

## CHAPTER 2

### ADMINISTRATION

#### The Board

201. The management and control of the Exchange shall be vested in the Board.
202. The Board shall exercise all such powers and do all such acts and things as may be exercised or done by the Exchange that are not by the Articles or by any Ordinance required to be exercised or done by the Exchange in general meeting.
203. Subject to the Ordinance and the Articles, the Board shall have the power to administer, manage, formulate policies and give directions in relation to the affairs of the Exchange and add to, vary, repeal, enforce or waive any of these Rules.
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:-
  - (1) to admit or refuse to admit any person or company as a Participant;
  - (2) to appoint any person to be a member of a Committee formed for general or specific tasks for such duration as it sees fit, and to remove him therefrom;
  - (3) to give directions to the Chief Executive and the Committees in accordance with the Articles and these Rules;
  - (4) to vary, supplement or discharge, whether wholly or in part, any decisions that may be reached by the Chief Executive or any of the Committees on such terms as it sees fit;
  - (5) to delegate any of its powers to any person including the Chief Executive and any of the Committees and to revoke such delegation;
  - (6) to interpret conclusively any provision in these Rules and the validity of any act made pursuant thereto in the event of any dispute or difference over such Rules;
  - (7) to give and issue directions by means of circulars to holders of Stock Exchange Trading Rights, Exchange Participants and/or Special Participants from time to time for the purpose of enforcing or implementing these Rules;
  - (8) to order an investigation into the affairs of any Exchange Participant or its Responsible Officers, or any Special Participant 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;

- (9) to release at its absolute discretion information concerning any Participant to the Commission or an authorised officer of the Commission when so requested by either of them;
  - (10) to reprimand, fine, suspend or expel any Exchange Participant or its Responsible Officers, or any Special Participant and to exercise such other disciplinary measures as hereinafter provided in these Rules;
  - (11) to suspend all or part of the trading activities on the Main Board and/or on GEM in the event of an emergency as hereinafter provided in these Rules and to take such remedial actions as it thinks fit;
  - (12) to grant, suspend or revoke the Stock Exchange Trading Rights of any Exchange Participant or the registration of any of its Responsible Officers;
  - (12A) to grant, suspend or revoke the admission of any person as a Special Participant;
  - (13) to appoint or remove the Chief Executive or the Secretary;
  - (14) to enforce the directions given by the Commission or an authorised officer of the Commission; and
  - (15) to exercise such other powers as are necessary to enforce these Rules.
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), and on all Special Participants.

### **The Committees**

206. All Committees formed by the Board shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be prescribed by the Board.
207. [Repealed]
208. Each Committee shall, subject always to the overriding right and power of the Board to review, vary or supplement its decisions, have full power to formulate policies, supervise and give directions in relation to the tasks or functions for which it is appointed.
209. Subject to Rule 210, all members of a Committee, except the Listing Committee, the GEM Listing Committee and the Listing Appeals Committee, shall remain in office until any change or changes are made to their appointments by the Board. The Board may also fill any casual vacancies that may occur in any Committee by reason of resignation, retirement or otherwise.
210. The office of a member of a Committee shall be vacated if any one of the following events occurs:-

- (1) if a receiving order is made against him or he makes any arrangement or composition with his creditors;
- (2) if he becomes insane or is found to be of unsound mind within the meaning of the Mental Health Ordinance;
- (3) if by notice in writing to the Board and the Committee, he resigns from his office; or
- (4) if he be removed by the Board for any reason whatsoever.

Provided that the acts of the member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the Committee.

211. A Committee may at any time and from time to time delegate any of its powers to the Chief Executive as it may think fit. The Chief Executive shall comply with any requirements, directions or regulations which may from time to time be imposed on him by that Committee.

