

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, and for the purpose of gaining access to HKATS via the HKATS Risk Functions to establish, monitor and implement Prescribed Risk Controls, an Authorized Person may include a person appointed for such purpose by the HKCC Participant which clears the Exchange Participant’s trades if it is a Non-Clearing Participant;

“HKATS Risk Functions” means such HKATS software as each Exchange Participant is required by the Exchange to install, and if it is a Non-Clearing Participant, to arrange for the HKCC Participant which clears its trades to install, in order to establish, monitor and implement Prescribed Risk Controls for the Exchange Participant;

“HKATS Username” means a unique set of numbers and characters which identifies the Exchange Participant or, with regard to HKATS Risk Functions, the HKCC Participant gaining access to HKATS;

“HKATS Risk Functions User’s Guide” means the manual relating to the operation of the HKATS Risk Functions entitled “HKATS Risk Functions User’s Guide”, as amended from time to time by the Exchange;

“Prescribed Risk Controls”

means such prescribed controls and limits as the Exchange and the Clearing House may from time to time require Exchange Participants and HKCC Participants to establish using the HKATS Risk Functions in order to manage the risks associated with orders placed and trades executed through their own connections to HKATS or connections granted by the Exchange through them and in the case of an HKCC Participant which clears trades for Non-Clearing Participants, its Non-Clearing Participants’ connections to HKATS or connections granted by the Exchange through such Non-Clearing Participants;

CHAPTER VIII

TRADING ARRANGEMENTS – PRACTICES AND SYSTEMS

General Conduct – HKATS

- 807A. (c) Each Exchange Participant must at all times have arrangements in place to ensure that all orders transmitted to HKATS through its connection or any connection granted by the Exchange through the Exchange Participant are subject to Prescribed Risk Controls and other appropriate risk controls and functions.

CHAPTER XII

AUTOMATED TRADING SYSTEM

Establishment of Prescribed Risk Controls in HKATS

- 1205A (deleted) Without prejudice to the right of the Exchange under Rule 1208B, an Exchange Participant shall establish, monitor and implement and if it is a Non-Clearing Participant, enable the HKCC Participant which clears its trades to establish, monitor and implement Prescribed Risk Controls using the HKATS Risk Functions for the Exchange Participant itself and its Authorized Persons, Remote

Access Clients and any other person who is allowed to trade through HKATS via the Exchange Participant's connection or any connection granted by the Exchange through the Exchange Participant. An Exchange Participant acknowledges that orders entered into HKATS shall be subject to, and may be blocked or cancelled as part of such Prescribed Risk Controls, including the blocking or cancellation of orders by the HKCC Participant which clears its trades if it is a Non-Clearing Participant.

1205B An Exchange Participant shall implement adequate procedures to ensure that all persons having access to HKATS through its connection or any connection granted through the Exchange Participant comply with such Prescribed Risk Controls as are applicable to them and will not use the HKATS Risk Functions for any purpose other than Prescribed Risk Control purposes.

1205C An Exchange Participant shall notify the Exchange forthwith upon the execution by any of its Authorized Persons of an order blocking or cancellation function using the HKATS Risk Functions or any other function as prescribed by the Exchange from time to time.

1205D An Exchange Participant is responsible for the Prescribed Risk Controls that are set upon it. The Exchange, the Clearing House and a recognized exchange controller of the Exchange shall in no case be liable for the sufficiency or effectiveness of such Prescribed Risk Controls or any failure or unavailability of, or error or defect in the HKATS Risk Functions.

APPENDIX B – FEES

Description

Amount¹

HKATS-related fees

OAPI sub-license fee for connection with a throughput rate of 10 transactions per second through the central gateway

5200/month/OAPI
provided that no OAPI sub-license fee will be charged for either the first 2 connections with a throughput rate of 5 transactions per second or the first connection with a throughput rate of 10 transactions per second of an Exchange Participant

HKATS Risk Functions sub-license fee for connections through the central gateway

1000/month/connection
provided that no fee will be charged for the first 3 connections of an Exchange Participant