

Rules and Procedures of HKFE Clearing Corporation Limited

CHAPTER I

INTERPRETATION

Definitions

101. In these Rules, the definitions contained in the Exchange Rules (as hereinafter defined) shall where the context permits be incorporated herein by reference and the following expressions shall, unless the context otherwise requires, bear the following meanings:-

“Participant Admission Appeals Committee” means the committee convened to hear any appeal against the decisions by the Board on any application to admit as an HKCC Participant;

CHAPTER II

HKCC PARTICIPANTSHIP

Procedure on application

206. (a) The Board shall decide on each application.
- (b) The decision as to whether or not a person should be admitted as an HKCC Participant or should be permitted to change its category of HKCC Participantship is entirely in the discretion of the Board ~~whose decision shall be final and conclusive.~~
209. (a) Every applicant shall be informed by notice in writing within 7 days after the relevant meeting as to whether its application is approved or refused.
- (b) A copy of every notice of approval shall be sent to the Exchange and the Commission.
- (c) Any notice of approval issued pursuant to this Rule may be subject to such conditions as the Board thinks fit.
- (d) If the Board refuses an application to admit as an HKCC Participant, the applicant may, within 14 Business Days after it is notified of the Board’s decision, appeal in writing to the Participant Admission Appeals Committee in accordance with Rules 227 to 244. The decision of the Participant Admission Appeals Committee will be final and conclusive.

Appeal to the Participant Admission Appeals Committee

227. The Participant Admission Appeals Committee shall have 3 members, and all 3 members must attend the hearing to form a quorum. The three members shall be:

(a) an independent non-executive director of HKEX who is also the chairman of the Clearing Consultative Panel (CCP). He shall be appointed as the chairman of the Participant Admission Appeals Committee. If he cannot attend a hearing, the deputy chairman of the CCP or an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee can act as his proxy;

(b) a director of the Board who is not involved in the day to day operations of the Clearing House to be appointed by the chairman of the Participant Admission Appeals Committee; and

(c) an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee.

228. The Participant Admission Appeals Committee shall have a secretary to carry out any administrative functions.

229. If the Board refuses an application to admit as an HKCC Participant, the applicant may appeal to the Participant Admission Appeals Committee by service of a notice in writing to the secretary within 14 Business Days of being notified of the Board's decision.

230. A notice of appeal shall set out the name of the appellant, the decision appealed against, the grounds of appeal, all material facts and attaching copies of all documents relevant to the appeal.

231. The appellant shall provide the Clearing House with all information for the application to admit as an HKCC participant before seeking to appeal against the rejection.

232. The appellant shall not seek to present to the Participant Admission Appeals Committee new information or evidence that was not previously submitted with its application to admit as an HKCC Participant.

233. If the secretary upon receipt of the appeal application discovers that the appellant seeks to adduce any new information, the secretary shall request the appellant to withdraw its appeal application and re-submit an application to admit as an HKCC Participant.

Participant Admission Appeals Proceedings by the Participant Admission Appeals Committee

234. The Participant Admission Appeals Committee shall fix a date for the hearing within 30 Business Days after receipt of the appellant's written application together with the

information required under Rule 230 and the secretary shall notify the appellant of the date of hearing.

235. A notice under the above paragraph shall set out the time, date and place of the hearing and shall be delivered to the business address of the appellant by hand or by registered mail no later than 14 Business Days before the hearing.

236. The hearing will be held in private.

237. The appellant can attend the hearing by the personal attendance of an appropriate and authorised representative.

238. The appellant shall have the right to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee. If the appellant wishes to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee, it shall notify the secretary of the name of the solicitor and/or counsel representing it at least 7 Business Days before the hearing takes place.

239. The Participant Admission Appeals Committee may seek external legal representation at the hearing.

240. At least 3 Business Days before the hearing, the appellant shall provide the secretary with a list of all persons attending the hearing and the respective capacity in which such persons will attend the hearing.

241. If the appellant fails to attend the hearing before the Participant Admission Appeals Committee, the Participant Admission Appeals Committee hearing may proceed in the absence of the appellant and dispose of the matter in whatever manner as it sees fit.

242. The appellant and/or its legal representatives may make an oral presentation or submission before the Participant Admission Appeals Committee in the hearing. The Participant Admission Appeals Committee may ask any persons attending the hearing any questions relevant to the admission application.

243. At any hearing, the Participant Admission Appeals Committee may, at its full discretion, admit or reject any evidence adduced, whether oral or written, and attach such weight to the evidence as the Participant Admission Appeals Committee considers appropriate in its discretion.

244. The Participant Admission Appeals Committee will consider the evidence, written and oral, presented to it in coming to its decision. The secretary shall notify the appellant in writing of the decision of the Participant Admission Appeals Committee as soon as practicable and in any event no later than 30 Business Days after the hearing. The decision of the Participant Admission Appeals Committee shall be final and conclusive.