

**Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited**

**CHAPTER I**

**INTERPRETATION ADMINISTRATION  
AND AMENDMENT OF THE RULES**

Definitions and Interpretation

101. In these Rules, unless the context otherwise requires, the following expressions shall bear the following meanings:-

"Authorized Person" means a person employed or engaged by an Exchange Participant to gain access to HKATS;

"Compliance Department" means the department of the Exchange or HKE<sub>x</sub> which is responsible for, inter alia, the monitoring of the business, financial and trading activities of Exchange Participants to ensure compliance with these Rules, the Regulations and the Procedures, and the instigation of disciplinary proceedings against Exchange Participants;

"HKATS Username" means a unique set of numbers and characters which identifies the Exchange Participant gaining access to HKATS;

The definitions of "Exchange Participant Representative", "HKATS Exchange Participant Representative", "Member Representative" and "Staff" have been deleted.

108. An appeal from any decisions made by the Chief Executive pursuant to Chapter VII of these Rules or pursuant to any disciplinary or summary action taken by the Chief Executive against an Exchange Participant (including but not limited to decisions made pursuant to Rule 807A, 1023 or 1123) shall be made to the Disciplinary Appeals Committee in accordance with the procedures set forth in Chapter VII. Other than in respect of decisions made as aforesaid, each Exchange Participant has a right of appeal from any decision, direction, determination, finding of fact or interpretation of the Chief Executive to the Board. Any such decision, direction, determination, finding of fact and/or interpretation shall be valid and effective against an Exchange Participant in all respects until the Board shall have come to a decision on the appeal. An appeal shall only be decided in favour of the appellant if not less than two thirds of the members of the Board present shall vote in favour of such appeal and the Board may vary, suspend or revoke any such decision, direction, determination, finding of fact and/or interpretation once an appeal has been allowed. The Board shall have the power, on hearing an appeal, to decide that the appeal is frivolous and/or vexatious and determine that the Exchange Participant lodging the appeal shall pay a fine of up to HK\$250,000 for bringing such an appeal. Any decision to fine made by the Board in these circumstances shall be final and binding on an Exchange Participant. The Board may from time to time prescribe procedures to give effect to the provisions of this Rule.

113. Without limiting the generality of Rule 114, with effect from the Scheme Effective Date and unless the context requires otherwise:

- (a) the terms “Member” in the Rules, Regulations and Procedures prior to the Scheme Effective Date will have been substituted with the terms “Exchange Participant” or “holder of a Futures Exchange Trading Right” and the term “Exchange Participantship” shall be construed accordingly. Each Member which was deemed to be an Exchange Participant under section 23(2) of the repealed Exchanges and Clearing Houses (Merger) Ordinance or which was entered in the list, roll or register of Exchange Participants kept by the Exchange shall continue to be bound by these Rules, Regulations and Procedures as Exchange Participants respectively.

114. For the avoidance of doubt,

- (i) these Rules;
- (ii) all rights, privileges, obligations and liabilities accrued to or incurred by any person (including without limitation a holder of a Futures Exchange Trading Right or an Exchange Participant) prior to the Scheme Effective Date; and
- (iii) all registrations and approvals made or granted to a person (including without limitation a holder of a Futures Exchange Trading Right or an Exchange Participant) which were valid immediately prior to the Scheme Effective Date

shall continue to be valid and binding on that person whatever the capacity in which those rights, privileges, obligations, liabilities, registrations or approvals have been accrued, incurred, made or granted.

### CHAPTER III

#### EXCHANGE PARTICIPANTSHIP AND FUTURES EXCHANGE TRADING RIGHTS

##### Application for Exchange Participantship

303. (b) Every new applicant for Exchange Participantship shall complete, sign and deliver to the Exchange an application in writing in such form as the Board may from time to time prescribe.

##### Categories of Exchange Participantship

312. (c) A Trader is entitled to trade in Futures Contracts and/or Options Contracts on its own account only.
- (d) A Broker is entitled to trade in Futures Contracts and/or Options Contracts on its own account only. A Broker may also act as the agent of an Exchange

Participant for the sole purpose of concluding trades on any Markets operated by the Exchange. In no circumstances may a Broker carry a trading account for an Exchange Participant for whom it acts as such agent.

