

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: STOCK CONNECT – INFORMATION PACK ON NORTHBOUND TRADING RULES
AGAINST MARKET MISCONDUCT

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In response to enquiries from Exchange Participants, the Exchange today issued an Information Pack (the “Information Pack”) to facilitate Exchange Participants’ understanding of the trading rules governing market misconduct in northbound trading through Stock Connect.

For Exchange Participants’ ease of reference, the Information Pack summarises the relevant trading rules of SEHK, Shanghai Stock Exchange and Shenzhen Stock Exchange governing market misconduct, including:

- (1) Chapters 14 to 14B of the [Rules of the Exchange](#);
- (2) Rule 8 of [Shanghai Stock Exchange’s Rules on Real-Time Monitoring of Abnormal Securities Transactions](#);
- (3) Rule 6.2 of the [Trading Rules of Shenzhen Stock Exchange](#);
- (4) [Shanghai Stock Exchange’s Measures on Implementation of Disciplinary and Regulatory Action](#); and
- (5) [Shenzhen Stock Exchange’s Rules on Implementation of Trading Restriction](#).

The Information Pack attached to this circular is also available on the HKEX website at www.hkex.com.hk under the section: “[SEHK Trading Rule Enforcement](#)”.

Exchange Participants may contact the Market Surveillance and Monitoring Department (email: surveillance@hkex.com.hk), should they have any feedback or questions regarding the Information Pack.

Garbo Cheung
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This circular has been issued in English together with Chinese translation of the same. If there is any discrepancy between the Chinese translation and the English version, the English version shall prevail.

January 2018

INFORMATION PACK

SEHK / SSE / SZSE RULES
ON MARKET MISCONDUCT IN
NORTHBOUND TRADING



Market Surveillance & Monitoring
Markets Division

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NORTHBOUND TRADING RULES AGAINST MARKET MISCONDUCT

Regulatory Framework

- The purpose of this document is to provide a quick reference¹ to trading conduct **expressly prohibited** under the relevant rules and regulations applicable to the trading of China Connect Securities on the China Connect Markets (“Northbound Trading”).
- The relevant Northbound Trading Rules under the **SEHK** Rules and Regulations include:
 - Chapter 14 (in relation to China Connect Service)
 - Chapter 14A (in relation to the trading of SSE-listed securities)
 - Chapter 14B (in relation to the trading of SZSE-listed securities)
- In addition, according to the home-market principle, Exchange Participants and investors should also observe Mainland China securities regulations, including the relevant rules and regulations of **SSE and SZSE**.



¹ **Disclaimer:** The relevant rules and regulations provided in the Appendix are only intended as reference, and therefore should not be treated as an exhaustive list of all applicable laws, rules and regulations. If in doubt, please consult your legal or professional advisers.

EXPRESS PROHIBITIONS ON NORTHBOUND TRADING

Trading conduct expressly prohibited under the relevant rules or regulations	SEHK (Stock Connect)	SSE	SZSE
Inappropriate use of information (e.g., insider dealing and disclosure of false or misleading information)	Y	Y	Y
False trading, entry of fictitious orders, wash trading and any other similar misleading conducts	Y	Y	Y
Influence trade price, settlement price or reference value (e.g., price rigging, marking the close)	Y	Y	Y
Irrational / suspicious trading behaviour (e.g., buying high and selling low, successive orders or orders whose quotation price clearly deviates from the last traded price)	Y (see Note)	Y	Y
Pre-arranged trading and/or large or frequent reverse trades between multiple fixed securities accounts or suspected associated securities accounts	Y (see Note)	Y	Y
Quota hogging	Y	N	N
Turnaround trading	Y	Y	Y
Off-exchange trade or transfer	Y	Y (see Note)	Y (see Note)
Naked short selling	Y	Y (see Note)	Y (see Note)
Bulk or successive order inputs at daily limit cap price level	Y (see Note)	Y	Y

Note: Such conduct may, depending on the facts and circumstances, be subject to other applicable laws, rules and regulations, not explicitly provided under the Rules and Regulations in the Appendix.



