

Rules, Regulations and Procedures of Hong Kong Futures Exchange Limited

CHAPTER XVII
DESIGNATED FUTURES CONTRACTS

[Repealed]

Obligations of OTC Clear Clearing Members

~~1701. OTC Clear Clearing Members may only submit Designated Futures Contracts for clearing and settlement in accordance with the OTC Clear Clearing Documentation and through trade registration systems approved by OTC Clear.~~

~~1702. Each OTC Clear Clearing Member shall undertake to the Exchange through OTC Clear (acting for itself and as the agent of the Exchange) in the OTC Clear Membership Agreement that for as long as the section 392 Notice remains in effect, it will comply with and abide by the Rules in this Chapter as in force from time to time.~~

~~1703. Where the Exchange has reasonable cause to suspect or believe that any OTC Clear Clearing Member is in breach of Rule 1711 or the undertaking referred to in Rule 1712, the Exchange shall have the power to require OTC Clear to commence investigation against such OTC Clear Clearing Member for the purpose of considering whether disciplinary proceedings should be taken against such OTC Clear Clearing Member under the Rules of OTC Clear.~~

The Exchange's power to publish trade information in respect of Designated Futures Contracts

~~1704. Without prejudice to any other right it may have to disclose information in its possession, the Exchange may, in such a manner and form and at such intervals as it deems appropriate, publish, disseminate or publicly distribute aggregated trade information in respect of Designated Futures Contracts cleared and settled through OTC Clear, whether relating to data on open positions, trading volumes or types of Designated Futures Contracts cleared and settled by OTC Clear, provided that the identities of OTC Clear Clearing Members and OTC Clear Clearing Member Clients cannot reasonably be determined from the information so published, disseminated or publicly distributed by the Exchange.~~

Scope of application

~~1705. The Rules in this Chapter are only applicable to OTC Clear and OTC Clear Clearing Members (in their capacity as such). For the avoidance of doubt, OTC Clear and OTC Clear Clearing Members (in their capacity as such) are not subject to any provisions in any other Chapter of these Rules. Exchange Participants other than OTC Clear Clearing Members (in their capacity as such) are not subject to the Rules in this Chapter.~~

~~1706. The Exchange will not be a party, whether as principal, agent or otherwise, to any Designated Futures Contracts submitted to OTC Clear for clearing and settlement, and the Exchange shall have no liability or obligations whatsoever with respect to any such contract or with respect to any OTC Clear Clearing Member.~~

Definitions

~~1707. For purposes of this Chapter:-~~

- ~~(1) the expressions listed in this Rule 1717(1) shall bear the meanings assigned to them in Chapter I of these Rules: “Exchange”, “Exchange Participant”, “group of companies”, “HKEx”, “Ordinance” and “Rules”; and~~
- ~~(2) unless the context otherwise requires, the following expressions shall bear the following meanings:—~~

“Designated Futures Contract”	means a structured product set out in the schedule to the section 392 Notice;
“futures contract”	has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance;
“market contract”	has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance;
“OTC Clear”	means OTC Clearing Hong Kong Limited;
“OTC Clear Clearing Documentation”	means “Clearing Documentation” as defined in the Rules of OTC Clear;
“OTC Clear Clearing Member”	means any legal entity admitted as a clearing member of OTC Clear and in respect of which OTC Clear has not

	terminated its clearing membership;
“OTC Clear Clearing Member Clients”	means “Clients” as defined in the Rules of OTC Clear;
“OTC Clear Membership Agreement”	means a “Membership Agreement” as defined in the Rules of OTC Clear;
“recognized clearing house”	means a clearing house recognized by the Commission as such under section 37 of the Ordinance;
“recognized exchange company”	means an exchange company recognized by the Commission as such under section 19 of the Ordinance;
“Rules of OTC Clear”	means the rules and procedures applicable to the clearing services provided by OTC Clear as in force from time to time;
“section 392 Notice”	means the Securities and Futures (Futures Contracts) Notice 2012 made under section 392 of the Ordinance and effective as of 27 June 2012; and
“structured product”	has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance.

Section 392 Notice

1708. The section 392 Notice is reproduced below:

Chapter:	571AK	Securities and Futures (Futures Contracts) Notice 2012	Gazette Number	Version Date
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		Empowering section	E.R. 2 of 2012	02/08/2012
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(Cap 571, section 392)

~~(Enacting provision omitted — E.R. 2 of 2012)~~

~~{27 June 2012}~~

(Originally L.N. 81 of 2012)

Section:	1	(Omitted as spent — E.R. 2 of 2012)	E.R. 2 of 2012	02/08/2012
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Section:	2	Structured product to be regarded as futures contract	L.N. 81 of 2012	27/06/2012
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~~The structured product set out in the Schedule is to be regarded as a futures contract for the purposes of the following provisions of the Ordinance —~~

- ~~(a) — Division 3 of Part III;~~
- ~~(b) — section 63(1)(b);~~
- ~~(c) — section 71(1)(a)(iii);~~
- ~~(d) — the definition of *clearing house* in section 1 of Part 1 of Schedule 1 in so far as the definition applies to the following provisions of the Ordinance —~~
 - ~~(i) — section 37;~~
 - ~~(ii) — section 43; and~~
 - ~~(iii) — the definition of *clearing participant* in section 1 of Part 1 of Schedule 1; and~~
- ~~(e) — the definition of *market contract* in section 1 of Part 1 of Schedule 1 in so far as the definition applies to the following provisions of the Ordinance —~~
 - ~~(i) — section 18;~~
 - ~~(ii) — Division 3 of Part III;~~
 - ~~(iii) — section 271(9);~~
 - ~~(iv) — section 292(9); and~~
 - ~~(v) — Part 5 of Schedule 3.~~

Schedule:		Schedule	L.N. 81 of 2012	27/06/2012
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~~[section 2]~~

~~Structured Product to be Regarded as Futures Contract~~

~~Item — Description of structured product~~

~~1. — Any structured product that —~~

- ~~(a) — does not fall within the definition of *securities* in section 1 of Part 1 of Schedule 1 to the Ordinance; and~~
- ~~(b) — is not a contract or an option on a contract made under the rules or conventions of a futures market.~~

~~Cap 571AK — Securities and Futures (Futures Contracts) Notice 2012~~