### **CHAPTER IIIA**

#### **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 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.

### **CHAPTER IV**

#### **MARKET PRESENCE**

401. Only the following persons shall, subject to the Rules, be entitled to have access to HKATS:-

- (a) an Authorized Person;
- (b) (deleted)
- (c) designated HKEx staff;
- (d) such other persons as the Chief Executive may determine; and
- (e) such other persons authorized under these Rules,

and all such persons shall be subject to Rule 807A (disconnection from HKATS).

402. to 407. (deleted)

408. The Exchange will release password(s) to each Exchange Participant to enable it to gain access to HKATS and all Exchange Participants shall pay particular attention to the security of such passwords and shall not under any circumstances distribute or disclose any password to any other person other than its Authorized Persons. The Exchange Participant shall procure that all Authorized Persons assigned with passwords shall not disclose them or share with any other person.

409. Exchange Participants shall procure that their Authorized Persons at all times comply with all applicable provisions of these Rules, the Regulations, the Procedures and any other directives from time to time made in respect of the operations of the Exchange. Where the acts and omissions of an Authorized Person

would have been subject to the Rules, Regulations and Procedures had such acts or omissions been committed by the Exchange Participant, then such acts or omissions shall be deemed to be committed by that Exchange Participant and disciplinary action may be taken against the Exchange Participant.

## **CHAPTER V**

### **GENERAL OBLIGATIONS OF EXCHANGE PARTICIPANTSHIP**

- 507A. Any person who has been approved by the Commission under Part V of the Ordinance as a substantial shareholder shall be registered by the Exchange as a Substantial Shareholder. Any Exchange Participant with Substantial Shareholder(s) shall promptly provide to the Exchange in writing the name and detailed information as required by the Exchange of any person registered as a substantial shareholder under the Part V of the Ordinance.
- 527A. Unless otherwise determined by the Exchange, all licensed representatives of an Exchange Participant who have been approved by the Commission under Part V of the Ordinance as responsible officers in relation to Type 2 regulated activity shall be registered with the Exchange as Responsible Officers and be placed on the Register of Responsible Officers kept by the Exchange. Upon request by the Exchange, an Exchange Participant shall promptly provide to the Exchange any information of any of its responsible officers. Each Responsible Officer shall undertake to comply with all applicable Rules, any relevant regulations, procedures and guidelines made hereunder or any conditions and directions from time to time prescribed by the Exchange. At all times, an Exchange Participant shall have at least one Responsible Officer who is an executive director of the Exchange Participant registered with the Exchange.
- 527B. (deleted)
- 527D. The Chief Executive may, at any time, revoke the registration of any Responsible Officers.
528. (a) Each Exchange Participant shall maintain a register of its employees which must be kept up-to-date and made available to designated HKEx staff on demand. This register shall contain the following particulars with respect to each employee:-
- his present forename and surname (including in the case of a Chinese employee the Chinese characters for his forename and surname)
  - any former surname
  - any alias
  - his job title
  - his usual residential address
  - his nationality

the number of his Hong Kong identity card

the date of his becoming or ceasing to be an employee

the name and address of every former employer of such employee within the two years immediately preceding the commencement of his employment by the Exchange Participant

particulars of every licence, registration or authorization at any time maintained by or in respect of such employee pursuant to the Ordinance or other regulatory provisions including the licence, registration or authorization number, the date of licence granted, first registration or authorization and the date of revocation of such licence, registration or authorization.

- (b) (deleted)
- (c) (deleted)
- (d) Each Exchange Participant shall ensure that every employee and Authorized Person of such Exchange Participant is competent and has acquired the necessary skills and knowledge to carry out his responsibilities.
- (e) (deleted)

529. Each Exchange Participant shall be liable for all the actions of its employees, Responsible Officers and Authorized Persons, and shall be liable to disciplinary action in respect of any act or omission of its employees, Authorized Persons and Responsible Officers in any of the circumstances set out in Rule 701.

#### Participation of Clearing House

530. (b) Each Non-Clearing Participant intending to trade in a Market operated by the Exchange whether for its own account or otherwise must first open a trading account with an Exchange Participant registered with the Clearing House under the category "General Clearing Participant" relating to the clearing of trades through the Clearing House, and enter into an agreement with such General Clearing Participant in such form or containing such provisions as may from time to time be required by the Clearing House and shall at all times ensure that such agreement remains in full force and effect. Until such an agreement has been entered into, no Non-Clearing Participant shall be entitled to participate in any Markets operated by the Exchange. The Chief Executive shall be entitled to refuse to permit any Exchange Participant and its Authorized Person to trade on or through the facilities of the Exchange where the Exchange Participant in question does not comply with this Rule.