TRADING RESTRICTIONS – SSE / SZSE

Intra-day / After-hour Suspension

- In Northbound trading, SSE and SZSE may impose trading restrictions (限制交易), including **intra-day suspension (盘中暂停当日交易)** and **after-hour suspension (盘后限制交易)** to:
 - **Prohibit only buy orders or only sell orders in a specified product or all products**
禁止买入指定或者全部交易品种，但允许卖出；
禁止卖出指定或者全部交易品种，但允许买入
 - **Prohibit trading (buying and selling) in a specified product or all products**
禁止交易(买入和卖出)指定或者全部交易品种
- **SSE and SZSE may also adopt such other measures as they see fit**
交易所认为应采取的其他限制交易措施



INTRADAY / AFTER-HOUR TRADING SUSPENSION

	SSE	SZSE
Intra-day Trading Suspension 盘中暂停当日交易	<p>Impose trading suspension on investors with suspicious trading activities, including trading accounts under the name of the investor, from buying and selling certain specified securities or all products</p> <p>暂停投资者账户交易，即对于存在异常交易的投资者，紧急暂停其名下证券账户，买卖特定证券或本所全部交易品种的交易权限</p>	<p>Impose intra-day trading suspension of relevant securities account(s)</p> <p>盘中直接限制相关证券账户当日交易权限</p>
After-Hour Trading Suspension 盘后限制交易	<p>Impose trading suspension on investors with serious abnormal trading behaviour or other misconducts, including trading accounts under the name of the investor, for a certain period of time, usually not more than 6 months (except for serious cases)</p> <p>限制投资者账户交易，即对存在严重异常交易或者其他违规交易行为的投资者，限制其名下证券账户，在一段时期内，限制投资者账户交易的方式。限制投资者账户交易的单次持续时间一般不超过6个月，但违规情节特别严重的除外</p>	<p>Issue “Trading Suspension Notice” after trading hours which shall specify the ground(s) for suspension, the account(s), product(s) and trading direction (i.e. buy / sell / both) subject to suspension as well as the duration of the suspension</p> <p>实施盘后限制交易措施前，本所向托管相关证券账户的会员发出《限制交易决定书》应当载明以下事项：</p> <ul style="list-style-type: none"> (一) 实施依据； (二) 受限账户； (三) 限制方式； (四) 限制品种； (五) 限制期限



INTRADAY / AFTER-HOUR TRADING SUSPENSION (cont'd)

	SSE	SZSE
Triggering Conditions 触发条件	<p>Trading misconduct as defined under SSE Rules and Regulations (see Appendix for SSE's Rules on Real-Time Monitoring of Abnormal Securities Transactions)</p> <p>上海证券交易所相关规则及细则内所订明的异常交易（参见附录中《上海证券交易所证券异常交易实时监控细则》）</p>	<ul style="list-style-type: none"> ➤ Suspected insider dealing, market manipulation and other conducts that maybe unlawful or constitute a misconduct 涉嫌内幕交易、操纵市场等违法违规行为 ➤ Violation of laws, administrative regulations or the relevant provisions of CSRC or Mainland exchanges 违反法律、行政法规、中国证监会或者本所相关规定买卖证券 ➤ Occurrence of any abnormal trading behaviour as specified in applicable rules and regulations which affect or may affect the price or trading volume of China Connect Securities 发生《交易规则》或者本所其他业务规则、细则、指引等规定的可能或者已经影响证券交易价格或者证券交易量的异常交易行为 ➤ Such other situation as CSRC and/or the Mainland exchange sees fit 中国证监会或者本所认为应当采取限制交易措施的其他情形





APPENDIX

SEHK'S NORTHBOUND TRADING RULES

Types of trading activity prohibited under SEHK Rules

- **Prohibition against Insider Dealing, Market Manipulation, Price Rigging, False Trading and False/Misleading Appearance of Active Trading**
 - Rules 1432 & 1433: CCEPs shall comply with all applicable laws, trading rules and requirements relating to trading of China Connect Securities on the relevant China Connect Markets including but not limited to laws and regulations **prohibiting** insider dealing, market manipulation, price rigging, false trading or the creation of a false or misleading appearance of active trading on any China Connect Securities.

- **No Quota Hogging**
 - Rule 1428(1): CCEPs shall **not** engage in “**quota hogging**” activities such as artificial, unauthorised or bulk input of Stock Connect buy orders, and input of Stock Connect buy orders at an artificially low price.

- **No Same-day Turnaround Trading**
 - Rule 14A06(4) / 14B06(5): CCEPs are **prohibited** from conducting **turnaround trading** (i.e. not allow to sell stock acquired on the same day).

- **No Off-Exchange Trades or Transfer**
 - Rule 14A12 / 14B12: Except for certain permissible purposes, CCEPs are **not** allowed to conduct any **off-exchange trades or transfers**.

- **No Naked Short Selling**
 - Rule 14A17 / 14B17: CCEPs are **prohibited** from conducting **naked short selling**.



