

Disciplinary Procedures

PART I

RESPONSIBILITIES, POWERS AND FUNCTIONS OF COMMITTEES, DIVISIONS, DEPARTMENTS, SECTIONS, UNITS AND SECH CONCERNING DISCIPLINARY MATTERS

1. Disciplinary Section

The responsibilities and functions of the Disciplinary Section include the following:-

- 1.5.1 to notify the Hong Kong Securities Clearing Company Limited ("HKSCC") whenever the Exchange considers taking disciplinary action against an Exchange Participant in relation to any breaches of Rules 401 to 429, 501 to ~~548~~~~545~~, 552 to 563D, 723 or the CCASS Rules and to notify HKSCC of the result of such consideration and the disciplinary action taken, if any; in the event of an Exchange Participant being called upon to resign pursuant to Rule 702(2), to notify HKSCC of such fact [Rule 709A(1)];

PART II

DISCIPLINARY PROCEDURES

1. Offences to be Dealt with under the Standard Penalty Procedures and Offences to be Dealt with by Hearings

- 1.1 The following are classified as "offences to be dealt with under the Standard Penalty Procedures":-

- 1.1.1 ~~[Repealed]misconduct in the Trading Hall such as smoking, gaming, gambling and any other acts considered by the Board to be detrimental to the interests of the Exchange contrary to Rule 549;~~

SCHEDULE OF PENALTIES

1. ~~[Repealed]Misconduct in the Trading Hall [Rule 549]:-~~

- ~~1.1 for the first offence within a period of 12 months:-~~

- ~~— issue of a Warning Letter by the Disciplinary Section.~~

- ~~1.2 for the second offence within a period of 12 months:-~~
- ~~— issue of a second Warning Letter by the Enforcement Section and the posting of a notice in the Trading Hall naming the Exchange Participant for misconduct under Rule 549.~~
- ~~1.3 for the third offence within a period of 12 months:-~~
- ~~— issue of a third Warning Letter by the Enforcement Section, the posting of a second notice in the Trading Hall naming the Exchange Participant for misconduct under Rule 549 and imposition of a fine of \$500.~~
- ~~1.4 any subsequent offence to be treated as an offence to be dealt with by hearings in accordance with the Procedures For Offences To Be Dealt With By Hearings.~~