

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Rules of the Exchange (the “Rules”), the Options Trading Rules of the Stock Exchange (the “Trading Rules”) and the Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange (the “Trading Procedures”)

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Exchange Participants and Options Exchange Participants are requested to note that the Securities and Futures Commission has approved amendments to the Rules, the Trading Rules and the Trading Procedures for the purpose of implementing the enhancement of third party clearing arrangement in the Hong Kong securities market and stock options market.

The amendments, as set out in the Appendices 1, 2 and 3, will come into effect on Monday, 24 June 2024.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- [“Rule Update - Rules of the Exchange”](#)
- [“Rule Update - Options Trading Rules of the Stock Exchange”](#)
- [“Rule Update - Operational Trading Procedures for Options Trading Exchange Participants of the Stock Exchange”](#)

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Head of Legal

¹ Calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

² Calls to and from the HKATS Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

Rules of the Exchange

CHAPTER 3

EXCHANGE PARTICIPANTSHIP

CCASS Participation

358. (1) Every Exchange Participant which carries on the business of dealing in securities shall be required to:
- (a) become a CCASS Clearing Participant if it intends to clear its own Exchange Trades and shall comply at all times with the HKSCC Rules; or
 - (b) have a valid, binding and effective CCASS Clearing Agreement with at least one CCASS GCP if it does not intend to clear its own Exchange Trades.
- (2) Unless or until such time as an Exchange Participant is or becomes a CCASS Clearing Participant or has a valid, binding and effective CCASS Clearing Agreement with a CCASS GCP for the clearing of its Exchange Trades, it shall not be allowed to trade on the Exchange.
- (3) Every Exchange Participant shall cause all Exchange Trades to be settled through CCASS in accordance with the HKSCC Rules.
- (4) Every Exchange Participant who has entered into a CCASS Clearing Agreement with a CCASS GCP shall give prior notice to the Exchange in writing of the termination of the CCASS Clearing Agreement before it is actually terminated, unless the CCASS GCP has already given notice to terminate the CCASS Clearing Agreement to HKSCC in accordance with the HKSCC Rules.
- (5) An Exchange Participant which is a Broker Participant immediately prior to 3 December 2007 shall be deemed to be a CCASS DCP from 3 December 2007 in accordance with the HKSCC Rules. These Rules, all rights, privileges, registrations, approvals, obligations and liabilities accrued to or incurred by the Exchange Participant prior to 3 December 2007 shall continue to be valid and binding on it whatever the capacity in which those rights, privileges, registrations, approvals, obligations and liabilities have been accrued or incurred.
- (6) Where an Exchange Participant has entered into CCASS Clearing Agreements with more than one CCASS GCP, it must (a) ensure that each Exchange Trade executed by the Exchange Participant is designated to the relevant CCASS GCP by including its designated broker number or such other identifier as prescribed by the Exchange from time to time and (b) have arrangements in place to notify the relevant CCASS GCPs of such designation.

The Exchange may impose a limit on the number of CCASS Clearing Agreements into which an Exchange Participant may enter. An Exchange Participant which has appointed only one CCASS GCP to clear its Exchange Trades is deemed to have all Exchange Trades executed by itself designated to the CCASS GCP for clearing.

CHAPTER 5

TRADING

Criteria for Registration as TSF Exchange Participants

- 563H. (1) Only the following Exchange Participants shall be eligible to apply for registration and to remain registered as TSF Exchange Participants:
- (a) Exchange Participants that are themselves CCASS DCPs or CCASS GCPs; and
 - (b) Exchange Participants that are not CCASS DCPs but have entered into CCASS Clearing Agreements with CCASS GCPs that have been accepted for registration by HKSCC and which remain registered as TSF Clearing Participants.
- (2) In the case of an Exchange Participant that is itself a CCASS DCP, to be accepted for registration and to remain registered as a TSF Exchange Participant, it must:
- (a) meet the TSF Participant Registration Criteria;
 - (b) be approved as a TSF Exchange Participant and such approval must not have been withdrawn by the Exchange; and
 - (c) be approved as a TSF Clearing Participant and such approval must not have been withdrawn by HKSCC.
- (3) In the case of an Exchange Participant that is not a CCASS DCP, to be accepted for registration and to remain registered as a TSF Exchange Participant, it must:
- (a) meet the TSF Participant Registration Criteria;
 - (b) be approved as a TSF Exchange Participant and such approval must not have been withdrawn by the Exchange; and
 - (c) have entered into a CCASS Clearing Agreement with at least one CCASS GCP which has been accepted for registration by HKSCC and which remains registered as a TSF Clearing Participant.
- (4) An Exchange Participant wishing to apply for registration as a TSF Exchange Participant must apply to the Exchange in writing in such form as the Exchange may from time to time prescribe. The Exchange's decision in respect of an application shall be final and conclusive. Where an application is rejected, the Exchange is not obliged to give any reasons for its decision.

