

Rules of the Exchange

CHAPTER 1

INTERPRETATION

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

“at-auction limit order”

means a buy order or a sell order with a specified price input into the System during the order input period of the Pre-opening Session for automatic order matching during the order matching period of the Pre-opening Session at the IEP calculated at the end of the pre-order matching period of the Pre-opening Session when the specified price is (in the case of a buy order) equal to or higher than such IEP, or (in the case of a sell order) equal to or lower than such IEP;

“at-auction order”

means a buy order or a sell order with no specified price input into the System during the order input period or pre-order matching period of the Pre-opening Session for automatic order matching during the order matching period of the Pre-opening Session at the IEP calculated at the end of the pre-order matching period of the Pre-opening Session;

“automatic order matching”

means the automatic conclusion of transactions by the System based on the methodology or methodologies as determined by the Board from time to time, including:-

- (a) the methodology specified in Rule 517(1)(a) for automatic conclusion of transactions during the order matching period of the Pre-opening Session at the IEP calculated at the end of the pre-order matching period of the Pre-opening Session;

“closing price”

of an issue of securities on a trading day means, unless otherwise determined by the Exchange, the price which is the median of several nominal prices taken by the System prior to and at the end of the Continuous Trading Session on that trading day. Such nominal prices shall be taken during such period, at such interval and in such manner as the Exchange may from time to time determine;

- “current ask price” means –
- (a) during the Pre-opening Session:-
 - (i) (when the IEP can be determined in accordance with Rule 501H) the IEP at any specific moment; otherwise
- “current bid price” means –
- (a) during the Pre-opening Session:-
 - (i) (when the IEP can be determined in accordance with Rule 501H) the IEP at any specific moment; otherwise
- “IEP” means the Indicative Equilibrium Price, if any, determined by the System according to Rule 501H during the Pre-opening Session;
- “limit order” means –
- (a) a buy order or a sell order with a specified price input into the System during the Continuous Trading Session for automatic order matching during that session at the specified price when the current ask price or current bid price (as the case may be) matches the specified price; or
- “nominal price”
- (a) in respect of any issue of securities at any one time during or at the close of the Pre-opening Session means:-
 - (i) (when the IEP can be determined in accordance with Rule 501H) the IEP; otherwise
 - (ii) the previous closing price;
 - (b) in respect of an issue of securities at any one time during or at the close of the Continuous Trading Session on a trading day means:-
 - (i) if the issue has been traded up to that time on the day

- (A) (when the current bid price is greater than the last recorded price), the current bid price; otherwise
 - (B) (when the current ask price is less than the last recorded price), the current ask price; otherwise
 - (C) where both (b)(i)(A) and (b)(i)(B) above do not apply, then the last recorded price; or
- (ii) if the issue has not been traded up to that time on the day:-
- (A) (when the current bid price is greater than the previous closing price), the current bid price; otherwise
 - (B) (when the current ask price is less than the previous closing price), the current ask price; otherwise
 - (C) where both (b)(ii)(A) and (b)(ii)(B) above do not apply, then the previous closing price;

“primary queue”

means -

- (a) during the Pre-opening Session:-
 - (i) (when the IEP can be determined in accordance with Rule 501H) the queue of at-auction orders and at-auction limit orders with a specified price at or more competitive than the IEP, i.e. in case of buying, the specified price is equal to or higher than the IEP, or in case of selling, the specified price is equal to or lower than the IEP; otherwise

The definition of “Closing Auction Session” has been repealed.

CHAPTER 5

TRADING

Operational Trading Rules

Trading Hours

501. (2) In addition to the trading hours specified in Rule 501(1), trading is also conducted during the Pre-opening Session unless otherwise determined by the Board from time to time.

Extended Trading Securities

- 501D. For the avoidance of doubt, the trading hours for the Extended Trading Securities shall comprise the Pre-opening Session and the Continuous Trading Session.

