

## **CHAPTER 8**

### **DISCIPLINARY**

#### **Situations Calling for Disciplinary Action**

801. The situations calling for disciplinary action against an Exchange Participant pursuant to the Exchange Rules shall apply equally to an Options Exchange Participant in his capacity as such, to the extent that such situations are capable of being construed as applicable to the activities of an Options Exchange Participant.
802. In addition to the situations calling for disciplinary action against an Options Exchange Participant pursuant to the Exchange Rules, the Exchange may take disciplinary action in relation to an Options Exchange Participant:-
- (1) if the Options Exchange Participant is or has been in default or contravenes these Options Trading Rules, the Operational Trading Procedures or any conditions attached to its Options Exchange Participantship;
  - (2) if the Options Exchange Participant is or has been guilty of any act or omission relating to its Exchange Traded Options Business which may adversely affect the reputation of the Exchange or a recognized exchange controller which is the controller of the Exchange and/or prejudice the interests of any person who trades or may trade in any of the markets operated by the Exchange;
  - (3) if the Options Exchange Participant makes a material misstatement or misleads or attempts to mislead SEOCH, the Exchange, a recognized exchange controller which is the controller of the Exchange or any of its officials;
  - (4) if the Options Exchange Participant knowingly disseminates, or carelessly allows to be disseminated, false, misleading or inaccurate market information which affects or tends to affect the market price of any Options Contract or the market price of any other securities;
  - (5) if, in the opinion of the Exchange, it uses the Options System for any purpose other than bona-fide conduct of Exchange Traded Options Business;
  - (6) if the Options Exchange Participant fails to provide information requested by an exchange, clearing house, regulatory authority or an organization with whom HKEX or the Exchange has entered into an information sharing arrangement or agreement; or
  - (7) if the Options Exchange Participant fails to give notice of termination of Clearing Agreement under Options Trading Rule 539A.

#### **Co-operation**

803. In any investigation into a disciplinary matter or into circumstances possibly giving rise to a disciplinary matter, every Options Exchange Participant shall co-operate with the Exchange, the Board, SEOCH and any other person or body of persons to whom the investigation may be entrusted.

## **Notification**

804. Any proposal to take disciplinary proceedings, and the outcome of any disciplinary proceedings, shall be notified to SEOCH, HKSCC, a recognized exchange controller which is the controller of the Exchange and the Commission.

## **Disciplinary Action and Procedures**

805. In respect of any disciplinary matter arising in relation to an Options Exchange Participant, the powers of the Exchange and the Board, and the conduct of any disciplinary proceedings, shall be as set out in the Exchange Rules.
- 805A. The exercise of disciplinary powers herein shall where appropriate be dealt with in the disciplinary procedures of the Exchange from time to time.
806. Options Exchange Participants have recourse, in relation to disciplinary proceedings initiated under these Options Trading Rules, to the disciplinary appeals proceedings as set out in the Exchange Rules.