SSE'S REAL-TIME MONITORING RULES

Real-Time Monitoring of Abnormal Securities Transactions*

Provisions	Chinese	English
8(1)	(一) 投资者(包括以本人名义开立的普通证券账户和信用证券账户)通过集中竞价交易系统和大宗交易系统单日累计买入单只风险警示板股票超过50万股的	Buying, on a particular day, more than 500K shares (includes both executed and outstanding orders) in a single listed security under risk alert through the auction trading system and block trading system
8(2)	(二) 集合竞价阶段多次不以成交为目的虚假申报买入或卖出, 可能影响开盘价的	Bulk/Multiple input of fictitious (buy/sell) orders with no intention to execute, during the auction trading session, which could influence the opening price(s)
8(3)	(三) 通过虚假申报、大额申报、密集申报、涨跌幅限制价格大量申报、在自己实际控制的账户之间进行交易、日内或隔日反向交易等手段, 影响证券交易价格或交易量的	Fictitious order entry, large / frequent order inputs & cancellation, bulk order inputs at daily limit cap price level *, wash trading, same-day or next-day reverse trading, and any other similar methods to affect the price or volume of a security [* N.B. daily limit cap price level is currently set at +/- 10% of previous close]
8(4)	(四) 多次进行高买低卖的交易, 或单次高买低卖交易金额较大的	(i) Repetitive pattern of buying high and selling low in a security (ii) Single large transaction involving buying high and selling low
8(5)	(五) 在同一价位或者相近价位大量或者频繁进行日内回转交易的	Frequent / large size turnaround trades at the same or similar price level



*上海证券交易所证券异常交易实时监控细则, which may be downloaded at <http://www.sse.com.cn/lawandrules/sserules/trading/universal/a/20150906/51d69203a34bc6a2385c0bae6c4461d4.doc>

The English translation is for reference only. Should there be any discrepancy between the Chinese version and English translation, the Chinese version shall prevail.

SSE'S REAL-TIME MONITORING RULES

Real-Time Monitoring of Abnormal Securities Transactions*

Provisions	Chinese	English
8(6)	(六) 通过计算机程序自动批量申报下单, 影响市场正常交易秩序或者交易系统安全的	Order inputs through computer program which affect the integrity of the market / operation of the market trading system
8(7)	(七) 通过影响标的的证券交易价格或交易量, 以影响其衍生品交易价格或交易量的	Any activities that affect the price or volume of a derivatives through manipulating the price or volume of its underlying security
8(8)	(八) 在计算相关证券及其衍生品参考价格或结算价格的特定时间, 通过拉抬、打压或锁定等手段, 影响相关证券及其衍生品参考价格或结算价格的	Any activities (such as ramping, suppressing or locking arrangement) that affect the determination of the reference or settlement price of a security or its derivatives
8(9)	(九) 进行与自身公开发布的投资分析、预测或建议相背离的证券交易的	Conducting trades in a manner contrary to his/her investment analysis , forecast or recommendation made to the public
8(10)	(十) 编造、传播、散布虚假信息, 影响证券交易价格或者误导其他投资者的	Fabrication, dissemination, or distribution of false information to influence the price of a security or mislead other investors
8(11)	(十一) 涉嫌通过证券交易进行利益输送, 且成交金额较大的	Securities transactions, which involve a relatively large notional amount, with a suspected intent to passing on benefits
8(12)	(十二) 中国证监会或者本所认为的其他情形。	Any such other circumstances as CSRC or SSE sees fit

*上海证券交易所证券异常交易实时监控细则, which may be downloaded at <http://www.sse.com.cn/lawandrules/sserules/trading/universal/a/20150906/51d69203a34bc6a2385c0bae6c4461d4.doc>

The English translation is for reference only. Should there be any discrepancy between the Chinese version and English translation, the Chinese version shall prevail.



SZSE'S TRADING RULES

Trading Rules of Shenzhen Stock Exchange*

Provisions	Chinese	English
6.2(1)	(一) 可能对证券交易价格产生重大影响的信息披露前, 大量或持续买入或卖出相关证券	Large or successive purchases or sales of securities before disclosure of any information that may significantly affect the price of relevant securities
6.2(2)	(二) 单个或两个以上固定的或涉嫌关联的证券账户之间, 大量或频繁进行反向交易	Large or frequent reverse trades under a single account or between more than two fixed securities accounts or suspected associated securities accounts
6.2(3)	(三) 单个或两个以上固定的或涉嫌关联的证券账户, 大笔申报、连续申报、密集申报或申报价格明显偏离该证券行情揭示的最新成交价	Huge orders, successive orders, concentrated orders, or orders whose quotation price clearly deviates from the last traded price disclosed in the securities quotations, under individual or more than two fixed securities accounts or suspected associated securities accounts
6.2(4)	(四) 单独或合谋, 以涨幅或跌幅限制的价格大额申报或连续申报, 致使该证券交易价格达到或维持涨幅或跌幅限制	Large or successive orders placed independently or in collusion with others, with the quotation price set at the daily price limit , and as a result, the trading price of securities reaches or is maintained at the daily up/down price limit
6.2(5)	(五) 频繁申报和撤销申报, 或大额申报后撤销申报, 以影响证券交易价格或误导其他投资者	Frequent input and cancellation of orders, or input and cancellation of large orders, for the purpose of influencing the price of securities or misleading other investors



