

## CHAPTER 3A

### STOCK EXCHANGE TRADING RIGHTS

#### Compliance with Rules

- 3A01. These Rules contain provisions affecting holders of Stock Exchange Trading Rights. A Stock Exchange Trading Right is conferred subject to the rights and obligations provided in these Rules and any rules, regulations, procedures or guidelines made hereunder, and any amendments thereto from time to time.

#### Entitlement to trade

- 3A02. Subject to fulfilling the conditions required under these Rules, a holder of a Stock Exchange Trading Right shall be eligible to trade on or through the Exchange as an Exchange Participant.

#### Stock Exchange Trading Right to be pre-requisite to admission as Exchange Participant

- 3A03. (a) In accordance with the provisions of Chapter 3 of these Rules, no person shall become an Exchange Participant unless it is a holder of a Stock Exchange Trading Right.
- (b) Stock Exchange Trading Rights may be conferred by the Board on such terms and conditions as it may determine from time to time.

#### Application Procedures for the Issue of a Stock Exchange Trading Right

- 3A03A. (a) Any person desirous of applying for a Stock Exchange Trading Right shall complete, sign and deliver to the Exchange an application in writing in such form as the Board may from time to time prescribe.
- (b) The applicant shall provide the Board with such information as the Board may require for dealing with the application.
- (c) [Repealed]
- (d) An applicant whose application has been approved by the Board shall not be issued a Stock Exchange Trading Right unless and until it has paid in full all fees (including the fee for the Stock Exchange Trading Right) from time to time prescribed by the Board and complied with any other conditions prescribed by the Board.
- (e) The decision of the Board in respect of an application for a Stock Exchange Trading Right shall be final and conclusive.
- (f) The applicant will be notified in writing as soon as its application for a Stock Exchange Trading Right has been approved. It shall become a holder of a Stock Exchange Trading Right upon its name being registered in the register

of holders of Stock Exchange Trading Rights.

- (g) The applicant will be notified in writing if its application for a Stock Exchange Trading Right has not been approved.
- (h) Unless the applicant is already an Exchange Participant, the applicant must simultaneously upon the issue of a Stock Exchange Trading Right become an Exchange Participant.

### **Payment of Subscription**

- 3A04. All holders of Stock Exchange Trading Rights shall be liable to pay monthly subscription or other fees and charges and determined by the Exchange from time to time provided that holders of Stock Exchange Trading Rights which are Exchange Participants shall only be liable to pay the monthly subscription applicable to Exchange Participants.

### **Stock Exchange Trading Rights**

- 3A05. All holders of Stock Exchange Trading Rights are bound to observe the provisions relating to the subsistence and non-transferability of Stock Exchange Trading Rights stated in Chapter 3 of these Rules.

### **Suspension of Trading Rights**

- 3A06. The Stock Exchange Trading Right held by a person may be suspended under the provisions of these Rules.

### **Disciplinary Matters**

- 3A07. A holder of a Stock Exchange Trading Right who in any manner contravenes these Rules, the Regulations, the Procedures, any conditions imposed on the approval of issue or transfer of a Stock Exchange Trading Right or any other requirements imposed on a holder of a Stock Exchange Trading Right may be liable to disciplinary proceedings. The disciplinary proceedings and the disciplinary powers that may be exercised against Exchange Participants set forth in Chapter 7 of these Rules shall mutatis mutandis apply to disciplinary proceedings and disciplinary powers that may be instituted or exercised against a holder of a Stock Exchange Trading Right.
- 3A08. The Board may exercise any of the following disciplinary powers against a holder of a Stock Exchange Trading Right :
- (a) to impose a fine;
  - (b) to censure and direct whether if so in what manner such censure shall be published;
  - (c) to revoke his or its Stock Exchange Trading Right as set forth in Rule 3A11;
  - (d) [Repealed]

(e) to suspend or revoke his or its Stock Exchange Trading Right.

3A09. A holder of a Stock Exchange Trading Right shall remain bound by these Rules and the Disciplinary Procedures notwithstanding any disciplinary proceedings being instituted against him or it, any conditions being imposed upon him or it or any of his or its rights being suspended.

3A10. The Exchange, a recognized exchange controller which is the controller of the Exchange, their officers, directors, employees, agents or representatives or any other person or entity associated with them shall have no liability whatsoever for any losses, damages, claims, legal costs or other expenses that a holder of a Stock Exchange Trading Right may suffer or incur, whether directly or indirectly (including any loss of profit or any damage or reputation) by reason of any disciplinary proceedings instituted or disciplinary measures taken pursuant to these Rules.

#### **Revocation of Trading Rights**

3A11. If an Exchange Participant is expelled for any reason, the Exchange may revoke the Stock Exchange Trading Rights of the Exchange Participant subject to the provisions of Chapter 7 in these Rules.

#### **Liability to contribute**

3A12. The repealed Securities Ordinance requires the Exchange to make a contribution in respect of every holder of a Stock Exchange Trading Right towards the Compensation Fund. A holder of a Stock Exchange Trading Right shall be liable to make contributions in accordance with the provisions of Chapter 12 in these Rules. The contribution or security required and the limit of compensation payable under Chapter 9 by an Exchange Participant shall be construed by reference to the number of Stock Exchange Trading Rights held, as described in details in Chapter 9.