Substitution Process

- 563P. Where one of the parties to a TSF Exchange Trade is a TSF Exchange Participant which is not a CCASS Clearing Participant, the CCASS GCP of that TSF Exchange Participant designated for clearing such TSF Exchange Trade of that TSF Exchange Participant shall become a party to the TSF Exchange Trade and the corresponding TSF FX Transaction as principal in substitution for,

and with exactly the same rights and obligations under the TSF Exchange Trade and the corresponding TSF FX Transaction as, that TSF Exchange Participant at the same time as the relevant TSF Exchange Trade is effected on the System.

CHAPTER 14

CHINA CONNECT SERVICE

China Connect Exchange Participants and Eligibility Criteria for Registration

1406. (1) Exchange Participants (whether or not they are CCASS Clearing Participants) shall be eligible to apply for registration and to remain registered as China Connect Exchange Participants provided that:
- (a) they are CCASS Clearing Participants which are and remain registered by HKSCC as China Connect CCASS Clearing Participants for the clearing of their China Connect Securities Trades; or
 - (b) they are not registered by HKSCC as China Connect CCASS Clearing Participants but have entered into a valid, binding and effective CCASS Clearing Agreement with a CCASS GCP which is and remains registered by HKSCC as a China Connect CCASS Clearing Participant for the clearing of its China Connect Securities Trades.
- (2) An Exchange Participant that is a CCASS Clearing Participant shall itself clear, or appoint a CCASS GCP which is registered as a China Connect Clearing Participant to clear, its China Connect Securities Trades. To be accepted for registration and to remain registered as a China Connect Exchange Participant, it must:
- (a) meet the relevant China Connect Exchange Participant Registration Criteria;
 - (b) be approved as a China Connect Exchange Participant and such approval must not have been withdrawn by the Exchange; and
 - (c) be approved as a China Connect CCASS Clearing Participant and such approval must not have been withdrawn by HKSCC or has entered into a valid, binding and effective CCASS Clearing Agreement with a CCASS GCP which is registered and which remains registered by HKSCC as a China Connect CCASS Clearing Participant for the clearing of its China Connect Securities Trades.
- (3) In the case of an Exchange Participant that is not a CCASS Clearing Participant, to be accepted for registration and to remain registered as a China Connect Exchange Participant, it must:
- (a) meet the relevant China Connect Exchange Participant Registration Criteria;
 - (b) be approved as a China Connect Exchange Participant and such approval must not have been withdrawn by the Exchange; and

- (c) have entered into a valid, binding and effective CCASS Clearing Agreement with a CCASS GCP which is registered and which remains registered by HKSCC as a China Connect CCASS Clearing Participant for the clearing of its China Connect Securities Trades and if such CCASS GCP does not also clear its Exchange Trades, it must also have entered into a valid, binding and effective CCASS Clearing Agreement with at least one CCASS GCP for the clearing of its Exchange Trades.
- (4) Applications under Rule 1406(1) must be made in writing in such form as the Exchange may from time to time prescribe. Exchange Participants may be required to make separate applications with respect to the trading of China Connect Securities in different China Connect Markets.
- (5) The Exchange's decision in respect of an application shall be final and conclusive, and approval may be given subject to such terms and conditions (including such system testing requirements, market readiness rehearsals and market contingency rehearsals) as the Exchange may consider appropriate. Where an application is rejected, the Exchange is not obliged to give any reasons for its decision.
- (6) The Exchange may publish the China Connect Exchange Participant Registration Criteria and a list of the China Connect Exchange Participants registered from time to time on the HKEX website or by such other means as it considers appropriate.
- (7) Exchange Participants must sign an undertaking in the prescribed form with the relevant SEHK Subsidiary prior to their being accepted for registration as China Connect Exchange Participants for trading in a China Connect Market through the use of the China Connect Service. The Exchange may prescribe different forms of undertakings with respect to different China Connect Markets.
- (8) Every China Connect Exchange Participant which has entered into a CCASS Clearing Agreement with a CCASS GCP for the clearing of its China Connect Securities Trades shall give prior notice to the Exchange in writing of the termination of the CCASS Clearing Agreement before it is actually terminated, unless the CCASS GCP has already given notice to terminate the CCASS Clearing Agreement to HKSCC in accordance with the HKSCC Rules.

