

## CHAPTER 15

### SPECIAL PARTICIPANTS

#### **Cross-boundary Trading Links**

1501. This Chapter sets out the provisions that apply to Special Participants in relation to the trading of SEHK Securities as part of the order-routing arrangements between the Exchange and a China Connect Market Operator to enable the relevant China Connect Market Participants and their clients to trade in securities listed on the Exchange, for the purpose of facilitating cross-boundary mutual market access and connectivity.

#### **Special Participants and Order-routing Service for China Connect Market Participants**

1502. (1) Subject to these Rules, a Special Participant may provide services to China Connect Market Participants by routing orders in SEHK Securities placed by them or their clients to the System for automatic order matching.
- (2) As part of the order-routing services referred to in Rule 1502(1), a Special Participant may:
- (a) receive confirmations issued by the Exchange in respect of the receipt, rejection and cancellation of orders placed through it;
  - (b) receive confirmations issued by the Exchange in respect of the Exchange Trades executed through it; and
  - (c) transmit confirmations referred to in Rules 1502(2)(a) and (b) to the relevant China Connect Market Participants.
1503. A Special Participant shall at all times be fully responsible and liable for all the orders routed to the System through any Special Participant Central Gateway session designated to it irrespective of whether they are executed or not. Where orders are executed on the System, a Special Participant shall bear full responsibility and liability for the relevant Exchange Trades.

#### **Securities Eligible for the Order-routing Service of Special Participants**

1504. Unless otherwise determined by the Exchange, a Special Participant may only route buy and sell orders in SEHK Securities and only sell orders in Special SEHK Securities placed by China Connect Market Participants to the System for automatic order matching for the purpose of its order-routing services or business referred to in Rule 1502.
1505. (1) The Exchange may from time to time determine (after consulting the relevant China Connect Market Operator) which Eligible Securities are eligible for buying and selling through Special Participants (such securities are referred to as “SEHK Securities” in these Rules), and the eligibility

criteria to be applied in making such determination. Different SEHK Securities may be eligible for buying and selling by different Special Participants.

- (2) The Exchange will establish and maintain a list of SEHK Securities referred to in Rule 1505(1) in respect of each Special Participant and will publish it on the HKEX website or by such other means as it considers appropriate.
  - (3) For the avoidance of doubt, China Connect Securities will not be included in the list of SEHK Securities.
- 1506.
- (1) Notwithstanding Rule 1505(1), the Exchange may (after consulting the relevant China Connect Market Operator) accept or designate any Eligible Security (including any Eligible Security not within the scope of Rule 1505(1)) as only eligible for selling and not for buying through Special Participants (such securities are referred to as “Special SEHK Securities” in these Rules). Different Special SEHK Securities may be accepted or designated for selling only by different Special Participants.
  - (2) Where securities are accepted or designated by the Exchange under Rule 1506(1), Special Participants shall not input any order to buy Special SEHK Securities or accept instructions from any China Connect Market Participants or any other persons to buy Special SEHK Securities on the System.
  - (3) [Repealed]
  - (4) For the avoidance of doubt, China Connect Securities will not be accepted or designated as Special SEHK Securities.
  - (5) Unless the context otherwise requires, any reference in these Rules to “SEHK Securities” shall include “Special SEHK Securities”.

#### **Eligibility Criteria for Special Participants**

1507. A person applying to the Exchange to be admitted as a Special Participant must satisfy the following criteria:
- (1) be a company limited by shares incorporated in Hong Kong;
  - (2) be an ATS provider authorised by the Commission under section 95(2) of the Ordinance;
  - (3) be a subsidiary of a China Connect Market Operator and be duly authorised by all relevant regulators in Mainland China to provide order-routing services on the Exchange for the relevant China Connect Market Participants;
  - (4) be of good financial standing and integrity;
  - (5) meet any financial resources requirements and other conditions under the

Ordinance or as specified by the Commission, including in relation to the authorisation of the Special Participant as an ATS provider by the Commission;

- (6) have entered into a valid, binding and effective clearing agreement with a China Connect Clearing House duly licensed under applicable laws and acceptable to the Exchange and HKSCC, under which the China Connect Clearing House shall, as a clearing agency participant of HKSCC, assume the obligation to settle all the Exchange Trades entered into by the Special Participant; and
- (7) meet such other requirements for Special Participantship as the Exchange may from time to time prescribe including those set out in Rule 1514 and requirements on additional financial resources as the Exchange may consider appropriate.

