CHAPTER 5

TRADING

Operational Trading Rules

Dealings in Suspended Securities

539. Under no circumstances shall an Exchange Participant deal in suspended securities otherwise than as set out in this Rule. An Exchange Participant which fails to comply with this Rule shall be liable to disciplinary action by the Board except that the following dealings in suspended securities shall not constitute a breach of this Rule:-

    (1) where trading in the securities is suspended due to the fact that the percentage of such securities held by the public has fallen below the prescribed minimum percentage under the Main Board Listing Rules or the GEM Listing Rules (as the case may be), dealing in such securities by an Exchange Participant for the purpose of facilitating the restoration of the prescribed minimum percentage provided that the Exchange Participant shall report all such transactions in accordance with the procedures prescribed by the Exchange from time to time;

    (2) the return of borrowed securities in which trading is suspended (without creating a new securities borrowing position), or making payment in lieu of such return;

    (3) where trading in an applicable Market Making Security is suspended,

        (a) the borrowing of shares of such applicable Market Making Security; or

        (b) the placing of an order for the creation of shares of such applicable Market Making Security in accordance with the terms for the creation of shares of such Market Making Security as required by the issuer of shares of such Market Making Security

    by a Securities Market Maker for its own account or for the account of any of its affiliates or for the account of any of its Designated Specialists for the purpose of completing a Securities Market Maker Short Selling transaction concluded prior to the suspension;

(3A)   where trading in a Dual Counter Security is suspended, the borrowing of shares of such Dual Counter Security by a Dual Counter Market Maker for its own account or for the account of any of its affiliates for the purpose of completing a Dual Counter Market Maker Short Selling transaction concluded prior to the suspension;

(4)   where trading in the securities is temporarily suspended for a period in relation to any of the following activities (and not for other reasons):-

    (a)   "placing" of such securities by or on behalf of the issuer of such securities under the Main Board Listing Rules or the GEM Listing Rules (as the case may be) or by an existing shareholder of such issuer; and

    (b)   "offer for subscription", "offer for sale", "rights issue" and "open offer" of such securities under the Main Board Listing Rules or the GEM Listing Rules (as the case may be),

in the case of "placing" the buying and selling of the placed securities by an Exchange Participant during the first 5 trading days of such period of suspension and in the case of "offer for subscription", "offer for sale", "rights issue" and "open offer" the entering into of subscription agreement or underwriting agreement with the issuer of such securities, the existing shareholder of such issuer or the underwriter in respect of such securities by an Exchange Participant during the first 5 trading days of such period of suspension provided that the Exchange Participant has complied with the requirements which the Exchange may prescribe from time to time. Notwithstanding the foregoing, an Exchange Participant may, in respect of any such "placing", "offer for subscription", "offer for sale", "rights issue" and/or "open offer", apply to the Exchange for an extension of the period for which dealings in the securities in the period of suspension shall not constitute a breach of Rule 539 and the Exchange may authorize the extension for such period as the Exchange considers appropriate; and

(5)   the lending or borrowing of the suspended security by an Exchange Participant to facilitate the settlement of the delivery obligations which may arise from the exercise and assignment of stock options contracts on the suspended security under the Options Trading Rules and the Clearing Rules.