Options Trading Rules

CHAPTER 1

DEFINITIONS AND INTERPRETATION

Definitions

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

- | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “designated GCP” | means, in relation to an Options Contract executed by an NCP, the GCP designated by the NCP to clear such Contract; |
| "HKATS Risk Functions" | means such HKATS software as each Options Trading Exchange Participant is required by the Exchange to install, and if it is an NCP, to arrange for each GCP which clears its trades to install, in order to establish, monitor and implement Prescribed Risk Controls for the Options Trading Exchange Participant; |

CHAPTER 3

OPTIONS EXCHANGE PARTICIPANTS' OBLIGATIONS

Continuing Obligations

302. Each Options Trading Exchange Participant shall at all times:-

- (1) be an Exchange Participant and in compliance with the Exchange Rules;
- (2) notify the Exchange in writing immediately upon:
 - (a) [Repealed]
 - (b) [Repealed]
 - (c) any change in the information supplied to the Exchange on the Request for Connection to HKATS Form
- (3) [Repealed]
- (4) have arrangements in place for the clearing of all OCH Contracts arising from its Exchange Traded Options Business either:-
 - (a) by being, and maintaining its status as, a SEOCH Participant; or
 - (b) by having a valid, binding and effective Clearing Agreement with at least one GCP pursuant to which such one or more GCPs agree to clear the OCH Contracts of that Options Trading Exchange Participant.

Unless or until the Options Trading Exchange Participant is or becomes a SEOCH Participant or has a valid, binding and effective Clearing Agreement with a GCP, it shall not be allowed to trade Options Contracts on or through the facilities of the Exchange;

- (4A) where it is an NCP and has entered into Clearing Agreements with more than one GCP, ensure that each of its trades is designated to the relevant GCP for clearing on the basis of the HKATS log-in through which the trade is executed or in such other manner as the Exchange may specify, and have arrangements in place to notify the GCP of such designation. An NCP which has appointed only one GCP to clear its trades is deemed to have all trades executed by itself designated to the GCP for clearing;
- (5) comply with all applicable provisions of the Clearing Rules and the Operational Clearing Procedures;
- (6) pay all amounts of margin, Settlement Amount and Premium payable by it when due;
- (7) before writing an Options Contract or before exercising an OCH Contract or an NCP Contract, ensure that it will be able to satisfy any resulting delivery obligations;
- (8) have installed at one or more registered business addresses such computer equipment and software as may be specified by the Exchange and the Options System Operator for gaining access to HKATS and ensure that such computer equipment is operated and maintained in accordance with the requirements of the Exchange;
- (9) have in place, to the satisfaction of the Exchange, staff and internal operating and security procedures necessary, amongst other things, to enable it always to have access to HKATS for the purpose of conducting its Exchange Traded Options Business and, where applicable, for processing instructions from its clients and for the purpose of providing professional services to its clients;
- (10) [Repealed]
- (11) pay all levies, duties, charges and fees payable from time to time by it in its capacity as an Options Trading Exchange Participant when due;
- (12) maintain accurate daily records of all Contracts to which it is or has been party and of its Exchange Traded Options Business, and make such regular and other returns as may from time to time be required by the Exchange; and
- (13) [Repealed]
- (14) be able to demonstrate, to the satisfaction of the Exchange, the ability to comply with the above at all times.