**CHAPTER VII**

**DISCIPLINARY MATTERS**

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 Participants given pursuant to Rule 305 or in the approval of transfer of Futures Exchange Trading Rights given pursuant to Rule 505, 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;
- (b) has been notified to the Exchange by the Commission as having failed to comply with any requirements of the Ordinance;
- (c) is charged with or convicted of an offence relating to fraud or dishonesty or any act of bad faith;
- (d) is or has been guilty of any act or omission relating to F.O. Business which is likely to affect adversely the business reputation or other interests of the Exchange or a recognized exchange controller which is the controller of the Exchange or prejudice the interests of any person who trades or may trade on the Exchange;
- (e) fails to report a trade or knowingly makes or reports a false or fictitious trade;
- (f) makes a material mis-statement to the Board, the Chief Executive, the Disciplinary Committee, the Disciplinary Appeals Committee or any other committee of the Board, or to the Exchange, the Clearing House, a recognized exchange controller which is the controller of the Exchange or their respective officials;
- (g) knowingly disseminates false, misleading or inaccurate reports concerning market information or conditions that affect or tend to affect the price of any Exchange Contract or any commodity underlying an Exchange Contract;
- (h) trades or accepts margin after becoming insolvent or having reason to believe that it has become insolvent;
- (i) refuses to appear before the Disciplinary Committee, the Disciplinary Appeals Committee or any other committee of the Board duly constituted under these Rules to deal with disciplinary matters, at or during the course of any disciplinary investigation or proceedings;
- (j) refuses to answer fully questions or produce books, records or other documents as may be required at or during the course of any disciplinary investigation or proceedings, or testifies falsely;

- (k) induces or attempts to induce another person to enter into a Futures Contract or an Options Contract :-
  - (i) by dishonestly concealing any material fact;
  - (ii) by making or publishing or causing to be made or published whether recklessly, dishonestly or otherwise any statement, promise or forecast that is misleading, false or deceptive; or
  - (iii) by recording or storing in or by means of any mechanical electronic or other device information that it knows to be false or misleading in any material respect;
- (l) acts in a manner which is or may be detrimental to the interests or welfare of the Exchange or a recognized exchange controller which is the controller of the Exchange or prejudicial to the interests of any person who trades or may trade on the Exchange or the investing public;
- (m) causes or attempts to cause or induces any employee of the Exchange or any controller or subsidiary of the Exchange to contravene any term of that employee's service contract with the Exchange or its controller or subsidiary (as the case may be);
- (n) is disciplined by any other exchange;
- (o) is disciplined for any reason by the Clearing House;
- (p) fails to comply with a decision made under Rule 819B;
- (q) disrupts or interferes in any manner with the operations of HKATS or any equipment or software used in conjunction therewith or fails to maintain or operate such equipment or software as prescribed by the Rules, Regulations and Procedures as well as the provisions of the HKFE-HKATS Agreement;
- (r) (deleted)
- (s) fails to meet or comply with any disciplinary sanction or other requirement imposed on it;
- (t) in connection with any Designated Index Arbitrage Transaction conducted on HKATS acts in a manner which is detrimental to the Exchange;
- (u) in connection with any Stock Futures Hedging Transaction conducted on HKATS acts in a manner which is detrimental to the Exchange;
- (v) fails to provide information requested by an exchange, regulatory authority or an organization with whom HKEx or the Exchange has entered into an information sharing arrangement or agreement,

and any Responsible Officer who is responsible for causing any Exchange Participant to fall within any sub-paragraph of this Rule may be liable to disciplinary proceedings pursuant to the Rules set out in this Chapter.

702. (b) Any of the following disciplinary powers may be exercised against a Responsible Officer in respect of any matter which may be the subject of disciplinary proceedings:-

