and Procedures;
“Quote Request”	means a request made using the Quote Request function of HKATS for Quotes to be provided by Market Makers in accordance with the applicable Rules, Regulations and Procedures;
“recognized exchange controller”	has the same meaning as in the Ordinance;
“Regulations”	means the regulations by whatever name called and wherever contained, which are prescribed by the Board and from time to time in force for regulating the activities of the Markets or, as the context may require, the regulations applicable to one particular Market;
“Remote Access Client”	means a client of an Exchange-HKCC Participant which has been approved by the Exchange to have a direct connection to HKATS under Rule 1401;
“Remote Access Client Representative”	means a person notified by an Exchange-HKCC Participant to the Exchange under Rule 1410 as the contact person and representative of a Remote Access Client;
“Renminbi” or “RMB”	means Renminbi, the lawful currency of the People’s Republic of China, for settlement in Hong Kong;
“Responsible Officer”	means an individual registered by the Exchange as a Responsible Officer under these Rules;
“Rules”	means collectively these rules, the Regulations and any amendments, supplements, variations or modifications thereto from time to time in force;



“Secretary”	means the secretary for the time being of the Exchange;
“Scheme Effective Date”	means 6 March 2000, the date on which the Futures Exchange Scheme became effective (being the date on which an official copy of the order of the High Court of Hong Kong sanctioning the Futures Exchange Scheme together with the minute containing the particulars as required by section 61 of the Companies Ordinance were registered by the Registrar of Companies). For purposes herein, Futures Exchange Scheme means the scheme of arrangement between the Exchange and its shareholders under section 166 of the Companies Ordinance as set out in the Futures Exchange Scheme document dated 3rd September, 1999;
“SEHK”	means the Stock Exchange of Hong Kong Limited;
“SEHK Participant”	means a person: (a) who, in accordance with the Rules of SEHK, may trade on or through SEHK; and (b) whose name is entered in a list, register or roll kept by SEHK as a person who may trade on or through SEHK);
“SEOCH”	means The SEHK Options Clearing House Limited;
“SFC Code of Conduct”	means the Code of Conduct for Persons Licensed by or Registered with the Commission made under the Ordinance in force from time to time;
“Stock Futures Hedging Participant”	means a Market Maker in the Stock Futures Market registered as such under Rule 1614 to conduct Stock Futures Hedging Transactions;
“Stock Futures Hedging Short Selling”	means the short selling of the underlying stock of a Stock Futures Contract on SEHK as part of a Stock Futures Hedging Transaction;
“Stock Futures Hedging Transaction”	means the purchase or sale of the underlying stock of a Stock Futures Contract on SEHK for the purpose of hedging against short or long

	positions held by a Stock Futures Hedging Participant;
“Strike Price” or “Exercise Price”	means the agreed price of the underlying commodity at which an Option Contract may, subject to these Rules and the Regulations governing the Option Contract, be exercised;
“Substantial Shareholder”	has the meaning assigned to it by section 6 of Part 1 of Schedule 1 to the Ordinance;
“T Session”	means, in relation to an Exchange Contract, the morning trading session and afternoon trading session or the day trading session as specified in its Contract Specifications;
“T+1 Session”	means, in relation to an Exchange Contract, the after-hours trading session, if any, as specified in its Contract Specifications and for the purposes of these Rules, references to “T+1 Session on a Trading Day” shall, unless the context requires otherwise, be construed to mean the T+1 Session from commencement on a Trading Day to the close of that T+1 Session notwithstanding that it may extend beyond midnight of the Trading Day, and the next Trading Day of such T+1 Session shall mean the Trading Day following the Trading Day on which such T+1 Session commences;
“Tailor-Made Combination”	means a strategy combination involving Exchange Contracts which is defined by an Exchange Participant using the tailor-made combination function of HKATS;
“Tender Process”	means the process undertaken prior to the tenth anniversary of the Scheme Effective Date whereby a holder of Futures Exchange Trading Right that was granted under the Futures Exchange Scheme and that had not been transferred or deemed to have been transferred may relinquish its Futures Exchange Trading Right upon the invitation of the Exchange for tender subject to such terms and conditions as the Exchange may in its absolute discretion determine from time to time and prescribe in the tender invitation;
“THM”	means the Trading Halt Mechanism imposed by the Exchange on the THM Exchange Contracts for the purpose of safeguarding market integrity from extreme price volatility, as referred to in Rule 829;