1508. For the avoidance of doubt, Stock Exchange Trading Right is not a pre-requisite to admission as a Special Participant.

#### **Application Procedure**

1509. (1) Applications made under Rule 1507 must be in writing and in such form as the Exchange may from time to time prescribe, and must be supported by such documentation and information as the Exchange may require for the assessment of the application. Upon request, an applicant must demonstrate to the satisfaction of the Exchange that it is able to comply with any eligibility criteria including the financial requirements applicable to an ATS provider under the Ordinance or as specified by the Commission in relation to the authorisation of the Special Participant as an ATS provider.

- (2) The Exchange's decision in respect of an application shall be final and conclusive, and admission may be granted subject to such terms and conditions as the Exchange may consider appropriate. Where an application is rejected, the Exchange is not obliged to give any reasons for its decision.

1510. An applicant shall become a Special Participant when its name is included in the Register of Special Participants. The Exchange will publish the Register of Special Participants on the HKEX website or by such other means as it considers appropriate.

#### **Special Participant Central Gateway session**

1511. (1) In order to access the System for trading in the SEHK Securities, a Special Participant may apply to the Exchange for:

- (a) [Repealed]
- (b) one or more Special Participant Central Gateway sessions to connect to the system of the Special Participant in Mainland China used for

the routing of orders from the China Connect Market Participants.

- (2) (a) [Repealed]
- (b) A Special Participant with a Special Participant Central Gateway session designated to it may apply to the Exchange for an increase in the throughput rate of a Special Participant Central Gateway message into the System through the Special Participant Central Gateway session. Any increase in the throughput rate shall be for a standard Central Gateway throttle rate or multiples of a standard Central Gateway throttle rate.
- (3) Notwithstanding the approval of the application of a Special Participant Central Gateway session under Rule 1511(1)(b) by the Exchange, the Exchange has the right to suspend, withdraw, or revoke a Special Participant's use of a Special Participant Central Gateway session designated to it, or its access to the System on such terms and for such period as the Exchange thinks fit, whether requested by the Special Participant or not.

1512. [Repealed]

**Backup Special Participant Central Gateway session**

- 1512A. (1) Subject to Rule 1513, a Special Participant which has connected to a Special Participant Central Gateway session to access the System may apply to the Exchange for a Backup Special Participant Central Gateway session provided that the number of Backup Special Participant Central Gateway sessions applied for by the Special Participant must not exceed the number of its Special Participant Central Gateway sessions connected to the System. Each Backup Special Participant Central Gateway session shall be assigned with the same number of standard Central Gateway throttle rate as that assigned to the Special Participant Central Gateway session for which it serves as backup.
  - (2) Notwithstanding anything to the contrary contained in these Rules, upon activation of a Backup Special Participant Central Gateway session by the Special Participant, such Backup Special Participant Central Gateway session shall for the purposes of these Rules be deemed to be a Special Participant Central Gateway session as defined and shall be used as such by the Special Participant until such time as it is returned by the Special Participant to a "non-trading" mode.
1513. (1) A Special Participant which has a Special Participant Central Gateway session or a Backup Special Participant Central Gateway session designated to it shall comply with such terms and conditions and pay such fees and charges as specified by the Exchange from time to time.
- (2) A Special Participant shall be solely responsible and liable for the granting, monitoring and supervision of access to any Special Participant Central Gateway session and Backup Special Participant Central Gateway session designated to it.