- (i) revocation of registration;
  - (ii) suspension of registration;
  - (iii) issuance of a reprimand;
  - (iv) imposition of a fine;
  - (v) issuance of a warning including, as appropriate, a requirement that certain actions be taken within the period specified in the warning and specifying the sanction in the event that such actions are not taken within the specified period; and
  - (vi) prohibition or restriction from having access to and/or using any or all of the Exchange's facilities.
- (d) For the purposes of the remaining Rules of this Chapter VII, references to "Exchange Participant" shall be read as references to "Exchange Participant or Responsible Officer (as the case may be)" except in the case of any Rule where it is clear from its purpose and effect that it is only applicable to an Exchange Participant.
731. (a) Promptly after any summary action is taken or any decision is made in respect of any disciplinary proceedings instituted against an Exchange Participant or Responsible Officer notification of the summary action or decision and any sanctions imposed shall be sent to the Exchange Participant or Responsible Officer concerned. Where the party concerned is a Responsible Officer, a copy of the notice shall be sent to the Exchange Participant which currently employs such Responsible Officer. Except where the offence concerned is a Non-serious Offence, a copy of the notice shall also be sent by the Secretary to:
- (i) the Commission;
  - (ii) the Clearing House; and
  - (iii) any other person who, in the Chief Executive's opinion, should be sent a copy of such notice.
- (b) Where the Exchange Participantship, right to access HKATS or any other rights of an Exchange Participant are suspended, where any rights of a Responsible Officer are suspended or where the Exchange Participantship of an Exchange Participant or registration of a Responsible Officer is revoked, in addition to any other notice given by the Secretary pursuant to this Rule, notice thereof may be sent by the Secretary to all Exchange Participants in the manner specified by the Chief Executive from time to time, including by publication in any newspapers or circulars or via electronic or computer data transmission to Exchange Participants. An Exchange Participant shall have no cause of action against the Chief Executive, the Secretary, a recognized exchange controller which is the controller of the Exchange, the Exchange or any other person associated with the Exchange in respect of any such publication or notification.
732. Notwithstanding
- (i) that Members are deemed to be or became Exchange Participants with effect from the Scheme Effective Date and the substitution of the terms "Member" in the Rules in force prior to the Effective Date by the terms "Exchange Participant" or "holder of a Futures Exchange Trading Right" in these Rules;



- (ii) the amendments that were made to these Rules with effect from the Scheme Effective Date; and
- (iii) that a Member has ceased to be an Exchange Participant, whether or not he or it continues to hold a Futures Exchange Trading Right,

all investigations, disciplinary proceedings and actions instigated against any person (including without limitation an Exchange Participant or holder of a Futures Exchange Trading Right which was a Member, prior to the Scheme Effective Date) in respect of any violation of the Rules or the Articles then prevailing (including those which may have been amended or repealed with effect from the Scheme Effective Date) may be instituted, continued, enforced and adjudicated in accordance with the procedures set forth in these Rules.

## **CHAPTER VIII**

### **TRADING ARRANGEMENTS – PRACTICES AND SYSTEMS**

#### **Trading Infractions**

820. The following shall constitute trading infractions and any Exchange Participant or any of its Authorized Person committing any such infraction shall be subject to disciplinary proceedings (in the case of an Authorized Person, its Exchange Participant) as provided in these Rules. Trading infractions comprise:-
- (a) a bid or offer out of line with those in the Market;
  - (b) a bid or offer which tends to confuse other Exchange Participants; and
  - (c) (deleted)
  - (d) failure to confirm a transaction.
  - (e) (deleted)

## **CHAPTER XII**

### **AUTOMATED TRADING SYSTEM**

1201. (j) An Exchange Participant shall be liable for all orders and F/O Contracts arising from its connection or any connection granted by the Exchange through the Exchange Participant and recorded in the Central Orderbook or Bulletin Board Orderbook and the Transaction Register respectively of HKATS or other consequences resulting from the use of such connection, regardless of whether or not such consequences resulted from the use of such connection by its Responsible Officers, Authorized Persons, Remote Access Clients of the Exchange Participant or any person who is allowed to have access to HKATS for performing market making activities.

