

## CHAPTER 3

### SEOCH PARTICIPANTSHIP

#### Categories of SEOCH Participantship

301. The SEOCH Board shall have the power to establish categories of Participantship of SEOCH for participation in clearing services provided by SEOCH and to attach different rights, benefits, obligations and liabilities to each category established.
302. A SEOCH Participant may be registered under any one of the following categories:-
- (1) [Repealed]
  - (2) as a Direct Clearing Participant – which, in addition to clearing OCH Contracts traded for its own account, may clear OCH Contracts traded on behalf of its clients; or
  - (3) as a GCP – which, in addition to clearing OCH Contracts traded for its own account or on behalf of its clients, may clear OCH Contracts on behalf of NCPs with whom it has entered into a Clearing Agreement,

the clearing of such OCH Contracts in each case to be carried out subject to, and in accordance with, these Clearing Rules.

#### Qualification

303. To be eligible for registration as a SEOCH Participant, an applicant must enter into an agreement with SEOCH as prescribed by SEOCH from time to time and must be able to comply at all times with each of the requirements set out in Clearing Rule 403 and must be able to demonstrate, to the satisfaction of SEOCH, the ability to comply at all times with such requirements.

#### Applications

304. All applications for admission as a SEOCH Participant, or to change the category of SEOCH Participantship under which a SEOCH Participant is registered, shall be submitted in writing in accordance with the Operational Clearing Procedures, and be accompanied by the administrative processing charges, as prescribed by the SEOCH Board from time to time.
305. Every applicant who applies for admission as a SEOCH Participant shall do so under the same name as that under which it is registered as an Options Trading Exchange Participant or, in the case of a Registered Institution registered as a GCP, the same name as that under which it is registered under the Securities and Futures Ordinance.
306. [Repealed]
307. Each applicant shall provide the SEOCH Board with such certifications, declarations, representations, undertakings, documents and further information, as the SEOCH Board may require for dealing with the application.

#### Approval

308. The SEOCH Board has the right to reject any application made under Clearing Rule 304. If the SEOCH Board rejects an application to admit as a SEOCH Participant, the applicant may, within 14 Business Days after it is notified of the SEOCH Board's

decision, appeal in writing to the Participant Admission Appeals Committee whose decision will be final and conclusive.

309. The SEOCH Board will give written notice of approval or rejection to each applicant. Any approval may be granted subject to such conditions as the SEOCH Board thinks fit and in particular to those conditions in Clearing Rule 403. If such conditions are not satisfied within the time period specified in the notice of approval (or such longer period as the SEOCH Board may allow), the approval may be suspended or revoked without further notice. SEOCH may also restrict the SEOCH Participant to a certain type and/or quantity of Exchange Traded Options Business if SEOCH, in its absolute discretion, forms the view that the SEOCH Participant's operational capabilities make it necessary.
310. Upon receipt of a notice of approval, an applicant shall deliver SEOCH Collateral to SEOCH (or as SEOCH may direct) in respect of its Initial Contribution to the Reserve Fund as follows:
- (1) HK\$5,000,000 if the application is to be a GCP (together with such additional amount as may be required pursuant to Clearing Rule 405); or
  - (2) HK\$1,500,000 if the application is for Direct Clearing Participantship,
- or such other amount as may for the time being be stipulated by the SEOCH Board.

The SEOCH Board may vary the amount of Initial Contribution generally or in respect of any particular SEOCH Participant having regard to, amongst other things, any restrictions applying to that Participant's Exchange Traded Options Business or conditions applying to its Participantship.

311. Initial Contribution to the Reserve Fund shall be delivered in cash in Hong Kong dollars or in any other currency prescribed by SEOCH from time to time.
312. SEOCH will inform the applicant in writing on the day that the approval comes into effect and, on that day, the applicant shall become a SEOCH Participant. Particulars of the applicant will be entered in the register maintained pursuant to Clearing Rule 313 and, upon payment of the required Initial Contribution to the Reserve Fund and upon satisfying the conditions specified, the applicant shall be allowed access to the Options Clearing System.

#### **Registration**

313. SEOCH will maintain a register containing the full names and addresses and contact details of all SEOCH Participants, particulars of the category of SEOCH Participantship under which each SEOCH Participant is registered and the date of admission of each SEOCH Participant.

#### **Publication of a list of SEOCH Participants**

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