

**Rules of the Exchange**

**CHAPTER 14**

**CHINA CONNECT SERVICE**

**Order Input and Transactions Executed Through the China Connect Service**

1418. Without limiting Rule 1417, China Connect Exchange Participants must input China Connect orders in accordance with and subject to the scale of spreads, limitations on lot size, price limit, order size and other quotation requirements or restrictions (including but not limited to shareholding restrictions, ~~and~~ restrictions on turnaround trading arrangements and any form of circuit breaker mechanism) set by the China Connect Market Operator for or otherwise applicable to the relevant China Connect Market from time to time. Different quotation requirements or restrictions may apply to different China Connect Markets and different China Connect Securities. The Exchange will set out such requirements or restrictions as are communicated to the Exchange by the relevant China Connect Market Operator by making rules or through publication on the HKEx website or such other means as it considers appropriate. The Exchange has the power to reject China Connect orders that do not comply with the relevant requirements and restrictions. Further, the Exchange has absolute discretion to prescribe additional quotation requirements or restrictions under Rule 1430.
1422. A China Connect order input by a China Connect Exchange Participant may, subject to the rules of the relevant China Connect Market Operator that apply to the SEHK Subsidiary (including without limitation any form of circuit breaker mechanism), be cancelled at the request of the China Connect Exchange Participant through the input of a cancellation request into the CSC via a China Connect Open Gateway provided that such China Connect order has not been matched ~~and or~~ executed by the relevant China Connect Market System. No China Connect order is regarded as cancelled unless and until a cancellation confirmation has been issued by the relevant China Connect Market System. Neither the Exchange nor the SEHK Subsidiary shall have any liability in the event that a China Connect order which a China Connect Exchange Participant has requested be cancelled is not cancelled for any reason whatsoever.

**Conditions and Restrictions on the Use of the China Connect Service**

1430. The Exchange has absolute discretion to impose or amend conditions or restrictions for access to or the use of the China Connect Service from time to time for the purpose of ensuring that the trading of China Connect Securities will not contravene applicable laws or for any other reasons which the Exchange considers appropriate. To comply with applicable laws in Mainland China and the requirements of the relevant China Connect Market Operator, such conditions or restrictions may include requirements to comply with certain shareholding thresholds and disclosure obligations, any form of circuit breaker mechanism, conditions in conducting margin trading, stock borrowing and lending and short selling activities, restrictions in conducting off-exchange transactions, and obligations to alert investors of investment risk and their obligations to comply with applicable laws, and to communicate with investors on regulatory warnings or investigations. Different conditions or restrictions may be prescribed in respect of different China Connect Securities and China Connect Markets. The Exchange will prescribe the conditions or restrictions or change of such conditions or restrictions by

making rules or through publication on the HKEx website or such other means as the Exchange considers appropriate. China Connect Exchange Participants shall comply with the conditions and restrictions in all respects.

### **Responsibilities of the Exchange and the SEHK Subsidiary**

1443. The Exchange, HKEx and the SEHK Subsidiary, and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by a China Connect Exchange Participant, its clients or any third parties arising from or in connection with the China Connect Service or the CSC including, without limitation, the following:
- (4) any suspension, delay, interruption or cessation of trading of any China Connect Securities on a China Connect Market whether as a result of the imposition of any circuit breaker mechanism or due to any other reasons;
  - (9) the imposition, introduction or change of any quota or quota limit, or any condition, restriction or requirement on the input or cancellation of China Connect orders, the trading of China Connect Securities or the use of the China Connect Service under these Rules;

## **CHAPTER 14A**

### **CHINA CONNECT SERVICE - SHANGHAI**

#### **Interpretation**

14A02. (2) In this Chapter, unless the context otherwise requires:

<u>“Circuit Breaker Provisions”</u>	<u>means the relevant provisions in the SSE Rules under which SSE Circuit Breakers may be imposed for the purpose of, among others, minimising or averting substantial upward or downward price movements of securities traded on the SSE Market including all related provisions on the application and lifting of SSE Circuit Breakers;</u>
<u>“SSE Circuit Breaker”</u>	<u>means any measures that may be imposed or activated by SSE on the SSE Market in accordance with the Circuit Breaker Provisions;</u>

#### **Operational Hours of the China Connect Service in relation to SSE**

- 14A03. (2A) Without prejudice to Rule 14A03(2), the execution of trades in China Connect Securities is subject to the SSE Rules including the Circuit Breaker Provisions. Imposition of a SSE Circuit Breaker on any SSE trading day will result in the suspension of the execution of trades through the SSE Market System for such period or periods as set out in the Circuit Breaker Provisions. Further, the lifting of

a SSE Circuit Breaker during a Continuous Auction session of any SSE trading day may result in trades being executed through call auction.