Resignation as an Options Exchange Participant

- 315. Every NCP or Options Broker Exchange Participant which gives notice of resignation of its Options Exchange Participants to the Exchange shall, at the time it gives such notice or within such time period specified by the Exchange, submit for approval to the Exchange a plan for the orderly winding down of its Exchange Traded Options Business including, but not limited to, the closing, give-up,

exercise or expiration, in accordance with these Options Trading Rules and the Clearing Rules, of all Contracts to which it is party, and shall provide a copy of such plan at the same time, if it is an NCP, to each GCP with whom it has a Clearing Agreement or, if it is an Options Broker Exchange Participant, to the Options Trading Exchange Participant with whom it has an Options Broking Agreement.

CHAPTER 4

OPTIONS EXCHANGE PARTICIPANTS AND THEIR CLIENTS

Options Broking Agreement

401B. An Options Broker Exchange Participant shall only be a party to one Options Broking Agreement at any time. The Exchange may impose limits on the number of Options Broking Agreements into which an Options Trading Exchange Participant may enter.

Exercise of Client Contracts

415A. On an expiry day, DCASS will automatically generate exercise requests in respect of all open long positions in spot month contracts which meet the exercise criterion prescribed (i) by the relevant SEOCH Participant; or (ii) if no such exercise criterion is prescribed by the SEOCH Participant, by SEOCH. Any automatically generated exercise requests, except those denied by the Options Trading Exchange Participant (if it is a SEOCH Participant) or any of its designated GCPs (if it is an NCP) before the System Input Cutoff Time on the expiry day in accordance with the Operational Clearing Procedures, are deemed as exercise requests validly entered by that Options Trading Exchange Participant (if it is a SEOCH Participant) or its designated GCPs (if it is an NCP) pursuant to the Clearing Rules. At the time at which an OCH Contract allocated to any of its designated GCP's relevant DCASS accounts with SEOCH in respect of the Options Trading Exchange Participant's Client Account (if it is an NCP) or to any of its client accounts in DCASS, or to any of its relevant DCASS accounts with SEOCH in respect of an Options Broker Exchange Participant (if it is a Direct Clearing Participant or GCP) is so exercised by the automatically generated exercise request pursuant to the Clearing Rules:

- (1) in the case of allocation to any of its designated GCP's relevant DCASS accounts with SEOCH in respect of the Options Trading Exchange Participant's Client Account (if it is an NCP) or to any of its client accounts in DCASS, or to any of its relevant DCASS accounts with SEOCH in respect of an Options Broker Exchange Participant Account (if it is a Direct Clearing Participant or GCP), the relevant Client Contract shall, by operation of this Options Trading Rule, be treated for all purposes as having been validly exercised.
- (2) in the case of allocation to any of the relevant DCASS accounts of a Direct Clearing Participant or a GCP with SEOCH in respect of an Options Broker Exchange Participant's Omnibus Account, the relevant Client Contract shall, by operation of this Options Trading Rule, be treated for all purposes as having been validly exercised. Where any such Client Contract representing an underlying Options Broker Client Contract is so exercised, the matching Client Contract effected in accordance with Options Trading Rule 411A between the Options Broker Exchange Participant and its client shall also be treated as having been validly exercised.

Position Limits

436B. An Options Trading Exchange Participant who is an NCP applying to the Commission or the Exchange

to hold positions in excess of the prescribed limit in the Securities and Futures (Contracts Limits and Reportable Positions) Rules must (i) appoint only one GCP to hold its positions in the relevant contracts and (ii) notify the appointed GCP of the application; and (iii) make the application together with the GCP.

CHAPTER 5

THE OPTIONS TRADING SYSTEM

Establishment of Prescribed Risk Controls in HKATS

506. Without prejudice to the right of the Exchange under Rule 518B, an Options Trading Exchange Participant shall establish, monitor and implement and if it is an NCP, enable each GCP which clears its trades to establish, monitor and implement Prescribed Risk Controls using the HKATS Risk Functions for the Options Trading Exchange Participant itself and its Authorized Persons and any other person who is allowed to trade through HKATS via the Options Trading Exchange Participant's connection or any connection granted by the Exchange through the Options Trading Exchange Participant. An Options Trading Exchange Participant acknowledges that orders entered into HKATS shall be subject to, and may be blocked or cancelled by the Authorized Person as part of such Prescribed Risk Controls, and where it is an NCP, the orders shall be subject to, and may be blocked or cancelled by the relevant GCP through whom such orders are to be cleared as designated by such NCP.