“THM Exchange Contract”	means an Exchange Contract with such Contract Month as may be prescribed by the Exchange to be subject to the THM;
“THM percentage”	means the percentage, as prescribed by the Exchange from time to time, for the purpose of calculating the price limits referred to in Rule 829(3);
“THM Reference Contract”	means an Exchange Contract with such Contract Month as may be prescribed by the Exchange, with reference to which a THM Exchange Contract shall be made in determining whether a trading halt in that THM Exchange Contract will be triggered;
“THM Reference Contract Order”	means an order for a THM Reference Contract other than an order for a (a) Tailor Made Combination; (b) spread or strategy combination listed in the “Series/Combination” window of HKATS (provided that a Bait Order generated automatically shall be included as a THM Reference Contract Order); and (c) Block Trade;
“THM reference price”	means the reference price, as prescribed by the Exchange from time to time, for the purpose of calculating the price limits referred to in Rule 829(3);
“Trader”	means a person including an individual or incorporated entity registered with the Exchange under the category of "Trader" pursuant to these Rules;
“Trading Day”	means, in relation to an Exchange Contract, any day (including any public holiday in Hong Kong) during which the Exchange is open for trading that Exchange Contract according to the trading calendar prescribed by the Exchange from time to time;
“trading hours”	means the period or periods of time on a Trading Day as from time to time specified by the Exchange in which trading in Markets is permitted;
“TraHK Units”	means units issued in accordance with the unit trust scheme named “Tracker Fund of Hong Kong” established by the trust deed dated 23 October 1999 between (1) State Street Global Advisors (HK) Limited as manager, (2) State

Street Bank and Trust Company as trustee, and (3) Exchange Fund Investment Limited as promoter, as from time to time modified or added to;

- “Transaction Register” means the log-b file resident in HKATS which contains the records of all F/O Contracts arising from the matching of orders in HKATS;
- “underlying commodity” means the commodity by reference to which any Exchange Contract is made and reference to a “commodity underlying” an Exchange Contract shall be construed accordingly;
- “Unusual Market Condition” means in relation to a Market operated through HKATS, any unusual trading activity or volume in that Market or such other conditions as the Chief Executive may determine which deviate from the normal operation of that Market;
- “variation adjustment” means the amount payable by or to the Clearing House, and/or an Exchange Participant on behalf of a Client, calculated in accordance with Rules 408 to 411 of the Clearing House Rules;
- “VCM” means the Volatility Control Mechanism imposed by the Exchange on VCM Exchange Contracts for the purpose of safeguarding market integrity from extreme price volatility, as referred to in Rule 826;
- “VCM Exchange Contract” means an Exchange Contract with such Contract Month as may be prescribed by the Exchange to be subject to the VCM;
- “VCM Exchange Contract Order” means an order for a VCM Exchange Contract other than an order for (a) Tailor Made Combinations; (b) spread or strategy combination listed in the “Series/Combination” window of HKATS (except derived orders generated automatically as Bait Orders); and (c) Block Trades;
- “VCM percentage” means the percentage, prescribed by the Exchange from time to time, for the purpose of calculating the price limits as referred to in Rule 827(2);
- “VCM reference price” means the reference price, prescribed by the Exchange from time to time, for the purpose of calculating the price limits as referred to in Rule

827(2);

“Weekly Contract” means an Exchange Contract that is named a “Weekly” contract;

“Year 2000 Compliant” means neither performance nor functionality of any system is affected by dates prior to, during and after the year 2000. In particular:

- (a) no value for the current date will cause any interruption in operation;
- (b) date-based functionality must behave consistently for dates prior to, during and after the year 2000;
- (c) in all interfaces and data storage, the century in any date must be specified either explicitly or by unambiguous algorithms or inferencing rules; and
- (d) the year 2000 must be recognised as a leap year.

