

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER VIII

TRADING ARRANGEMENT: PRACTICES AND SYSTEMS

Erroneous Trades

- 819C. (a) If an Exchange Participant fails to execute a Client's order by any omission on its part or erroneously executes a Client's order such that the resulting trade differs in quantity, contract month or position (e.g. buy instead of sell) from that specified by the Client and the omission or erroneous trade is not detected until after the close of the relevant Market or immediately prior to the close of the relevant Market such that it is not possible to rectify the omission or error in the relevant Market, the Exchange Participant may assume the omitted or erroneous position into its House account by submitting to the Exchange the form prescribed from time to time by the Exchange as soon as possible after the close of the relevant Market, but not later than one hour after the close of the relevant Market.
- (b) The Exchange may require Exchange Participants to provide to the Exchange such information and documents as it shall require or deem necessary to substantiate the use of this procedure.
- (c) If a Client suffers loss as a result of orders omitted or erroneously executed by an Exchange Participant, the loss shall be made good by the Exchange Participant.

CHAPTER XII

AUTOMATED TRADING SYSTEM

- 1215 An F/O Contract shall be executed at the time when an order in respect of an Exchange Contract in a futures delivery month or option series is matched by HKATS with another order in respect of an Exchange Contract in the same futures delivery month or option series and the details of such matched orders relating to the F/O Contract are recorded in the Transaction Register of HKATS. Immediately upon such recording, and provided that the F/O Contract has been validly executed in accordance with these Rules, the F/O Contract shall be subject to the process of novation in accordance with the Clearing House Rules unless otherwise determined by the Exchange. Notwithstanding the foregoing, no matched order recorded in the Transaction Register during the Pre-Market Opening Period of a Market shall be registered with the Clearing House or novated until the opening of the Market and no Block Trade recorded in the Transaction Register shall be registered with the Clearing House or novated until the Clearing House is satisfied that the recorded Block Trade is a valid Block Trade and all criteria applicable to the Block Trade have been satisfied. Unless an Exchange Participant receives any oral or written notice from the Exchange or the Clearing House that a Block Trade is not valid or not all criteria applicable to the Block Trade have been satisfied or that the Block Trade will not be registered with or cleared by the Clearing House for any reason, the Block Trade shall be deemed to be registered with the Clearing House and subject to the process of novation in accordance with the Clearing House Rules immediately upon the recording of such Block Trade in the Transaction Register. The Exchange will endeavour to notify the Exchange Participant of any issue concerning any criteria set forth in Rule 815A within 30 minutes of the execution by the Exchange Participant of the Block Trade.