- (3) A Special Participant shall ensure that only the Special Participant and its Authorized Persons, as the case may be, can have access to and operate any Special Participant Central Gateway session and Backup Special Participant Central Gateway session designated to it.
- (4) [Repealed]
- (5) A Special Participant shall ensure that its system in Mainland China used for the routing of orders from the China Connect Market Participants is operated in such a way as not to affect the proper functioning of the System.

### **Continuing Obligations of Special Participants**

1514. A Special Participant shall at all times:

- (1) comply with the eligibility criteria set out in Rule 1507;
- (2) comply with and be bound by these Rules as in force from time to time and all procedures, requirements, regulations, conditions and guidance published by the Exchange pursuant to these Rules;
- (3) comply with all applicable laws in the conduct of its business and the order-routing services referred to in Rule 1502 including but not limited to the applicable rules, regulations and interpretations promulgated or issued by the CSRC and the relevant China Connect Market Operator from time to time;
- (4) pay when due all amounts required by the Exchange including but not limited to fees, levies, duties, charges and fines, in such currency and at such exchange rate as specified by the Exchange from time to time;
- (5) have, to the satisfaction of the Exchange, adequate personnel, operational capability, systems, facilities, equipment and controls in place to carry out the order-routing services referred to in Rule 1502 and its obligations under these Rules; and
- (6) cause all Exchange Trades to be settled through CCASS in accordance with the HKSCC Rules.

1515. (1) A Special Participant shall only allow those China Connect Market Participants who have satisfied any eligibility criteria (including technical standards, system, risk management and client documentation requirements) from time to time prescribed by it or the relevant China Connect Market Operator to place orders through its order-routing services. A Special Participant shall require China Connect Market Participants to pass such system testing requirements, market readiness rehearsals and market contingency rehearsals as it may from time to time prescribe before allowing them to place orders in SEHK Securities through its order-routing services.
- (2) A Special Participant shall require China Connect Market Participants that

trade through it to comply with all applicable laws and its requirements in connection with the trading of SEHK Securities when making its order-routing services available to them.

- (3) A Special Participant shall provide appropriate guidance to China Connect Market Participants that trade through it and their clients to enable them to understand the Hong Kong securities market, their investment objectives, the order and trade flow arrangements, the legal and regulatory framework and other related matters and requirements relating to the use of its order-routing services and the risks associated in trading and investing in SEHK Securities. A Special Participant shall require China Connect Market Participants who trade through it to enter into an agreement with those clients who wish to invest in SEHK Securities to set out their respective rights and obligations and to adequately disclose the risks associated with investing in SEHK Securities.
- (4) A Special Participant shall make appropriate arrangements to require its China Connect Market Participants that trade through it to comply with, and to require those China Connect Market Participants to remind its clients to comply with, all applicable laws and requirements in connection with the use of its order-routing services and the trading of and investment in SEHK Securities. A Special Participant shall also require China Connect Market Participants to alert their clients of the risks associated with investing in SEHK Securities.
- (5) A Special Participant shall report to the Exchange promptly if any major incident or event has occurred which may materially affect its order-routing services or business. Such report should describe the incident or event, explain the reason for its occurrence, the current status, impact on the Special Participant's order-routing services and the actions or measures that need to be taken to address the incident or event.
- (6) Where the Exchange has provided market data on SEHK Securities to a Special Participant and China Connect Market Participants, the Special Participant shall not, and shall ensure that China Connect Market Participants shall not, disseminate such market data to third parties other than to their clients or other authorized persons, or allow any third parties other than their clients or other authorized persons to use such market data. The Special Participant shall also require China Connect Market Participants to monitor the use of the market data by their clients and other authorized persons, and to report any breach of usage to the Special Participant, who shall promptly inform the Exchange upon receipt of such report. Further, the Special Participants and China Connect Market Participant shall not develop any indices or other products based on such market data.
- (7) Where a Special Participant is aware of any acts of or potential market misconduct as referred to in Rule 545, it shall notify the Exchange promptly.
- (8) Upon request by the Exchange and subject to applicable laws, a Special Participant shall cooperate with and assist the Exchange in any enquiry or investigation regarding suspected breaches of Rule 545 and other provisions

in this Chapter 15.