102. Unless the context otherwise requires, a reference to any Ordinance includes a reference to that Ordinance as from time to time modified or re-enacted and to any repealed Ordinance which it re-enacts (with or without modification).
103. Where the context so permits or requires, words importing the singular number only include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.
104. Headings are inserted for convenience only and shall not affect the construction of these Rules.
105. The notes to Exchange Participants contained in these Rules are inserted for guidance only and do not affect the construction of these Rules.

#### Administration

106. These Rules shall be administered by the Chief Executive who may designate such of HKEX’s staff as he considers appropriate to assist him in that function.
107. Unless in these Rules it is expressly provided to the contrary, all questions concerning the interpretation or application or any other matter in connection with these Rules shall be determined by the Chief Executive whose decision shall, in the absence of a successful appeal pursuant to the next following Rule,

be final and binding on all parties. All such questions or matters determined by any designated member of the HKEX staff may be appealed on an ad hoc basis to the Chief Executive.

108. An appeal from any decisions made by the Chief Executive pursuant to Chapter VII of these Rules or pursuant to any disciplinary or summary action taken by the Chief Executive against an Exchange Participant (including but not limited to decisions made pursuant to Rule 807A, 1023 or 1123) shall be made to the Disciplinary Appeals Committee in accordance with the procedures set forth in Chapter VII. Other than in respect of decisions made as aforesaid, each Exchange Participant has a right of appeal from any decision, direction, determination, finding of fact or interpretation of the Chief Executive to the Board. Any such decision, direction, determination, finding of fact and/or interpretation shall be valid and effective against an Exchange Participant in all respects until the Board shall have come to a decision on the appeal. An appeal shall only be decided in favour of the appellant if not less than two thirds of the members of the Board present shall vote in favour of such appeal and the Board may vary, suspend or revoke any such decision, direction, determination, finding of fact and/or interpretation once an appeal has been allowed. The Board shall have the power, on hearing an appeal, to decide that the appeal is frivolous and/or vexatious and determine that the Exchange Participant lodging the appeal shall pay a fine of up to HK\$250,000 for bringing such an appeal. Any decision to fine made by the Board in these circumstances shall be final and binding on an Exchange Participant. The Board may from time to time prescribe procedures to give effect to the provisions of this Rule.
109. No action shall lie against and no liability of whatsoever nature and howsoever arising and whether in contract, tort or otherwise shall be incurred by the Exchange, the Board, any Director, the Chief Executive, any designated member of the HKEX staff, a recognized exchange controller which is the controller of the Exchange, or any other person or body of persons in the exercise or performance or purported exercise or performance in good faith of any function, duty, obligation, power, right, privilege or discretion conferred or imposed on them by or pursuant to these Rules for the purpose of or in connection with the application and administration thereof.
- 109A. No action shall lie against and no liability of whatsoever nature and howsoever arising and whether in contract, tort or otherwise shall be incurred by the Exchange, the Clearing House, the Board, any Director, the Chief Executive, any HKEX staff or a recognized exchange controller which is the controller of the Exchange directly or indirectly in connection with any failure, error or defect in, or unavailability of, the automated trading system or any other equipment, systems, services or facilities of the Exchange, the Clearing House or a recognized exchange controller which is the controller of the Exchange, including where such failure, error or defect or unavailability is caused by the

automated trading system or any other equipment, systems or facilities of the Exchange not being Year 2000 Compliant.

110. No delay in the exercise of any power, right, privilege or discretion shall constitute a waiver of that or any other power, right, privilege or discretion.