212. The Board may establish Committees by whatever description as the Board may think fit including, without limitation, the following Committees:-

- (1) [Repealed]
- (2) [Repealed]
- (3) a Disciplinary Committee to administer the disciplinary rules as specified in Chapter 7 of these Rules and to advise the Board on all matters relating thereto;
- (4) [Repealed]
- (5) a Listing Committee to discharge all of the Board's functions and powers in respect of all listing matters relating to the Main Board, subject to the powers of review vested in the Listing Appeals Committee;
- (6) [Repealed]
- (7) [Repealed]
- (8) [Repealed]
- (9) [Repealed]
- (10) [Repealed]
- (11) [Repealed]
- (12) [Repealed]

- (13) [Repealed]
  - (14) a Compensation Committee to manage all matters relating to the Fidelity Fund;
  - (15) a Listing Appeals Committee to act as a review body in respect of decisions of:-
    - (a) the Listing Committee (including the Listing (Review) Committee) in relation to those areas identified in the relevant rules governing the functions and powers of the Listing Appeals Committee set out in the Rules Governing the Listing of Securities on the Exchange (the "Main Board Listing Rules"); and
    - (b) the GEM Listing Committee (including the GEM Listing (Review) Committee) in relation to those areas identified in the relevant rules governing the functions and powers of the Listing Appeals Committee set out in the Rules Governing the Listing of Securities on GEM of the Exchange (the "GEM Listing Rules").
  - (16) a Disciplinary Appeals Committee to discharge the Board's powers and functions to review, vary or supplement decisions of the Disciplinary Committee;
  - (17) [Repealed]
  - (18) a GEM Listing Committee to discharge all the Board's functions and powers in respect of all listing matters relating to GEM, subject to the powers of review vested in the Listing Appeals Committee.
  - (19) an Exchange Participant Admission Appeals Committee to discharge the Board's powers and functions to review decisions of the Board in respect of application for Exchange Participantship and/or Options Participantship in accordance with the Exchange Participant Admission Appeals Procedures as prescribed by the Exchange from time to time.
- 212A. (1) Except as otherwise provided in Rule 212B, any Committee established in accordance with Rule 212 shall consist of such member or members of the Board and/or such person(s) as the Board thinks fit.
- (2) [Repealed]
  - (3) [Repealed]
  - (4) Any Listing Committee, GEM Listing Committee or Listing Appeals Committee established in accordance with the provisions of Rule 212 shall be governed by Rule 212B hereof.
- 212B. Subject to the Articles, the composition, powers, functions and procedures of the Listing Committee, the GEM Listing Committee and the Listing Appeals Committee shall be governed by the relevant provisions set out in the Main Board Listing Rules,

the GEM Listing Rules and any Rules Governing the Proceedings of any of the Listing Committee, the GEM Listing Committee and the Listing Appeals Committee issued by the Board from time to time, and all references to "Committee" or "Committees" in this Chapter 2 (excluding this rule and Rules 212 and 212A(4)) shall be deemed not to be references to the Listing Committee, the GEM Listing Committee or the Listing Appeals Committee.

### **Proceedings of Committees**

213. Subject to the Articles, Committees may meet for the despatch of business, adjourn and otherwise regulate their meetings in such manner as they think fit.
214. Subject to the Articles, a member of a Committee shall give to the Committee an address in Hong Kong at which notices may be served on him. Upon the despatch of any notice properly carrying the address supplied by the member such notice shall be deemed to have been validly served on that member.
215. A member of a Committee may be informed verbally of the time, place and agenda of a meeting.
216. [Repealed]
217. [Repealed]
218. [Repealed]
219. [Repealed]
220. [Repealed]
221. [Repealed]
222. [Repealed]

### **The Chief Executive**

223. The Chief Executive shall be appointed by the Board and shall hold office upon such terms as may be prescribed by the Board. The Chief Executive shall have the general supervision of and be responsible for the day to day management of the Exchange and supervision of Participants as provided in these Rules.
224. The Chief Executive shall carry out the directions, orders or decisions of the Board or any of the Committees.
225. The Chief Executive shall, subject always to the overriding right and power of the Board, hold and exercise all such powers vested in the Board and Committees as shall not have been conferred upon and expressly required to be exercised by the Board.
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:-

- (1) to take all necessary steps to maintain orderly and efficient trading, in accordance with these Rules and to suspend trading in any issue of securities or by any Participant as provided for in these Rules or as directed or authorised by the Board or any Committee;
- (2) [Repealed]
- (3) to report periodically to the Board on all matters concerning the Exchange or on such occasions as may be expedient;
- (4) to scrutinise and manage all matters relating to listing, Exchange Participantship and Special Participantship, including applications for Exchange Participantship and Special Participantship;
- (5) to exercise such disciplinary measures over the holders of Stock Exchange Trading Rights, Exchange Participants or their Responsible Officers, and Special Participants 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;
- (7) [Repealed]
- (7A) to ensure the proper operation of the System, and for this purpose, to prevent any person from accessing or using the System;
- (7B) to ensure the proper operation of the CSC, and for this purpose, to prevent any person from accessing or using the CSC;
- (8) to attend all meetings of the Committees; and
- (9) to release at his absolute discretion information concerning any holder of a Stock Exchange Trading Right or Participant to a recognized exchange controller which is the controller of the Exchange, the Commission or any of their authorised officers of the Commission when so requested by any of them.