Access to and Trading through HKATS

1203. Except as otherwise authorised by the Exchange, all trading in Exchange Contracts through HKATS must be carried out via an Exchange Participant’s connection.
1204. Except as otherwise authorised by the Exchange, an Exchange Participant shall only allow its Authorized Persons and Remote Access Clients to have access to HKATS.
- 1205A. (deleted)
1206. An Exchange Participant shall implement adequate procedures to ensure that any person (whether an Exchange Participant or not) who has access to HKATS through its connection or any connection granted by the Exchange through the Exchange Participant complies with Rule 807A(a). An Exchange Participant shall ensure that all persons having access to HKATS through its connection or any connection granted through the Exchange Participant shall exercise due care in operating HKATS and that HKATS is operated and orders are entered, amended or canceled, in accordance with the procedures and guidelines from time to time prescribed by the Exchange.
1207. All orders must be entered into HKATS in accordance with these Rules, applicable Regulations and Procedures, and the HKATS User’s Guide.
1213. An Authorized Person of the Exchange Participant may amend and cancel any order which has been entered into the Central Orderbook or Bulletin Board Orderbook of HKATS on behalf of a Client or the Exchange Participant provided that the amendment or cancellation is made in compliance with the instructions of that Client or the Exchange Participant, as the case may be, and in accordance with the order number designated in respect of that particular order. The Exchange shall permit the amendment or cancellation of an order in accordance with the Procedures. Notwithstanding any provisions in the Procedures which limit the amendment or cancellation of orders to specified time periods, inactive orders of Clients or the Exchange Participant may be amended or canceled at any time provided that the amendment or cancellation is made in compliance with the instructions of Clients or the Exchange Participant, as the case may be.

**APPENDIX B - FEES**

<b>Description</b>	<b>Amount</b>
<i>Exchange Participantship/Trading Right-related fees</i>	
Exchange Participantship subscription fee	6,000/annum
Futures Exchange Trading Right (other than those issued under the Futures Exchange Scheme and under Rule 3A16A)	500,000/Futures Exchange Trading Right or where there is a Tender Process, 500,000 or the price of the selected tender, whichever is the lower
Futures Exchange Trading Right under Rule 3A16A	10,000

Administration fee for Tender Process	50,000 (Not applicable if no valid tender is received)
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
Issuance of duplicate Futures Exchange Participant certificate	1,500
Issuance of duplicate Exchange Trading Right certificate	5,500
<b><i>Training fees</i></b>	
Course fee (Part I) – Exchange Participant	300
Course fee (Part II) – Exchange Participant	300
Course fee (Part I) – non-Exchange Participant	300
Course fee (Part II) – non-Exchange Participant	300

**REGULATIONS FOR TRADING STOCK INDEX FUTURES CONTRACTS**

- 023 (a) Exchange Participants must seek approval from the Exchange in order to trade any Stock Index Futures Contracts.
- (b) In respect of any Stock Index Futures Contract, the Exchange may, in its absolute discretion, grant or withhold such approval or grant its approval subject to such restrictions or conditions, or after granting such approval restrict or attach conditions, as it shall deem fit in view of the matters set out in sub-paragraph (c) and the decision of the Exchange shall be final and conclusive.
- (c) In the exercise of its discretion, the Exchange shall take into account whether an Exchange Participant:-
- (i) (deleted)
  - (ii) is financially and operationally capable of fulfilling all obligations related to participation in the Stock Index Futures Market;
  - (iii) has adequate internal control and risk management procedures in place; and
  - (iv) has installed the HKATS equipment to the satisfaction of the Exchange.

In applying for approval, every person shall follow the procedures prescribed by the Exchange from time to time.

**REGULATIONS FOR TRADING STOCK INDEX OPTIONS CONTRACTS**

- 023 (a) Exchange Participants must seek approval from the Exchange in order to trade any Stock Index Options Contracts.
- (b) In respect of any Stock Index Options Contracts, the Exchange may, in its absolute discretion, grant or withhold such approval or grant its approval subject to such restrictions or conditions, or after granting such approval restrict or attach conditions, as it shall deem fit in view of the matters set out in sub-paragraph (c) and the decision of the Exchange shall be final and conclusive.
- (c) In the exercise of its discretion, the Exchange will take into account whether an Exchange Participant:-
- (i) (deleted)
  - (ii) is financially and operationally capable of fulfilling all obligations related to participation in the Stock Index Options Market;
  - (iii) has adequate internal control and risk management procedures in place; and
  - (iv) has installed the HKATS equipment to the satisfaction of the Exchange.

In applying for approval, every person shall follow the procedures prescribed by the Exchange from time to time.

**REGULATIONS FOR TRADING STOCK FUTURES CONTRACTS**

- 023 (a) Exchange Participants must seek approval from the Exchange in order to trade Stock Futures Contracts.
- (b) The Exchange may, in its absolute discretion, grant or withhold such approval or grant its approval subject to such restrictions or conditions as it shall deem fit and the decision of the Exchange shall be final and conclusive.
- (c) In the exercise of its discretion, the Exchange will take into account, among other things, whether the Exchange Participant:-
- (i) has installed the HKATS equipment to the satisfaction of the Exchange;
  - (ii) (deleted)
  - (iii) is financially and operationally capable of fulfilling all obligations related to participation in the Stock Futures Market; and
  - (iv) has adequate internal control and risk management procedures in place.

