

Rules of the Exchange

CHAPTER 1

INTERPRETATION

101. In these Rules, unless the context otherwise requires:-

“Access Card” means an electronic security access card issued by the Exchange to an Exchange Participant to gain admission to the Trading Hall;

“Authorized Person” means a person employed or engaged by an Exchange Participant to gain access to the System;

The definitions of “Additional AMS Terminal User”, “Authorized Clerk”, “Authorized User” and “Registered User” have been repealed.

107A. [Repealed]

109A. (5) Subject to Rule 109B, where a Corporate Exchange Participant is deemed to be an Exchange Participant under Rule 109A(4), a Dealing Director thereof who is deemed to have been approved as a responsible officer of that Exchange Participant under section 23(a) of Part 1 of Schedule 10 to the Ordinance subject to the provisions thereof shall from 1 April 2003 be deemed-

(a) [Repealed]

(b) to be a Responsible Officer of that Exchange Participant,

and shall be so deemed until he ceases to be a deemed responsible officer as aforesaid under the Ordinance or a Responsible Officer under these Rules, whichever first occurs. The Corporate Exchange Participant and its Dealing Director shall immediately notify the Exchange in writing when the Dealing Director ceases to be so deemed.

CHAPTER 2

ADMINISTRATION

204. Without prejudice to Rule 203 above and any other provisions in the Articles or these Rules, the following powers shall in addition be vested in the Board, to be exercised in such manner, on such terms and at such times as it shall see fit:-

(8) to order an investigation into the affairs of any Exchange Participant or its Responsible Officers suspected or having violated any of the provisions of the CCASS Rules, the Ordinance or these Rules and for this purpose, to inspect and demand the production of all books, accounts, records and any other documents which it may deem necessary and to engage an accountant or any other person or persons to assist in the investigation;

(10) to reprimand, fine, suspend or expel any Exchange Participant or its Responsible Officers and to exercise such other disciplinary measures as hereinafter provided in these Rules;

(12) to grant, suspend or revoke the trading rights of any Exchange Participant or the registration of any of its Responsible Officers;

205. The Board or the Exchange shall not be required to give any reasons for the exercise of any of its powers and its decision shall be final and binding on all Exchange Participants and their Responsible Officers save and except for matters referred to in Rule 303A(2) and Rule 304(7).
226. Without prejudice to Rule 225 above and any other provisions in these Rules expressly conferring power upon the Chief Executive, the Chief Executive shall have such powers as the Board or any Committee may confer upon him including, in particular, the following powers:-
- (5) to exercise such disciplinary measures over the holders of Stock Exchange Trading Rights and Exchange Participants or their Responsible Officers in any manner as hereinafter provided in the Rules in order to ensure compliance with the CCASS Rules, the Ordinance and these Rules;
 - (6) to revoke the registration of any Responsible Officer and to expunge the name of any Responsible Officer from the Register of Responsible Officers;
 - (7A) To ensure the proper operation of the System, and for this purpose, to prevent any person from accessing or using the System;
228. The Secretary shall keep the Registers of Exchange Participants, Responsible Officers and Designated Specialists.
230. [Repealed]
- 231A. [Repealed]
237. Subject to the approval of the Board, any Exchange Participant or other person may require a copy of the Register of Responsible Officers.

CHAPTER 3

EXCHANGE PARTICIPANTSHIP

Exchange Participantship Application Procedure

303. (1) Any person desirous of becoming an Exchange Participant shall complete, sign and deliver to the Secretary an application in writing in such form as the Board may from time to time prescribe.

Responsible Officer of Exchange Participant

313. 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 1 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 executive director registered with the Exchange as a Responsible Officer.

313A. [Repealed]

(1) [Repealed]

(2) [Repealed]

(2A) [Repealed]

314. An Exchange Participant shall not allow any of its Responsible Officers to carry on in Hong Kong a business of dealing in securities except a business carried on for and on behalf of:-

(1) that Exchange Participant; or

(2) [Repealed]

(3) a corporation of which he is a Responsible Officer as defined in the Ordinance and which is of the same group of companies as that Exchange Participant,

provided that in respect of (3) above, with regard to any Responsible Officer who intends to carry on the business of dealing in securities for and on behalf of such a corporation, the Exchange Participant must make arrangements with a view to ensuring that in respect of each and every transaction the Responsible Officer will be readily identifiable with the particular corporation on behalf of which he carries on business and provided further that the Exchange Participant shall not allow such Responsible Officer to commence any business on behalf of such a corporation.

317. 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 Part V of the Ordinance.