### **The Secretary**

227. The Secretary shall be appointed by the Board and shall hold office upon such terms as may be prescribed by the Board.

### **Registers**

228. The Secretary shall keep the Registers of Exchange Participants, Special Participants, Responsible Officers and Designated Specialists.

229. The Register of Exchange Participants shall include the name and address of and the number of Stock Exchange Trading Rights held by Exchange Participants and such other information required by law or by the Board from time to time. The Register of Special Participants shall include the name and address of Special Participants and such other information required by law or by the Board from time to time.
230. [Repealed]
231. [Repealed]
- 231A. [Repealed]
232. The Register of Responsible Officers shall include the name and address of the Responsible Officers and the Exchange Participants of which they are Responsible Officers, and such other information required by law or by the Board from time to time.
233. [Repealed]
234. [Repealed]
- 234A. The Register of Designated Specialists shall include the names and addresses of the Designated Specialist and the Securities Market Maker which has applied to the Exchange for registration of such Designated Specialist, and such other information as may be required by law or by the Board from time to time.
235. The Registers kept by the Secretary under Rule 228 shall be open for inspection at any time during office hours by an authorised officer of the Commission or any Participant. Members of the public may also inspect the Register of Exchange Participants and Register of Special Participants at such place and time as the Exchange may from time to time prescribe.
236. Any Participant or other person may require a copy of the Register of Exchange Participants or Special Participants, or of any part thereof. The Exchange shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the day immediately after the day on which the request for the copy is received by the Exchange.
237. Subject to the approval of the Board, any Exchange Participant or other person may require a copy of the Register of Responsible Officers.
238. [Repealed]

#### **Publication of a list of Exchange Participants and Special Participants**

- 238A. The Exchange shall maintain and keep up to date at regular intervals a list of Exchange Participants and Special Participants in existence at the time. The Exchange shall publish such list on the HKEX website or by such other means as it considers appropriate.

#### **Employees**

239. The Chief Executive may employ any employee of the Exchange except the Secretary who shall be appointed by the Board. The employees so employed shall perform such functions and duties as are prescribed by the terms of their appointment or delegated by the Chief Executive from time to time.
240. Save with the written approval of the Board, no person appointed by the Board nor any officer or employee of the Exchange shall:-
- (1) deal directly or indirectly in any securities on the Exchange or any China Connect Securities on the relevant China Connect Market;
  - (2) accept directly or indirectly any gifts, compensation, or any form of remuneration or benefit whatsoever from any Participant; or
  - (3) directly or indirectly divulge or use for his own benefit any information whatsoever that may come to his knowledge by virtue of or incidental to his office or employment with the Exchange.
241. The Chief Executive may summarily dismiss without any compensation whatsoever any employee (except the Secretary) who contravenes or is reasonably suspected of having contravened Rule 240 above. The Secretary may be dismissed by the Board in like manner on the same ground. Any such dismissal or termination shall not in any way prejudice any right of the Exchange to obtain redress against such officer or employee.
242. Any Participant which causes or attempts to cause or induces any employees or officers of the Exchange, HKEX, or a company of which HKEX is a controller to contravene Rule 240 above or which is privy to such contravention shall be guilty of improper conduct and may be subject to any disciplinary measure, including suspension and expulsion as the Board may consider appropriate in the circumstances.

### **Sub-delegation**

243. (1) Where the Board makes a delegation under these Rules, it may at the same time authorize the person or committee to whom the delegation is made to sub-delegate the function delegated and such authorization may contain restrictions or conditions as regards the exercise of the power to sub-delegate under the authorization.
- (2) Where any person or committee purports to act pursuant to a delegation or sub-delegation under this Rule, he or it shall be presumed, until the contrary is shown, to be acting in accordance with the terms of the delegation or sub-delegation.