Amendment

111. Subject to such approvals as may be required under the Ordinance, these Rules may be amended, supplemented, varied, modified, waived or repealed by the Board in whole or part from time to time and new Rules may be made at any time by resolution of the Board.

Notices to Exchange Participants and holders of Futures Exchange Trading Rights

112. (a) Every holder of a Futures Exchange Trading Right shall register with the Exchange an address in Hong Kong to which notices can be sent and if any holder of a Futures Exchange Trading Right shall fail to do so, notice may be given to such holder of a Futures Exchange Trading Right by sending the same in any manner hereinafter mentioned to his last known address, place of business or residence or, if there be none, by posting the same for three days at the registered office of the Exchange. Notices to an Exchange Participant may be sent to the Exchange Participant in any manner hereinafter mentioned to its last known address or any address at which it carries on F.O. Business or, if there be none, by posting the same for three days at the registered office of the Exchange.
- (b) Unless otherwise provided in these Rules, all notices, requests, demands or other communications from the Exchange to holders of Futures Exchange Trading Rights and the Exchange Participants may be given orally or in writing, in person or by post, by electronic or wire transmission, by telephone or facsimile, by posting on the HKEX website or by any means of computer data transmission including, but in no way limited to broadcast messages via HKATS or e-mail.
- (c) A notice delivered by hand shall be deemed to have been served at the time of delivery; a notice sent by prepaid letter shall be deemed to have been served on the day following its posting; a notice sent by facsimile or electronic message shall be deemed to have been served on the day of despatch of the facsimile or electronic message; in the case of a notice sent by prepaid letter, in proving service thereof it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and stamped and was deposited in a post box or at the post office; a notice sent or delivered as aforesaid shall be deemed to have been served as aforesaid notwithstanding its being subsequently returned to the Exchange as undelivered, unaccepted or

otherwise. In the case of communications made by the Exchange to a holder of Futures Exchange Trading Right and an Exchange Participant by posting on the HKEX website, the communications shall be deemed to have been received by the holder of the Futures Exchange Trading Right and the Exchange Participant immediately.

#### Transitional Provisions

113. Without limiting the generality of Rule 114, with effect from the Scheme Effective Date and unless the context requires otherwise:

- (a) the terms “Member” in the Rules, Regulations and Procedures prior to the Scheme Effective Date will have been substituted with the terms “Exchange Participant” or “holder of a Futures Exchange Trading Right” and the term “Exchange Participantship” shall be construed accordingly. Each Member which was deemed to be an Exchange Participant under section 23(2) of the repealed Exchanges and Clearing Houses (Merger) Ordinance or which was entered in the list, roll or register of Exchange Participants kept by the Exchange shall continue to be bound by these Rules, Regulations and Procedures as Exchange Participants respectively.
- (b) (deleted)
- (c) (deleted)
- (d) references to “the date of admission of an Exchange Participant” and “the notice of approval of Exchange Participantship” shall, in the case of an Exchange Participant which was a Member of the Exchange immediately prior to the Scheme Effective Date, mean “the date the Exchange Participant was originally admitted as a Member of the Exchange under the Rules in force prior to the Scheme Effective Date” and “the notice of approval of its original Membership under the Rules in force prior to the Scheme Effective Date” respectively.

114. For the avoidance of doubt,

- (i) these Rules;
- (ii) all rights, privileges, obligations and liabilities accrued to or incurred by any person (including without limitation a holder of a Futures Exchange Trading Right or an Exchange Participant) prior to the Scheme Effective Date; and
- (iii) all registrations and approvals made or granted to a person (including without limitation a holder of a Futures Exchange Trading Right or an



Exchange Participant) which were valid immediately prior to the Scheme Effective Date

shall continue to be valid and binding on that person whatever the capacity in which those rights, privileges, obligations, liabilities, registrations or approvals have been accrued, incurred, made or granted.