- 501F. (1) It is the duty of every Exchange Participant conducting direct business transactions in respect of the Extended Trading Securities within the Pre-opening Session, the trading hours stipulated in Rule 501(1) and the Extended Morning Session to input details of such transactions into the System within 15 minutes after the conclusion of the transactions and in any event before the close of trading for the Extended Trading Securities on a trading day for transactions concluded on that trading day provided that no such duty exists for transactions concluded by automatic order matching. Any transactions in respect of the Extended Trading Securities not recorded in the System before the close of trading for the Extended Trading Securities as aforesaid shall be reported to the Exchange within the order input period and the pre-order matching period of the Pre-opening Session or the first 15 minutes of the commencement of the Continuous Trading Session on the next trading day as transactions concluded on that trading day on which the reporting has been made provided that if there is no Continuous Trading Session on the next trading day for whatever reason, any such transactions not reported to the Exchange as aforesaid shall be reported to the Exchange not later than the first 15 minutes of the commencement of the first trading session of the next Continuous Trading Session as transactions concluded during the trading session on which the reporting has been made.

- (3) The price of every direct business transaction in respect of the Extended Trading Securities concluded during the Continuous Trading Session must be within the range of the lowest of twenty-four spreads below the previous closing price, the lowest bid and the lowest ask price up to the time of the transaction on the day and the highest of twenty-four spreads above the previous closing price, the highest bid and the highest ask price up to the time of the transaction on the day. This Rule 501F(3) shall not apply to direct business transactions concluded during the Pre-opening Session.

501J. [Repealed]

501K. [Repealed]

Termination of terminal activities

502. All terminal activities (except enquiries) are, unless otherwise determined by the Board, to be terminated at the commencement of the order matching period for the Pre-opening Session, 12:30 p.m. for the morning session and 4:00 p.m. for the afternoon session or at such times as may be determined by the Chief Executive in consultation with the Chairman and the Commission.

Trading of automatch stocks during the Pre-opening Session

- 502D. All automatch stocks shall be eligible for trading during the Pre-opening Session unless otherwise determined by the Board. The Board has absolute discretion at any time to determine the eligibility of any issue of securities for trading during the Pre-opening Session. Notwithstanding any other provisions contained in these Rules, in the event that any issue of securities is determined by the Board to be not eligible for trading during the Pre-opening Session, there shall be no terminal activities relating to such issue of securities during the Pre-opening Session.

Quotations

505. Rules 506, 506A, 507 and 507A do not apply to auction orders and such orders can only be input into the System during the Pre-opening Session subject to Rule 501G. Limit orders, enhanced limit orders and special limit orders can only be input into the System during the trading hours prescribed in Rule 501(1) provided that such orders in respect of the Extended Trading Securities can also be input into the System during the Extended Morning Session. For the avoidance of doubt, if an order is input into the System through the Open Gateway of an Exchange Participant, the order is taken for all purposes under these Rules to have been input into the System by and with the knowledge of the Exchange Participant.

Transactions

517. (1) (a) During the Pre-opening Session, one or more transactions are struck upon completion of matching by the System based on the application of a strict order type, price and time priority methodology. For the purposes hereof, the strict order type, price and time priority methodology to be applied by the System in effecting automatic order matching during the Pre-opening Session is as follows: at-auction orders shall carry a higher matching priority than at-auction limit orders; the priority of matching at-auction orders shall be determined by order entry time; the priority of matching of at-auction limit orders shall be determined by the specified price; and the priority of matching at-auction limit orders with the same specified price shall be determined by order entry time.
518. The price of every transaction concluded during the Continuous Trading Session must be within the range of the current bid price and the current ask price as displayed in the System at the moment of the transaction. In case there is no current bid price, then the price of a transaction shall be at the current ask price and vice versa. This Rule shall not apply to transactions concluded during the Pre-opening Session.