* 深圳证券交易所交易规则, which may be found at <http://www.szse.cn/main/images/2016/09/30/20160930181157964.pdf>
The English translation provided by SZSE may be found at <http://www.szse.cn/main/files/2016/10/10/Trading%20Rules%20of%20Shenzhen%20Stock%20Exchange.pdf>

SZSE'S TRADING RULES

Trading Rules of Shenzhen Stock Exchange*

Provisions	Chinese	English
6.2(6)	(六) 集合竞价期间以明显高于前收盘价的价格申报买入后又撤销申报, 随后申报卖出该证券, 或以明显低于前收盘价的价格申报卖出后又撤销申报, 随后申报买入该证券	Placing a buy order at a price obviously higher than the previous closing price, then cancelling such order , and after that, placing a sell order for the same securities ; or placing a sell order at a price obviously lower than the previous closing price, then cancelling such order , and after that, placing a buy order for the same securities
6.2(7)	(七) 对单一证券品种在一段时期内进行大量且连续交易	Large and successive trades of a single security during a specified period of time
6.2(8)	(八) 同一证券账户、同一会员或同一证券营业部的客户大量或频繁进行日内回转交易	Large or frequent intra-day turn-around trades under the same securities account, or by the same member or by clients of the same brokerage branch
6.2(9)	(九) 大量或者频繁进行高买低卖交易	Large or frequent “buy high, sell low” trades
6.2(10)	(十) 在证券价格敏感期内, 通过异常申报, 影响相关证券或其衍生品的交易价格、结算价格或参考价值	Influencing the trading price, settlement price or reference value of relevant securities or derivatives thereon by placing unusual orders during the securities price sensitive period



* 深圳证券交易所交易规则, which may be found at <http://www.szse.cn/main/images/2016/09/30/20160930181157964.pdf>
The English translation provided by SZSE may be found at <http://www.szse.cn/main/files/2016/10/10/Trading%20Rules%20of%20Shenzhen%20Stock%20Exchange.pdf>

SZSE'S TRADING RULES

Trading Rules of Shenzhen Stock Exchange*

Provisions	Chinese	English
6.2(11)	(十一) 单独或合谋，在公开发布投资分析、预测或建议前买入或卖出有关证券，或进行与自身公开发布的投资分析、预测或建议相背离的证券交易	Independently or in collusion with others, purchasing or selling securities before releasing relevant investment analysis, forecast or advice, or trading securities contrary to their publicly released investment analysis, forecast or advice
6.2(12)	(十二) 在综合协议交易平台进行虚假或其他扰乱市场秩序的申报	Placing false orders on the block-trade platform for negotiated trades or other orders that disrupt the orderly market
6.2(13)	(十三) 本所认为需要重点监控的其他异常交易行为	Other unusual trading activities that need to be put under intense monitoring as recognized by the Exchange



REMINDER

- 1. The information contained in this Information Pack is for general information purposes only and does not constitute an offer, solicitation or recommendation to buy or sell any securities or to provide any investment advice or service of any kind. Applicable provisions cited or summarised herein are based on the current version of the relevant rules and regulations and do not cover all types of market misconduct.**
- 2. To ensure compliance with all rules applicable to Northbound Trading, China Connect Exchange Participants (“CCEPs”) and Trade-through Exchange Participants (“TTEPs”) should implement system controls or internal procedures that are best suited to their particular circumstances.**
- 3. When in doubt, CCEPs and TTEPs should consult their legal advisors.**



REMINDER

4. Although the information contained in this Information Pack is obtained or compiled from sources believed to be reliable, none of Hong Kong Exchanges and Clearing Limited (“HKEX”), The Stock Exchange of Hong Kong Limited (“SEHK”), Hong Kong Securities Clearing Company Limited (“HKSCC”) or any of their affiliates, or any of the companies that they operate (together, the “Entities”, each an “Entity”) guarantee the accuracy, validity, timeliness or completeness of the information or data for any particular purpose, and the Entities shall not accept any responsibility for, or be liable for, errors, omissions or other inaccuracies in the information or for the consequences thereof.
5. The information set out in this Information Pack is provided on an “as is” and “as available” basis. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this Information Pack constitutes legal advice. HKEX and its subsidiaries shall not be responsible or liable for any loss or damage, directly or indirectly, arising from the use of or reliance upon any information provided in this Information Pack.
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