

## CHAPTER 2

### OPTIONS TRADING EXCHANGE PARTICIPANTSHIP

#### Participation

201. In order to conduct any Exchange Traded Options Business for clients, an Exchange Participant must become admitted and registered by the Exchange as an Options Exchange Participant under either one of the following categories:
- (1) Options Trading Exchange Participant; or
  - (2) Options Broker Exchange Participant.
- 201A. An Options Broker Exchange Participant is not permitted to have access to the Options System but is entitled to conduct Exchange Traded Options Business for the account of its clients by entering into Options Broker Client Contracts with an Options Trading Exchange Participant and corresponding Client Contracts with its clients, in each case acting as principal.
202. The Board shall have the power to permit certain Options Trading Exchange Participants to participate as Market Makers, as further described in these Options Trading Rules and the Operational Trading Procedures.

#### Qualification

203. To be eligible for registration as an Options Exchange Participant, an applicant must be able to comply at all times with each of the requirements set out in Options Trading Rule 302 or 302A as applicable and must be able to demonstrate, to the satisfaction of the Exchange, the ability to comply at all times with such requirements.

#### Applications

204. All applications for Options Exchange Participantship must be submitted in writing in accordance with the procedures from time to time prescribed by the Exchange. Each applicant must provide the Exchange with such further information as the Exchange may require for dealing with the application.
205. [Repealed]

#### Approval or Refusal

206. The Board has the right to reject any application made under Options Trading Rule 204. If the Board rejects an application to be an Options Exchange Participant, the applicant may, within 14 Business Days after it is notified of the Board's decision, appeal in writing to the Exchange Participant Admission Appeals Committee whose decision will be final.
207. The Exchange will give written notice of approval or rejection to each applicant. Any approval may be granted subject to such conditions as the Board thinks fit, in particular, regarding satisfaction of the requirements set out in Options Trading Rule 302 or 302A,

as applicable. If such conditions are not satisfied within the time period specified in the notice of approval (or such longer period as the Board may allow), the approval may be suspended or revoked without further notice. The Exchange may also restrict the Options Exchange Participant to a certain type and/or quantity of Exchange Traded Options Business if the Exchange, in its absolute discretion, forms the view that the Options Exchange Participant's operational capabilities make it necessary. In the case of an Options Broker Exchange Participant, the Exchange may grant approval subject to a restriction that the Options Broker Exchange Participant shall not be allowed (except in respect of its Options Broker Exchange Participant Account) to sell Options Contracts other than for the purpose of closing out an existing long options position (the "Long-Only Restriction").

### **Registration**

208. The Exchange will inform the applicant in writing as to the date on which the approval comes into effect and, on that day, it shall become an Options Exchange Participant. Particulars of the applicant will be entered in the register maintained pursuant to Options Trading Rule 209.

### **Registers**

209. The Exchange will maintain a register of Options Exchange Participants containing the full name and address of each Options Exchange Participant together with the date of its admission, the category of Options Exchange Participantship under which it is registered and, if applicable whether its Exchange Traded Options Business is subject to the Long-Only Restriction, and such other information as is required by law or by the Board from time to time.
- 209A. [Repealed]
- 209B. [Repealed]
- 209C. The register kept by the Exchange under Options Trading Rule 209 will be open for public inspection on payment of a sum as the Board may from time to time prescribe.

### **Publication of a list of Options Exchange Participants**

- 209D. The Exchange shall maintain and keep up to date at regular intervals a list of Options Exchange Participants in each category in existence at the time. The Exchange shall publish such lists on the HKEX website or by such other means as it considers appropriate.

### **Access to HKATS**

210. [Repealed]
- 210A. Each Options Trading Exchange Participant that wishes to connect to HKATS must comply with the requirements under Options Trading Rules 500 and 500A.
211. [Repealed]

212. [Repealed]

213. [Repealed]

213A. [Repealed]

214. [Repealed]