

Options Clearing Rules

CHAPTER 1

DEFINITIONS AND INTERPRETATION

Definitions

101. In these Clearing Rules, unless the context otherwise requires:-

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| “Authorized Person” | has the same meaning as in the Options Trading Rules; |
| “HKATS Risk Functions” | has the same meaning as in the Options Trading Rules; |
| “Prescribed Risk Controls” | has the same meaning as in the Options Trading Rules; |

CHAPTER 4

SEOCH PARTICIPANTS' OBLIGATIONS

Continuing Obligations

404. (1) Every SEOCH Participant must set Prescribed Risk Controls for itself (as Options Trading Exchange Participant) and every GCP must set Prescribed Risk Controls for each Options Trading Exchange Participant for whom it clears, including its or such Options Trading Exchange Participant's Authorized Persons and any other person who is allowed to trade through HKATS via its or such Options Trading Exchange Participant's connection or any connection granted by the Exchange through it or such Options Trading Exchange Participant.
- (2) Every SEOCH Participant must provide SEOCH with such information as it may request from time to time to enable SEOCH to assess whether the Prescribed Risk Controls set by the SEOCH Participant are reasonable.
- (3) Every SEOCH Participant must notify SEOCH forthwith upon the execution by any of its Authorized Persons of an order blocking or cancellation function using the HKATS Risk Functions or any other function as prescribed by SEOCH from time to time.
- (4) Every SEOCH Participant is responsible for the Prescribed Risk Controls set by it. SEOCH, the Exchange and a recognized exchange controller of SEOCH shall in no case be liable for the sufficiency or effectiveness of the Prescribed Risk Controls set by a SEOCH Participant or any failure or unavailability of, or error or defect in the HKATS Risk Functions, the

SEOCH Participant's connection to HKATS or any Prescribed Risk Controls-related reports, warnings or notifications that may be provided to the SEOCH Participant by SEOCH.

- (5) Every SEOCH Participant agrees to use the HKATS Risk Functions for the purpose of establishing, monitoring and implementing Prescribed Risk Controls only and not for any other purpose. Every SEOCH Participant shall ensure that only its Authorized Person shall gain access to HKATS through the HKATS Risk Functions.