

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER I

**INTERPRETATION ADMINISTRATION
AND AMENDMENT OF THE RULES**

“Tender Process” means the process undertaken prior to the tenth anniversary of the Scheme Effective Date whereby a holder of Futures Exchange Trading Right that was granted under the Futures Exchange Scheme and that had not been transferred or deemed to have been transferred may relinquish its Futures Exchange Trading Right upon the invitation of the Exchange for tender subject to such terms and conditions as the Exchange may in its absolute discretion determine from time to time and prescribe in the tender invitation;

CHAPTER IIIA

FUTURES EXCHANGE TRADING RIGHTS

Application for the issue of a Futures Exchange Trading Right

3A03B. (b) (deleted)

Conditions

3A03D. An applicant approved pursuant to Rule 3A03C shall not be issued a Futures Exchange Trading Right unless and until it shall have satisfied all of the following conditions:

- (a) paid in full all fees (including the fee for the Futures Exchange Trading Right) from time to time prescribed by the Board;

Register of holders of Futures Exchange Trading Rights

3A07. The Exchange shall establish a register of holders of Futures Exchange Trading Rights and enter therein the following particulars:

- (c) the date on which any person ceased to be a holder; and
- (d) (deleted)

Futures Exchange Trading Right Certificate

- 3A09. (a) Subject to Rule 3A09(b), each holder of Futures Exchange Trading Right(s) will be issued an Exchange Trading Right certificate in respect of each Futures Exchange Trading Right held by it which shall be prima facie evidence of the entry of his or its name in the register of holders of Futures Exchange Trading Rights kept by the Exchange.
- (b) No Exchange Trading Right certificate in respect of Futures Exchange Trading Right will be issued to a holder of Futures Exchange Trading Right from the tenth anniversary of the Scheme Effective Date. Where an Exchange Trading Right certificate issued prior to the tenth anniversary of the Scheme Effective Date is defaced, lost or destroyed, no new certificate will be issued irrespective of the circumstances of the defacing, loss or destruction.

No Transfer of Futures Exchange Trading Right

- 3A12. (a) With effect from the tenth anniversary of the Scheme Effective Date, Futures Exchange Trading Rights which were granted under the Futures Exchange Scheme are not transferable. For purposes of this Rule 3A12(a), the following will not be transfers:
- (A) the transmission of a Futures Exchange Trading Right to a person in consequence of the death of its recorded holder;
 - (B) the assignment of a Futures Exchange Trading Right from an individual to a company of which he is the sole beneficial owner; and
 - (C) a liquidator, receiver or trustee in bankruptcy taking possession of a Futures Exchange Trading Right in such capacity.

For the avoidance of doubt, the person and the company to whom a Futures Exchange Trading Right is transmitted or assigned and the liquidator, receiver or trustee in bankruptcy taking possession of a Futures Exchange Trading Right shall be bound by these Rules, the Regulations and the Procedures as if he or it were the recorded holder.

3A13. (deleted)

Revocation of Futures Exchange Trading Rights

- 3A15. (a) If the rights of an Exchange Participant are revoked for any reason, the Exchange may, with effect from the date of revocation of Exchange Participantship, revoke any Futures Exchange Trading Right of the Exchange Participant. Upon revocation, the name of the Exchange Participant shall be removed from the register of holders of Futures Exchange Trading Rights. The Exchange shall not, by virtue of anything done under this Rule 3A15(a), be deemed to have assumed or acquired any obligation attaching to the Futures Exchange Trading Right(s) of the Exchange Participant and the Exchange Participant shall have no claim against the Exchange whatsoever.
- (b) In the event that the rights of an Exchange Participant and any Futures Exchange Trading Right of the Exchange Participant are revoked as referred to in Rule 3A15(a), the Exchange Participant shall remain liable for all legal and other incidental costs or disbursements incurred by the Exchange in connection with the revocation and any sums owing by the Exchange Participant (whether

in its capacity as an Exchange Participant, a holder of Futures Exchange Trading Right(s) or in any other capacity) to the Exchange, a recognized exchange controller which is the controller of the Exchange and any company of which a recognized exchange controller which is the controller of the Exchange is a controller.