(3) The trading days of the China Connect Service and the operational hours are set out below, which may be subject to change in accordance with Rule 1415.

(b) Unless otherwise determined or announced by the Exchange, China Connect Exchange Participants may input China Connect orders for transmission to the CSC on a CSC trading day starting from:

- (i) 9:10 in respect of the SSE Opening Call Auction session in the morning;
- (ii) 9:25 in respect of the SSE Continuous Auction session in the morning; and
- (iii) 12:55 in respect of the SSE Continuous Auction session in the afternoon.

This means that the CSC will normally accept China Connect orders five minutes before commencement of each SSE trading session. Processing of China Connect orders in the SSE Market System normally starts at the beginning of each SSE trading session, as referred to in Rule 14A03(2).

(4) If a Typhoon Signal No. 8 or above is hoisted or where the Black Rainstorm Warning is issued in Hong Kong on a CSC trading day, the operational hours will be adjusted as set out below.

(c) Lowering of Typhoon Signal No. 8 or Cancellation of Black Rainstorm Warning

Lowering/Cancellation Time	Service Commencement or Resumption Time
At or before 07:00	09:10
After 07:00 to 07:30	09:25
After 07:30 to 08:00	10:00
After 08:00 to 08:30	10:30
After 08:30 to 09:00	11:00
After 09:00 to 11:00	12:55
After 11:00 to 11:30	13:30
After 11:30 to 12:00	14:00
After 12:00	No service available

For the avoidance of doubt, where service commences or resumes after lowering of Typhoon Signal No.8 or cancellation of Black Rainstorm Warning, the trading status will follow the trading session of the SSE as referred to in Rules 14A03(2) and 14A03(2A). This means that where service commences or resumes at 9:25 or thereafter, there will be no Opening Call Auction trading on that day.

## Trading Arrangements

### Input and cancellation of China Connect orders while a SSE Circuit Breaker is in effect

- 14A06. (10A) (a) Unless otherwise determined by the Exchange, where the Circuit Breaker Provisions allow orders in respect of China Connect Securities to be received or transmitted to the SSE Market System during the period when a SSE Circuit Breaker is in effect, China Connect Exchange Participants may input China Connect orders through the China Connect Service during such period as usual. Notwithstanding this, China Connect Exchange Participants accept that imposition of a SSE Circuit Breaker on any SSE trading day will result in the suspension of trade execution through the SSE Market System as referred to in Rule 14A03(2A).
- (b) Unless otherwise determined by the Exchange, where the Circuit Breaker Provisions allow orders in respect of China Connect Securities to be cancelled during the period when a SSE Circuit Breaker is in effect, China Connect Exchange Participants may input order cancellation requests through the China Connect Service during such period as usual. Notwithstanding this, as is provided in Rule 1422, no China Connect order is regarded as cancelled unless and until a cancellation confirmation has been issued by the SSE Market System and neither the Exchange nor the SEHK Subsidiary shall have any liability in the event that a China Connect order which a China Connect Exchange Participant has required be cancelled is not cancelled for any reason whatsoever.

### **Quotas on SSE-listed Securities as China Connect Securities**

- 14A07. (13) Unless otherwise determined by the Exchange:
- (a) during the SSE Opening Call Auction session and the five minutes before the commencement of the SSE Opening Call Auction session ~~of SSE~~ on each CSC trading day, the reference price referred to in Rule 14A07(12) shall be (i) the current bid price of the relevant China Connect Security; and (ii) where no current bid price is available, the previous closing price of the China Connect Security; ~~and~~
- (b) during the SSE Continuous Auction sessions (morning and afternoon) and the five minutes before the commencement of each SSE Continuous Auction session ~~of SSE~~ on each CSC trading day, the reference price referred to in Rule 14A07(12) shall be (i) the current best bid price of the relevant China Connect Security; (ii) where no current best bid price is available, the latest trade price of the relevant China Connect Security, and (iii) where the latest trade price is not available, the previous closing price of the relevant China Connect Security; ~~and~~
- (c) where a SSE Circuit Breaker has been imposed, the reference price referred to in Rule 14A07(12) shall be (i) the current bid price of the relevant China Connect Security; (ii) where no current bid price is available, the latest trade price of the relevant China Connect Security, and (iii) where the latest trade price is not available, the previous closing price of the relevant China Connect Security.