- (9) Except permitted under Rule 4206(3) of the HKSCC Rules or where the CSRC otherwise provides or allows, Special Participants and their China Connect Market Participants shall not trade or provide services to facilitate trading of any SEHK Securities held within the relevant China Connect Clearing House through any venue other than through the System, and a Special Participant shall not, and shall ensure that its China Connect Market Participants shall not, match, execute or arrange the execution of any sale and purchase instructions or any transfer instructions of China Connect Market Participants or their clients in respect of any SEHK Securities in any manner otherwise than through the System.
- (10) A Special Participant shall, in accordance with the requirements of the Exchange, provide reports on its business operation in respect of the order-routing services referred to in Rule 1502.

1516. For the purpose of assuming the obligation to settle all Exchange Trades of a Special Participant, the China Connect Clearing House under the clearing agreement referred to in Rule 1507(6) shall become a party to the Exchange Trades as principal in substitution for, and with exactly the same rights and obligations under such Exchange Trades, as the Special Participant. A Special Participant shall give at least seven days' prior notice in writing to the Exchange of the termination of such clearing agreement before the effective date of the termination, unless the China Connect Clearing House has already given notice to terminate such clearing agreement to HKSCC in accordance with the HKSCC Rules.
1517. A Special Participant shall notify the Exchange in writing promptly of any change in any information supplied to the Exchange for its Special Participantship, whether at the time of application or any time thereafter.
1518. It is the duty of a Special Participant and its Authorized Person to keep confidential any passwords and any other credentials or access means to the Special Participant Central Gateway session and Backup Special Participant Central Gateway session.

#### **Nominated Representative and Management of a Special Participant**

1519. A Special Participant must nominate at least one senior executive to act as a nominated representative of the Special Participant. A Special Participant must provide such particulars of the nominated representative as the Exchange may require and promptly notify the Exchange where there is any change in the particulars of the nominated representative.
1520. The responsibilities of a nominated representative are as follows:
  - (1) at all times act as the liaison officer and principal channel of communication between the Exchange and the Special Participant, and to provide the Exchange with his updated contact details; and
  - (2) ensure that whenever he is outside Hong Kong, a suitable person acceptable to the Exchange is appointed as his alternate, whose contact details have

been provided to the Exchange.

1521. If the Exchange is not satisfied that a nominated representative is fulfilling his responsibilities, it may require the Special Participant to nominate another senior executive acceptable to the Exchange as replacement.
1522. A Special Participant shall be responsible for all the acts done, and all the contracts entered into, by its nominated representative and employees and any other persons acting on its behalf in relation to its order-routing business.
1523. (1) In the event that a Special Participant passes a resolution for winding up, or a court order is issued for the appointment of a provisional liquidator or for the winding up of a Special Participant, all the rights and benefits of and in the Special Participant shall immediately be suspended.
- (2) Where an event under Rule 1523(1) occurs, the receiver or liquidator (as the case may be) who has been given full charge and power over the assets of a Special Participant shall abide by these Rules and any decision of the Exchange as if he were the Special Participant concerned, except that the receiver or liquidator shall not be entitled to be registered as a Special Participant.
1524. A Special Participant shall notify the Exchange in writing of any business which it intends to engage in other than the order-routing business referred to in Rule 1502. Without prejudice to the foregoing, a Special Participant shall give reasonable advance notice to the Exchange of the commencement, suspension, cessation and recommencement of any business in which it engages or intends to engage other than the order-routing business.
1525. Unless otherwise determined by the Exchange, where any sum of money is deposited with the Exchange by a Special Participant under these Rules or otherwise, for general or specific purposes, no interest shall be payable in respect of such deposit.

