

**Options Clearing Rules**

**CHAPTER 1**

**DEFINITIONS AND INTERPRETATION**

**Definitions**

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

“Default Information” means any information provided by SEOCH to a Receiving SEOCH Participant relating to a Defaulting SEOCH Participant including any information given relating to any action carried out pursuant to Clearing Rule 703;

“Permitted Purpose” means any purpose, the objective of which is to allow the Receiving SEOCH Participant to assist SEOCH in any actions SEOCH chooses to take pursuant to Clearing Rule 703;

“Receiving Clearing Participant” has the meaning as defined in Clearing Rule 708A(a);

“Receiving SEOCH Participant Affiliates” means, in relation to a Receiving SEOCH Participant, any subsidiary or holding company, or a subsidiary of a holding company of that Receiving SEOCH Participant. For the purposes of this definition, the terms “holding company” and “subsidiary” shall bear the same respective meanings herein as in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);

## **Interpretation**

103. Subject to Clearing Rule 101, any definitions of words defined in the Exchange Rules, the Options Trading Rules, the CCASS Rules, the Securities and Futures Ordinance, the Companies Ordinance or the Articles shall, if not inconsistent with the subject or context, apply to these Clearing Rules.

103A. References to any law or regulation in these Clearing Rules shall be construed as references to such law or regulation as in force from time to time.

## **CHAPTER 7**

### **DEFAULT PROCEDURES**

#### **General**

708A. (a) Each SEOCH Participant agrees and undertakes that, in consideration of it being provided with Default Information (in such capacity a “**Receiving SEOCH Participant**”) it shall: (i) keep the Default Information strictly confidential and secure; (ii) only use the Default Information for the Permitted Purpose; and (iii) only disclose the Default Information to its employees, officers, representatives, advisers or Receiving SEOCH Participant Affiliates for the Permitted Purpose (and to that extent only) and on a strict need to know basis.

(b) Upon demand by SEOCH and to the extent reasonably practicable, and in any event upon conclusion of the actions set out in Clearing Rule 703, the Receiving SEOCH Participant shall promptly return to SEOCH all or any part of the Default Information in its possession or the possession of any of its employees, officers, representatives, advisers or Receiving Clearing Participant Affiliates in whatever form it may be by a secure method or destroy or procure the destruction of any copies or reproductions of any material, paper, programme or record incorporating the Default Information including the destruction or expungement thereof from any memory device or medium, provided that the Receiving SEOCH

Participant may retain copies of any Default Information as required by law. Upon demand by SEOCH, the Receiving SEOCH Participant shall provide to SEOCH a written confirmation that it has fully complied with the foregoing.

(c) Each Receiving SEOCH Participant shall establish adequate procedures and mechanisms to ensure that the Default Information is, at all times, solely used for the Permitted Purpose by it and any of its employees, officers, representatives, advisers or Receiving SEOCH Participant Affiliates.

(d) Nothing in these Clearing Rules shall prohibit disclosure or use of the Default Information if and to the extent: (i) it becomes publicly available other than as a result of a breach of these Clearing Rules by the Receiving SEOCH Participant; (ii) the Receiving SEOCH Participant is required to do so by order of a court of competent jurisdiction which arises as a result of the application of a third party; (iii) the Receiving SEOCH Participant is required or requested to do so by any governmental authority which exercises a regulatory or supervisory function over the Receiving SEOCH Participant; or (iv) SEOCH has given prior written approval to the disclosure.