#### **Relinquishment of Stock Exchange Trading Right**

3A13. (a) A holder of a Stock Exchange Trading Right may, without affecting existing rights or obligations which have accrued and subject to these Rules, at any time relinquish his or its Stock Exchange Trading Right without penalty or compensation whereupon his or its name shall be removed from the register of holders of Stock Exchange Trading Rights.

(b) Notwithstanding Rule 3A13(a), the holder of the Stock Exchange Trading Right whose tender has been selected under a Tender Process shall relinquish its Stock Exchange Trading Right within six months from the date of the notice of acceptance of the tender issued by the Exchange and in accordance with the procedures as from time to time determined by the Exchange. Any payment due to the holder of Stock Exchange Trading Right will be made by the Exchange as soon as practicable after he or it has relinquished his or its Stock Exchange Trading Right.

(c) The holder of the Stock Exchange Trading Right shall be deemed to

relinquish his or its Stock Exchange Trading Right at the expiry of six months under Rule 3A13(b) and whereupon the holder of the Stock Exchange Trading Right shall be removed from the register of holders of Stock Exchange Trading Rights.

- 3A13A. (a) Notwithstanding Rule 3A13, a corporate holder of a Stock Exchange Trading Right which intends to re-organize its business of dealing in securities by having that business being conducted under one single entity together with that of the business of dealing in futures contracts or any similar re-organization may, at any time and subject to such conditions from time to time prescribed by the Exchange, apply to relinquish its Stock Exchange Trading Right to such entity which shall be a company within its own group of companies.
- (b) For the purposes of Rule 3A13A(a), the holder of the Stock Exchange Trading Right shall complete, sign and deliver to the Exchange an application in writing in such form as the Board may from time to time prescribe to relinquish its Stock Exchange Trading Right and to nominate a company within its own group of companies to take up a new Stock Exchange Trading Right to be issued by the Exchange if its application to relinquish its Stock Exchange Trading Right under Rule 3A13A(a) is approved by the Board. The company so nominated by the holder of the Stock Exchange Trading Right shall simultaneously apply to become an Exchange Participant (if it is not already an Exchange Participant) in accordance with these Rules. Upon the issue of a Stock Exchange Trading Right to the company so nominated, it shall simultaneously become an Exchange Participant.
- (c) The Board may, if it approves the application of the holder of the Stock Exchange Trading Right to relinquish the Stock Exchange Trading Right and the application of the company nominated to take up the Stock Exchange Trading Right to become an Exchange Participant, issue a new Stock Exchange Trading Right to the company nominated subject to the payment in full of all the fees and charges from time to time prescribed by the Board in relation to the relinquishment and issue of the Stock Exchange Trading Right and to the compliance of all conditions prescribed by the Board in relation to such applications.
- (d) The holder of the Stock Exchange Trading Right shall be deemed to relinquish its Stock Exchange Trading Right when the new Stock Exchange Trading Right is issued to the company so nominated and whereupon its name shall be removed from the register of holders of Stock Exchange Trading Rights.
- (e) The decision of the Board in respect of an application to relinquish a Stock Exchange Trading Right under Rule 3A13A shall be final and conclusive.
- 3A14. No person may relinquish his or its Stock Exchange Trading Right except with the prior written approval of the Board which may be given subject to any conditions the Board thinks fit. Pending such approval, these Rules shall continue to bind any holder of a Stock Exchange Trading Right which has given notice of relinquishment

as if such notice had not been given and the jurisdiction of the Exchange over that Exchange Participant or holder of a Stock Exchange Trading Right, his or its business, affairs and employees, and persons acting on his or its behalf shall be in no way affected by such notice.

- 3A15. Without prejudice to the right of the Board to impose any conditions as it thinks fit, the Board shall not give approval for relinquishment of a Stock Exchange Trading Right unless it is satisfied that the holder has discharged all claims and obligations that have accrued prior to the date at which he or it proposes to relinquish his or its right.

#### **Register of holders of Stock Exchange Trading Rights**

- 3A16. The Exchange shall establish a register of the holders of Stock Exchange Trading Rights, and enter therein the following particulars : -
- (a) the names and addresses, and the occupations or descriptions, of the holders;
  - (b) the date at which each person was entered in the register as a holder;
  - (c) the date at which any person ceased to be a holder;
  - (d) [Repealed]
  - (e) such other details as may be determined by the Board from time to time.
- 3A17. The register may be kept by the use of any method or means, mechanical or electric, electronic or otherwise, which does not restrict the availability for inspection in a legible form of the information contained in the register.

#### **Exchange Trading Right Certificate**

- 3A18. Each holder of a Stock Exchange Trading Right will be issued an Exchange Trading Right Certificate except that no Exchange Trading Right Certificate (including duplicate Exchange Trading Right Certificate and replacement Exchange Trading Right Certificate) or any other instrument will be issued to holders of Stock Exchange Trading Rights from the tenth anniversary of the Scheme Effective Date.
- 3A19. [Repealed]