

CHAPTER XIV

REMOTE ACCESS CLIENTS

Application for Clients to be granted Direct Access to HKATS

1401. The Exchange may, on an Exchange-HKCC Participant's application, approve any Client that satisfies the requirements from time to time prescribed by the Exchange as a Remote Access Client and confer on the Client the right to connect directly to HKATS for the purpose of trading Exchange Contracts.
1402. In applying for a Client to be registered as a Remote Access Client, an Exchange-HKCC Participant shall follow the procedures from time to time prescribed by the Exchange.
1403. The decision as to whether or not a Client of an Exchange-HKCC Participant should be approved as a Remote Access Client is entirely in the discretion of the Exchange. The Exchange may impose such conditions as it thinks fit on the approval of any Remote Access Client.

Conditions

1404. A Client of an Exchange-HKCC Participant shall not be approved as a Remote Access Client unless and until the following conditions are satisfied:-
- (a) it is a body corporate or other organization incorporated or formed outside Hong Kong;
 - (b) it either
 - (i) trades Futures Contracts and/or Options Contracts for its own account only; or
 - (ii) is a subsidiary or the holding company of the Exchange-HKCC Participant or a subsidiary of the holding company of the Exchange-HKCC Participant;
 - (c) it is regulated by the relevant commodity or futures trading or financial authority of the jurisdiction in which it carries on the trading of Futures Contracts and/or Options Contracts and such authority has in place a memorandum of understanding with the Commission pertaining to the sharing of regulatory information;

- (d) it has obtained all necessary approvals for the trading of Exchange Contracts and the placement of HKATS terminals or automated order routing systems in connection therewith from the relevant regulatory authority of the jurisdiction in which it carries on the trading of Futures Contracts and/or Options Contracts;
- (e) the Exchange is satisfied that the placement of HKATS terminals and automated order routing systems by the Remote Access Client in its jurisdiction will not render the Exchange subject to the regulatory, reporting or other requirements of any authority of that jurisdiction or, if the placement of HKATS terminals and automated order routing systems will render the Exchange subject to such requirements, the Exchange has agreed with the relevant authority to comply with such requirements and/or has obtained the necessary approvals or confirmations from such authority; and
- (f) it has complied with any other conditions specified in the notice of approval or other requirements prescribed by the Exchange.

Obligations of Exchange-HKCC Participants in connection with Remote Access Clients

1405. An Exchange-HKCC Participant shall ensure that so long as its Client is registered as a Remote Access Client:-
- (a) the conditions set forth in Rule 1404 are at all times satisfied and continue to be satisfied by the Client; and
 - (b) the Client complies with all requirements for the maintenance, operation, use and security of HKATS.
1406. An Exchange-HKCC Participant shall give prompt notice to the Exchange of any change in information on a Remote Access Client supplied to the Exchange at the time of application under Rule 1401 or from time to time after the application.
1407. An Exchange-HKCC Participant is liable for all orders and F/O Contracts arising from each of its Remote Access Clients' connections to HKATS and recorded in the Central Orderbook and the Transaction Register respectively of HKATS or other consequences resulting from the use of the Remote Access Client's connection. An Exchange-HKCC Participant shall implement adequate procedures and measures to monitor the trading on HKATS by its Remote Access Clients and to ensure compliance with its risk management policy.

1408. An Exchange-HKCC Participant is responsible for the settlement and clearing of all trades executed via a Remote Access Client's connection so long as the Remote Access Client is registered with the Exchange as a Remote Access Client of the Exchange-HKCC Participant.
1409. All other obligations of an Exchange-HKCC Participant under the Rules, Regulations and Procedures in respect of a Remote Access Client, including but not limited to the provisions of Chapter VI of these Rules, shall remain in full force and effect.

Trading on HKATS by Remote Access Clients

1410. An Exchange-HKCC Participant shall, on behalf of a Remote Access Client, notify the Exchange of at least one Remote Access Client Representative who will be the contact person and representative of the Remote Access Client. The Remote Access Client Representative shall be an employee of the Remote Access Client and shall be a person regulated by the same authority that regulates the Remote Access Client as referred to in Rule 1404(c).
1411. The Chief Executive may prevent any Remote Access Client from accessing or using HKATS and may suspend, revoke or limit such access or use for the purpose of ensuring the proper operation of the Markets.
1412. Unless otherwise determined by the Exchange or expressly provided in this Chapter or the context requires otherwise, all provisions in the Rules, Regulations and Procedures relating to the trading on, operation of and access to HKATS, including but not limited to the obligations of Exchange Participants and the rights and powers of the Exchange, the Board and the Chief Executive against Exchange Participants relating to the trading on, operation of and access to HKATS in Chapters 8 and 12 of these Rules, shall apply to Remote Access Clients as if references therein to "Exchange Participants" were to "Remote Access Clients". Each Exchange-HKCC Participant shall procure that its Remote Access Clients comply with all such provisions and shall be fully responsible and liable and may be subject to disciplinary proceedings for any non-compliance by its Remote Access Clients with such provisions.