CHAPTER 7

DEFAULT PROCEDURES

Default

704. Steps which may be taken by the Exchange in relation to a defaulting, suspended or resigning Options Exchange Participant include:-

- (1) to direct the Options Exchange Participant to close, give-up, exercise (or not exercise) or allow the expiration of any Contracts to which it is party;
- (2) to prohibit, or limit, the opening of new Contracts;
- (3) to direct the Options Exchange Participant to enter into any Contracts, or to enter into, on an exchange or otherwise, any contract for the sale, purchase or other acquisition or disposal of any securities, futures contracts or commodities;
- (4) to limit (on such terms as it shall think fit), suspend or terminate access of that Options Exchange Participant (if any) to the Options System;
- (5) in the case of an Options Trading Exchange Participant, to suspend or revoke any Market Maker permit held by that Options Trading Exchange Participant;

- (6) to arrange, in conjunction with SEOCH, for such steps under the Clearing Rules as the Exchange and SEOCH may consider appropriate in relation to that Options Exchange Participant and, if it is an NCP, any of its designated GCPs, and if it is an Options Broker Exchange Participant, its designated Options Trading Exchange Participant;
- (7) to direct the Options Exchange Participant to use all reasonable efforts to contact clients, with a view to determining what action, having regard to the default, suspension or resignation, its clients would like to take in relation to Client Contracts to which they are party; and
- (8) to direct that Options Exchange Participant to submit for approval to the Exchange a plan for the orderly winding down of its Exchange Traded Options Business.

Without prejudice to the right of the Exchange to take any of the steps specified above, the Exchange may, upon determining that an event of default has occurred or may occur, issue a warning to the defaulting Options Exchange Participant, including such directions and requirements to be complied with by the Options Exchange Participant within such time period in each case as the Exchange may, in its absolute discretion, think fit.

Indemnity

712. A defaulting Options Exchange Participant shall indemnify and keep indemnified the Exchange, SEOCH, HKFE, a recognized exchange controller which is the controller of the Exchange, an Options System Operator, and their respective employees (and, if an NCP, each of its designated GCPs) from and against any loss, cost (including cost of enforcement), liability (including any tax or other fiscal liability), claim or damage which any of such indemnified persons incurs or suffers as a consequence of the use of the Options System by that Options Exchange Participant or any default by that Options Exchange Participant, including in relation to any action taken by any of the indemnified persons pursuant to these Options Trading Rules and/or the Clearing Rules.

Operational Trading Procedures

Chapter 5 : Client Services Support

5.12 Increasing a Position Limit

Subject to *Options Trading Rules 436A and 436B*, an Options Exchange Participant or a client may request the Exchange to increase the position limit imposed by the Exchange or, in the case of a person specified under section 4A of the Securities and Futures (Contracts Limits and Reportable Positions) Rules, to authorize it to hold positions in excess of the limit prescribed by the Commission thereunder (the “Commission’s prescribed limit”). Where applicable, an Options Exchange Participant (if it is not a SEOCH Participant) or a client may also submit a request to increase the position limit imposed on behalf of the SEOCH Participant which clears its trades together with its own request. Such requests shall be made in writing to the Exchange. The Options Exchange Participant or its client or the person that made the request may be required to justify the increase of the limit imposed by the Exchange or the holding of positions in excess of the Commission’s prescribed limit. The Exchange may at its absolute discretion grant or refuse the request. Approval from the Exchange must be received prior to entering into positions which exceed the position limit imposed by the Exchange or the Commission’s prescribed limit. In the event that approval to hold or control excess position limit is granted by the Exchange under s4A of the Securities and Futures (Contracts Limits and Reportable Positions) Rules in respect of any option class, the Options Exchange Participant or client shall appoint only one SEOCH Participant to hold its positions in such option class.

APPENDIX A: FEES & COSTS PAYABLE TO THE EXCHANGE

A4 HKATS-Related Charges

Fee Type	Fee
HKATS Risk Functions sub-licence fee for connection through the central gateway	HK\$1000 per month per connection provided that no fee will be charged for the first 3 connections of an Options Trading Exchange Participant or a GCP which is a Registered Institution as defined in Rule 101 of the Clearing Rules