In applying for registration, every person shall follow the procedures prescribed by the Exchange from time to time.

## **REGULATIONS FOR TRADING OPTIONS ON STOCK FUTURES CONTRACTS**

- 023 (a) Exchange Participants must seek approval from the Exchange in order to trade Options on Stock Futures Contracts.
- (b) The Exchange may, in its absolute discretion, grant or withhold such approval or grant its approval subject to such restrictions or conditions as it shall deem fit and the decision of the Exchange shall be final and conclusive.
- (c) In the exercise of its discretion, the Exchange will take into account, among other things, whether the Exchange Participant:-
- (i) has installed the HKATS equipment to the satisfaction of the Exchange;
  - (ii) (deleted)
  - (iii) is financially and operationally capable of fulfilling all obligations related to participation in the Options on Stock Futures Market; and
  - (iv) has adequate internal control and risk management procedures in place.

In applying for registration, every person shall follow the procedures prescribed by the Exchange from time to time.

## **TRADING PROCEDURES FOR STOCK INDEX FUTURES AND STOCK INDEX OPTIONS TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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- 2.1 Stock Index Futures Contracts and Stock Index Options Contracts Trading Privileges 2-1
- 2.2 (deleted)

#### *2.1 Stock Index Futures Contracts and Stock Index Options Contracts Trading Privilege*

An Exchange Participant must be approved by and registered with the Exchange to trade through HKATS.

An Exchange Participant must be approved by the Exchange to trade a Stock Index Futures Contract and/or a Stock Index Options Contract through HKATS.

An Exchange Participant's application to trade a Stock Index Futures Contract and/or a Stock Index Options Contract through HKATS shall be made in writing to the Exchange.

2.2 (deleted)

**TRADING PROCEDURES FOR STOCK FUTURES AND OPTIONS ON STOCK FUTURES TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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2.3	(deleted)	

2.1 (deleted)

2.2 *Stock Futures Contract and Options on Stock Futures Contract Trading Privileges*

Exchange Participants must obtain approval from the Exchange in order to trade Stock Futures Contracts and Options on Stock Futures Contracts through HKATS. To be approved to trade Stock Futures Contracts and Options on Stock Futures Contracts, an applicant Exchange Participant firm must satisfy the following:

2.2.1 have been approved by and registered with the Exchange to trade through HKATS;

2.2.2 have installed, to the satisfaction of the Exchange, the HKATS equipment as described in the HKATS Trading Procedures;

2.2.3 have adequate security procedures in place;

2.2.4 have a clearing arrangement in place acceptable to the Clearing House; i.e. the Exchange Participant has registered with the Clearing House as an HKCC Participant or where the Exchange Participant is a Non-Clearing Participant, entered into a Clearing Agreement with a General Clearing Participant of the Clearing House;

2.2.5 (deleted)

2.2.6 be financially and operationally capable of fulfilling all obligations related to participation in the Stock Futures and Options on Stock Futures Markets; and

2.2.7 have adequate internal control and risk management procedures in place.

Exchange Participants which wish to trade in the Stock Futures and Options on Stock Futures Markets shall apply in writing to the Exchange and demonstrate initially and on a continuous basis, their ability to fulfill the above requirements to the satisfaction of the Exchange.

2.3 *(deleted)*

**TRADING PROCEDURES FOR ONE-MONTH AND THREE-MONTH HONG KONG INTERBANK OFFERED RATE FUTURES (“HIBOR FUTURES”) TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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2.1 *HIBOR Futures Trading Privileges*

An Exchange Participant must be approved by and registered with the Exchange to trade through HKATS.

An Exchange Participant must be approved by the Exchange to trade HIBOR Futures Contracts through HKATS.

2.2 *(deleted)*

**TRADING PROCEDURES FOR EXCHANGE FUND NOTE FUTURES (“EFN FUTURES”) TRADED ON THE AUTOMATED TRADING SYSTEM OF THE EXCHANGE (“HKATS”)**

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2.1 *EFN Futures Trading Privileges*

An Exchange Participant must be approved by and registered with the Exchange to trade through HKATS.

An Exchange Participant must be approved by the Exchange to trade EFN Futures Contracts through HKATS.

2.2 *(deleted)*