Options Trading Rules

CHAPTER 1

DEFINITIONS AND INTERPRETATION

Definitions

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

"Authorized Person"	means a person employed or engaged by an Options Trading Exchange Participant to gain access to HKATS and for the purpose of gaining access to HKATS via the HKATS Risk Functions to establish, monitor and implement Prescribed Risk Controls, an Authorized Person may include a person appointed for such purpose by the GCP which clears the Options Trading Exchange Participant's trades if it is an NCP;
"HKATS Risk Functions"	means such HKATS software as each Options Trading Exchange Participant is required by the Exchange to install, and if it is an NCP, to arrange for the GCP which clears its trades to install, in order to establish, monitor and implement Prescribed Risk Controls for the Exchange Participant;
"HKATS Username"	means a unique set of numbers and characters which identifies the Options Trading Exchange Participant or, with regard to HKATS Risk Functions, the SEOCH Participant gaining access to HKATS;
"Prescribed Risk Controls"	means such prescribed controls and limits as the Exchange and SEOCH may from time to time require Options Trading Exchange Participants and SEOCH Participants to establish using the HKATS Risk Functions in order to manage the risks associated with orders placed and trades executed through their own connections to HKATS or connections granted by the Exchange through them, and in the case of a GCP which clears trades for NCP, its NCPs' connection to HKATS or connections granted by the Exchange through such NCP;

CHAPTER 5

THE OPTIONS TRADING SYSTEM

505.   [Repealed]Each Options Trading Exchange Participant must at all times have arrangements in place to ensure that all orders transmitted to HKATS through its connection or any connection granted by the Exchange through the Options Trading Exchange Participant are subject to Prescribed Risk Controls and other appropriate risk controls and functions.

Establishment of Prescribed Risk Controls in HKATS

506.   [Repealed]Without prejudice to the right of the Exchange under Rule 518B, an Options Trading Exchange Participant shall establish, monitor and implement and if it is an NCP, enable the GCP which clears its trades to establish, monitor and implement Prescribed Risk Controls using the HKATS Risk Functions for the Options Trading Exchange Participant itself and its Authorized Persons and any other person who is allowed to trade through HKATS via the Options Trading Exchange Participant's connection or any connection granted by the Exchange through the Options Trading Exchange Participant. An Options Trading Exchange Participant acknowledges that orders entered into HKATS shall be subject to, and may be blocked or cancelled by the Authorized Person as part of such Prescribed Risk Controls, including the blocking or cancellation of orders by its GCP if it is an NCP.

506A.   An Options Trading Exchange Participant shall implement adequate procedures to ensure that all persons having access to HKATS through its connection or any connection granted through the Options Trading Exchange Participant comply with such Prescribed Risk Controls as are applicable to them and will not use HKATS Risk Functions for any purpose other than Prescribed Risk Control purposes.

506B.   An Options Trading Exchange Participant shall notify the Exchange forthwith upon the execution by any of its Authorized Persons of an order blocking or cancellation function using the HKATS Risk Functions or any other function as prescribed by the Exchange from time to time.

506C.   An Options Trading Exchange Participant is responsible for the Prescribed Risk Controls that are set upon it. The Exchange, SEOCH, and a recognized exchange controller of the Exchange shall in no case be liable for the sufficiency or effectiveness of such Prescribed Risk Controls or any failure or unavailability of, or error or defect in the HKATS Risk Functions.