520. Each selling Exchange Participant shall input into the System details of a sale transaction within 15 minutes after the conclusion of the transaction, but not later than 10:15 a.m. for transactions concluded in the Pre-opening Session, 12:30 p.m. for transactions concluded in the morning session and 4:00 p.m. for transactions concluded in the afternoon session. Any transactions not recorded in the System before the end of trading on a trading day shall be reported to the Exchange within the order input period and the pre-order matching period of the Pre-opening Session or the first 15 minutes of the commencement of the Continuous Trading Session on the next trading day as transactions concluded on that trading day on which the reporting has been made provided that if there is no Continuous Trading Session on the next trading day for whatever reason, any such transactions not reported to the Exchange as aforesaid shall be reported to the Exchange not later than the first 15 minutes of the commencement of the first trading session of the next Continuous Trading Session as transactions concluded during the trading session on which the reporting has been made. This Rule shall apply to all transactions other than direct business transactions and transactions concluded by automatic order matching. In respect of a sale transaction in respect of an issue of a Structured Product concluded for the account of the issuer of the Structured Product or its associates, the selling Exchange Participant shall, in addition to the above requirements, report to the Exchange in such manner as the Board shall from time to time determine. A selling Exchange Participant which fails to comply with this Rule shall be liable to disciplinary action by the Board.

Review and Rejection

523. Each buying Exchange Participant shall review details of the transactions as recorded in its favour in the System and reject any erroneous input as soon as it discovers an error but not later than the commencement of the order matching period for transactions input during the Pre-opening Session, 12:30 p.m. for transactions input during the morning session and 4:00 p.m. for transactions input during the afternoon session.

Direct Business

526. (1) It is the duty of every Exchange Participant conducting direct business transactions within the Pre-opening Session and the trading hours stipulated in Rule 501(1) to input details of such transactions into the System within 15 minutes after the conclusion of the transactions and in any event not later than 10:15 a.m. for transactions concluded in the Pre-opening Session, 12:30 p.m. for transactions concluded in the morning session and 4:00 p.m. for transactions concluded in the afternoon session provided that no such duty exists for transactions concluded by automatic order matching. Any transactions not recorded in the System before the end of trading on a trading day shall be reported to the Exchange within the order input period and the pre-order matching period of the Pre-opening Session or the first 15 minutes of the commencement of the Continuous Trading Session on the next trading day as transactions concluded on that trading day on which the reporting is made provided that if there is no Continuous Trading Session on the next trading day for whatever reason, any such transactions not reported to the Exchange as aforesaid shall be reported to the Exchange not later than the first 15 minutes of the commencement of the first trading session of the next

Continuous Trading Session as transactions concluded during the trading session in which the reporting is made. In respect of a direct business transaction in respect of an issue of a Structured Product concluded for the account of the issuer of the Structured Product or its associates, the Exchange Participant shall, in addition to the above requirements, report to the Exchange in such manner as the Board shall from time to time determine.

- (2) Direct business transactions conducted outside the Pre-opening Session and the trading hours stipulated in Rule 501(1) shall be reported within the first 15 minutes of the commencement of trading on the next trading session as transactions concluded during that trading session on which the reporting has been made provided that if the next trading session is a Pre-opening Session, such direct business transactions shall be reported within the order input period and the pre-order matching period of that Pre-opening Session or the first 15 minutes of the commencement of trading on the first trading session of the next Continuous Trading Session as transactions concluded during the trading session on which the reporting has been made.
- (3) The price of every direct business transaction concluded during the Continuous Trading Session must be within the range of the lowest of twenty-four spreads below the previous closing price, the lowest bid and the lowest ask price up to the time of the transaction on the day and the highest of twenty-four spreads above the previous closing price, the highest bid and the highest ask price up to the time of the transaction on the day. This Rule 526(3) shall not apply to direct business transactions concluded during the Pre-opening Session.

Typhoon and Rainstorm

571. Unless otherwise decided by the Board, the trading and settlement arrangements upon approach and retreat of typhoons and/or issuance and discontinuation of Black Rainstorm Warnings shall be as follows:

(1)	(a) Trading Arrangement Upon Approach/Retreat of Typhoon on all trading days except the eves of Christmas, New Year and Lunar New Year	
(i)	Typhoon Signal No. 8 or above hoisted at any time prior to 9:30 a.m.	<p>Commencement of Trading:</p> <ul style="list-style-type: none"> - From 9:30 a.m. if Signal No. 8 lowered at or before 7:30 a.m. - There will be no trading in the Pre-opening Session if Signal No. 8 lowered after 7:30 a.m. - From 10:00 a.m. if Signal No. 8 lowered at or before 8:00 a.m. - From 10:30 a.m. if Signal No. 8 lowered at or before 8:30 a.m. - From 11:00 a.m. if Signal No. 8 lowered at or before 9:00 a.m. - From 11:30 a.m. if Signal No. 8 lowered at or before 9:30 a.m.