Relinquishment of Futures Exchange Trading Rights

- 3A16. (a) A holder of Futures Exchange Trading Right(s) may, without affecting existing rights or obligations which have accrued and subject to these Rules, at any time relinquish its Futures Exchange Trading Right(s) without penalty or compensation whereupon its name shall be removed from the register of holders of Futures Exchange Trading Rights.
- (b) (deleted)
- (c) Notwithstanding Rule 3A16(a), the holder of Futures Exchange Trading Right whose tender has been selected under a Tender Process shall relinquish its Futures Exchange Trading Right within six months from the date of the notice of acceptance of the tender issued by the Exchange and in accordance with the procedures as from time to time determined by the Exchange. Any payment due to the holder of Futures Exchange Trading Right will be made by the Exchange as soon as practicable after he or it has relinquished his or its Futures Exchange Trading Right.
- (d) The holder of the Futures Exchange Trading Right shall be deemed to relinquish his or its Futures Exchange Trading Right at the expiry of six months under Rule 3A16(c) and whereupon the holder of the Futures Exchange Trading Right shall be removed from the register of holders of Futures Exchange Trading Rights.
- 3A16A. (a) Notwithstanding Rule 3A16, a corporate holder of a Futures Exchange Trading Right which intends to re-organize its business of dealing in futures contracts by having that business being conducted under one single entity together with that of the business of dealing in securities or any similar re-organization may, at any time and subject to such conditions from time to time prescribed by the Exchange, apply to relinquish its Futures Exchange Trading Right to such entity which shall be a company within its own group of companies.
- (b) For the purposes of Rule 3A16A(a), the holder of the Futures Exchange Trading Right shall complete, sign and deliver to the Exchange an application in writing in such form as the Board may from time to time prescribe to relinquish its Futures Exchange Trading Right and to nominate a company within its own group of companies to take up a new Futures Exchange Trading Right to be issued by the Exchange if its application to relinquish its Futures Exchange Trading Right under Rule 3A16A(a) is approved by the Board. The company so nominated by the holder of the Futures Exchange Trading Right shall simultaneously apply to become an Exchange Participant (if it is not already an Exchange Participant) in accordance with these Rules. Upon the issue of a Futures Exchange Trading Right to the company so nominated, it shall simultaneously become an Exchange Participant.

- (d) The holder of the Futures Exchange Trading Right shall be deemed to relinquish its Futures Exchange Trading Right when the new Futures Exchange Trading Right is issued to the company so nominated and whereupon its name shall be removed from the register of holders of Futures Exchange Trading Rights.
- (e) The decision of the Board in respect of an application to relinquish a Futures Exchange Trading Right under Rule 3A16A shall be final and conclusive.

Disciplinary Action against holders of Futures Exchange Trading Rights

- 3A19. A holder of a Futures Exchange Trading Right who in any manner contravenes these Rules, the Regulations, the Procedures, any conditions imposed on the approval of issue or transfer of a Futures Exchange Trading Right or any other requirements imposed on a holder of a Futures Exchange Trading Right in its capacity as a holder of a Futures Exchange Trading Right may be liable to disciplinary proceedings. The procedures regarding disciplinary proceedings against Exchange Participants set forth in Chapter 7 of these Rules shall mutatis mutandis apply to disciplinary proceedings that may be instituted against a holder of a Futures Exchange Trading Right.
- 3A20. The following disciplinary powers may be exercised against a holder of a Futures Exchange Trading Right:
- (i) (deleted)
 - (j) revocation of its Futures Exchange Trading Right as set forth in Rule 3A15; and

CHAPTER V

GENERAL OBLIGATIONS OF EXCHANGE PARTICIPANTSHIP

Adherence to Rules

501. Each Exchange Participant shall adhere strictly to and be bound by the provisions of the Ordinance, these Rules, the Regulations, the Procedures and any conditions stipulated in the notice of approval of its Exchange Participantship given pursuant to Rule 305 or in any approval given by the Exchange and shall at all times comply with the decisions, directions, determinations, findings of fact and/or interpretation of the Board, the Chief Executive and any other person or body of persons in the exercise or performance of any function, duty, obligation, power, right, privilege or discretion conferred on it by or pursuant to these Rules for the purposes of or in connection with the application and administration thereof.

General Obligations and Obligations to notify the Exchange and the Commission

506. An Exchange Participant shall notify the Exchange in writing immediately upon the happening of any one or more of the following:-
- (a) the discovery of a failure by it to comply with any of these Rules, the Regulations, the Procedures, the Ordinance or any of the conditions stipulated in the notice of approval of its Exchange Participantship given pursuant to Rule 305 or in any approval given by the Exchange;

CHAPTER VII

DISCIPLINARY MATTERS

Circumstances Giving Rise to Disciplinary Proceedings

701. Any Exchange Participant which:-

- (a) in any manner contravenes these Rules, the Regulations, the Procedures, any conditions stipulated in the notice of approval of its Exchange Participantship given pursuant to Rule 305 or in any approval given by the Exchange, the Ordinance, the Clearing House Rules or any other rules, regulations, code of conduct or procedures as may from time to time be prescribed by the Exchange, the Clearing House or a recognized exchange controller which is the controller of the Exchange;

APPENDIX B - FEES

Description	Amount¹
<i>Exchange Participantship/Trading Right-related fees</i>	
Exchange Participantship subscription fee	6,000/annum
Futures Exchange Trading Right (other than those issued under Rule 3A16A and pursuant to an application made under Rule 3A03A(c))	500,000/Futures Exchange Trading Right
Futures Exchange Trading Right issued pursuant to an application made under Rule 3A03A(c)	25,000/Futures Exchange Trading Right
Futures Exchange Trading Right under Rule 3A16A	10,000
Futures Exchange Trading Right register maintenance fee (applicable to non-Exchange Participant holders of Futures Exchange Trading Rights only)	14,000/annum
Exchange Participant register inspection fee	300/inspection
Futures Exchange Trading Right register inspection fee	300/inspection