318B. [Repealed]

318C. [Repealed]

318D. [Repealed]

330. (a) [Repealed]

(b) [Repealed]

331. (a) [Repealed]

332. [Repealed]

333. [Repealed]

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- 333A. [Repealed]
334. [Repealed]
- 334A. [Repealed]
336. [Repealed]
337. [Repealed]
339. [Repealed]
340. [Repealed]
341. [Repealed]
365. (7) An Exchange Participant shall ensure that only the Exchange Participant and its Authorised Persons, as the case may be, can have access to and operate the Open Gateway, the Backup Open Gateway, the MWS and the additional AMS terminal (including the Standby Terminal when activated).
- (8) An Exchange Participant shall ensure that its Open Gateway, Backup Open Gateway, MWS, Standby Terminal and additional AMS terminal are not modified and no attempt is made to modify these equipment.
- (12) An 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.
- 365A. (1) [Repealed]
- (2) [Repealed]
- (3) [Repealed]
- (4) [Repealed]
- (5) [Repealed]
- (6) [Repealed]
- (7) [Repealed]
- (8) [Repealed]
- (9) [Repealed]
- (10) [Repealed]
- (11) [Repealed]

(12) [Repealed]

CHAPTER 5

TRADING

529. It is the duty of every Exchange Participant and its Authorised Persons to keep confidential the password and Personal Identification Number and to keep the Security Control Cards and Access Cards in safe custody. Under no circumstances shall the Exchange Participant distribute or disclose any password or Personal Identification Number to any other person other than its Authorized Person.
548. (1A) Only a licensed representative accredited to an Exchange Participant to carry on Type 1 regulated activity under the Ordinance is allowed to enter the Trading Hall and perform the dealing activities at the Dealing Desk of the Exchange Participant. Any person authorized by an Exchange Participant and approved by the Exchange may also be allowed to enter the Trading Hall and perform any activity as approved by the Exchange at its Dealing Desk.
- (2) Each person gaining access to the Trading Hall is required to wear an Access Card or such other identification as may from time to time be prescribed and issued by the Exchange for admission to the Trading Hall and must so wear the Access Card or such other identification at all times while in the Trading Hall during trading hours.
550. (1) It is the duty of every Exchange Participant to ensure that its Access Card holders exercise due care in using the Dealing Desk and in operating the computer terminals and other equipment installed by the Exchange at the Exchange Participant's Dealing Desk.
- (2) Where any damage is caused to any of the abovementioned equipment or fixtures or any other property, whether by the Exchange Participant or its Access Card holders or by any other person for whose actions the Exchange Participant is responsible, the Exchange Participant shall be responsible for any losses caused and shall be liable to reimburse the Exchange for the cost of repairing or replacing the same and to fully indemnify the Exchange against any incidental or consequential loss or damage.
- (3) If it is proved that the Exchange Participant concerned or any of its Access Card holders or any other person for whose actions the Exchange Participant is responsible, caused such damage intentionally, the Board may impose whatever disciplinary action it thinks fit.

CHAPTER 6

PROFESSIONAL CONDUCT

601. All Exchange Participants and where the context admits, their Responsible Officers, directors, partners, Authorized Persons, officers, employees, agents and representatives, persons acting on behalf of Exchange Participants, Market Makers, Securities Market Makers, Structured Product Hedging Participants and Structured Product Liquidity Providers shall strictly comply with and adhere to the CCASS Rules, the Clearing Rules, the Options Trading Rules, the Ordinance and these Rules.
606. An Exchange Participant shall report in writing to the Exchange any breach, infringement of or non-compliance with any of these Rules or the Regulations, or where it has reason to suspect any such breach, infringement or non-compliance whether by:-

- (a) itself;
- (b) its Responsible Officers, directors, partners, , Authorized Persons, officers, employees, agents and representatives, persons acting on its behalf, Market Makers, Securities Market Makers, Structured Product Hedging Participants, Structured Product Liquidity Providers and registered arbitrageurs (as defined in the Fifteenth Schedule) (as the case may be); or
- (c) any other Exchange Participant,

giving particulars of and/or the reasons for suspecting such breach, infringement or non-compliance and all other relevant information and documents.

CHAPTER 7

DISCIPLINARY

701. For the purpose of these disciplinary rules, the word "Exchange Participant" includes, where the context admits, a Responsible Officer, director, partner, Authorized Person, officer, employee, agent, representative and persons acting on behalf of an Exchange Participant, Market Maker, Securities Market Maker, Structured Product Hedging Participant and/or Structured Product Liquidity Provider (as the case may be).
- 701A. Where the acts or omissions of a Responsible Officer, director, partner, Authorized Person, Designated Specialist, officer, employee, agent, representative or persons acting on behalf of an Exchange Participant, Market Maker, Securities Market Maker, Structured Product Hedging Participant, Structured Product Liquidity Provider or registered arbitrageur (as defined in the Fifteenth Schedule) would have been subject to these Rules 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 it.
702. The Board may exercise any of the following disciplinary powers:-
- (6) to suspend or revoke the registration of a Responsible Officer of an Exchange Participant;

CHAPTER 8

PAYMENT OF FEES AND CHARGES

802. Without limitation to the generality of Rule 801 above, the Board may impose fees and charges in respect of:-

<u>Fee Type</u>	<u>Amount (HK\$)</u>
(6) [Repealed]	
(16D) AMS terminal training course – Exchange Participant	300 per person
(16E) [Repealed]	

(20) [Repealed]

(23) [Repealed]

FOURTEENTH SCHEDULE

**SECURITIES MARKET MAKER REGULATIONS
("REGULATIONS")**

- (16) A Securities Market Maker shall ensure that only the Exchange Participant or its Authorized Person, as the case may be, can have access to and operate the Market Making AMS Terminal.

EIGHTEENTH SCHEDULE

**STRUCTURED PRODUCT LIQUIDITY PROVIDER REGULATIONS
("REGULATIONS")**

- (10) A Structured Product Liquidity Provider shall ensure that only the Exchange Participant or its Authorized Person, as the case may be, can have access to and operate its Market Making AMS Terminals.