		<ul style="list-style-type: none"> - From 2:30 p.m. if Signal No. 8 lowered at or before 12:00 noon - No trading for the day if Signal No. 8 lowered after 12:00 noon
(ii)	Typhoon Signal No. 8 or above hoisted during the Pre-opening Session	<p>Trading in the Pre-opening Session will continue and:</p> <ul style="list-style-type: none"> - There will be no trading in the morning session and the Extended Morning Session - The afternoon session will commence from 2:30 p.m. if Signal No. 8 is lowered at or before 12:00 noon - There will be no trading in the morning session, the Extended Morning Session and the afternoon session if Signal No. 8 is lowered after 12:00 noon
(iii)	Typhoon Signal No. 8 or above hoisted during morning session	<p>Trading will be terminated 15 minutes after hoisting of Typhoon Signal No. 8 or above, and:</p> <ul style="list-style-type: none"> - There will be no trading in the Extended Morning Session and trading will resume from 2:30 p.m. if Signal No. 8 is lowered at or before 12:00 noon - There will be no trading in the Extended Morning Session and the afternoon session if Signal No. 8 is lowered after 12:00 noon
(iv)	Typhoon Signal No. 8 or above hoisted after close of morning session and before commencement of afternoon session (for the Extended Trading Securities, during the Extended Morning Session)	<p>If there was trading in the morning session, trading in the Extended Morning Session will be terminated 15 minutes after hoisting of Typhoon Signal No. 8 or above and there will be no trading in the afternoon session</p> <p>If there was no trading in the morning session and pursuant to Rule 501B no trading in the Extended Morning Session, there will be no trading in the afternoon session</p>
(v)	Typhoon Signal No. 8 or above hoisted during afternoon session	<p>Trading will be terminated 15 minutes after hoisting of Typhoon Signal No. 8 or above</p> <p>No trading for the rest of the day</p>
(1)	(aa) Trading Arrangement Upon Approach/Retreat of Typhoon on the eves of Christmas, New Year and Lunar New Year	
(i)	Typhoon Signal No. 8 or above hoisted at any time prior to 9:30 a.m.	<p>Commencement of Trading:</p> <ul style="list-style-type: none"> - From 9:30 a.m. if Signal No. 8 lowered at or before 7:30 a.m. - There will be no trading in the Pre-opening Session if Signal No. 8 lowered after 7:30 a.m. - From 10:00 a.m. if Signal No. 8 lowered at or before 8:00 a.m.

		<ul style="list-style-type: none"> - From 10:30 a.m. if Signal No. 8 lowered at or before 8:30 a.m. - From 11:00 a.m. if Signal No. 8 lowered at or before 9:00 a.m. - From 11:30 a.m. if Signal No. 8 lowered at or before 9:30 a.m. - No trading for the day if Signal No. 8 lowered after 9:30 a.m.
(ii)	Typhoon Signal No. 8 or above hoisted during the Pre-opening Session	Trading in the Pre-opening Session will continue and there will be no trading in the morning session
(iii)	Typhoon Signal No. 8 or above hoisted during morning session	Trading will be terminated 15 minutes after hoisting of Typhoon Signal No. 8 or above No trading for the rest of the day

(1)	(b) Trading Arrangement Upon Issuance/Discontinuation of Black Rainstorm Warning	
(ii)	Black Rainstorm Warning issued during Pre-opening Session, morning session or afternoon session	Trading will continue
(iii)	Black Rainstorm Warning issued after close of morning session and before commencement of afternoon session (for the Extended Trading Securities, during the Extended Morning Session)	<ul style="list-style-type: none"> - If there was trading in the morning session, trading will continue in the Extended Morning Session and the afternoon session - If there was no trading in the morning session and pursuant to Rule 501B no trading in the Extended Morning Session, there will be no trading in the afternoon session