### **Trading**

1526. All orders in SEHK Securities submitted to or executed on the System through the order-routing services provided by a Special Participant shall be subject to these Rules, the procedures specified by the Exchange and the applicable laws of Hong Kong from time to time in force.
1527. Unless the Exchange otherwise determines, all orders input or transmitted into the System through a Special Participant Central Gateway session or a Backup Special Participant Central Gateway session shall be deemed to be orders placed by a Special Participant and shall be valid and binding on the Special Participant.
1528. (1) Unless otherwise determined by the Exchange, the following Rules in Chapter 5 apply to a Special Participant, orders placed by it and trades executed by it:
- 501 (Trading Hours)  
501G, 501H and 501I (Pre-opening Session)



501L and 501M (Closing Auction Session)  
 502A (Cancellation of orders)  
 502D (Trading of automatch stocks during the Pre-opening Session and the Closing Auction Session)  
 503 and 504 (Opening Quotations)  
 505, 505A, 506A, 507A, 508, 511 and 512 (Quotations) and Second Schedule (Spread Table)  
 513A, 513B and 513C (Volatility Control Mechanism)  
 514, 516 and 516A (Odd Lot and Special Lot Quotations)  
 517(1), 517(4), 517(6), 518, 519, 522 (Transactions)  
 528 (Day-end Review of Sales/Purchases)  
 544(1), 544(3), 544(4) (Transactions not Recognized)  
 545 (Market Misconduct, etc.)  
 551 (Equipment Failure)  
 564, 566 and 567 (Disputes)  
 569 (Power of the Board to Investigate and Demand Documents)  
 569A, 569B (Disclosure of Information)  
 571 (Typhoons, Extreme Conditions and Rainstorms)  
 572 and 573 (Emergency)  
 574 (Settlement under CCASS)

- (2) For the avoidance of doubt, a Special Participant shall not engage in securities borrowing and lending, and short selling of SEHK Securities.

1529. All transactions in SEHK Securities shall be settled via CCASS as Exchange Trades, and delivery and settlement in relation to such transactions shall be effected in accordance with the HKSCC Rules.

#### **Securities Account Number (SAN)**

- 1529A. (1) A Special Participant shall have in place an arrangement with the Exchange such that the China Connect Clearing House will submit the SAN-YMT Mapping File to the Exchange on each trading day on which the order-routing services referred to in Rule 1502(1) are available.
- (2) When inputting an order into the System, a Special Participant shall include the corresponding SAN of the China Connect Market Participant (for its principal or proprietary trading) or the client of the China Connect Market Participant in such manner as the Exchange may from time to time prescribe.
- (3) In addition to any other powers that the Exchange may have under these Rules, the Exchange may at any time require a Special Participant to provide the Exchange with such information as it may request to assess whether there is, or the extent of, any non-compliance with the requirements set out in this Rule 1529A.

#### **Quotas on the Trading of SEHK Securities**

1530. Relevant governmental or regulatory bodies may impose quotas on the trading of SEHK Securities by China Connect Market Participants or the order-routing services of a Special Participant from time to time depending on market conditions

and readiness, the level of cross-boundary fund flows, stability of the markets and other factors and considerations. Where quotas are imposed, the Special Participant shall comply with the relevant quota limits and all applicable laws, and shall ensure that appropriate arrangements are made to:

- (1) monitor the level of quota utilisation and the balance of available quota;
- (2) require China Connect Market Participants to comply at all times with all applicable laws and quota restrictions and arrangements, including restrictions and arrangements which the Exchange may from time to time consider appropriate.

1531. Where quotas are imposed by any relevant governmental or regulatory bodies referred to in Rule 1530:

- (1) the Special Participant shall publish the quota utilization and the quota balance on each trading day; and
- (2) the Special Participant shall not submit orders on, and shall be restricted from trading in, SEHK Securities once the quota limits are reached, provided that sell orders will not be restricted or rejected so long as the Exchange considers it appropriate to continue to process and accept sell orders.

1532. Where quotas are imposed by any relevant governmental or regulatory bodies referred to in Rule 1530, the Exchange has absolute discretion to take all such actions, steps or measures as it considers necessary or appropriate to facilitate compliance with the relevant quota requirements and restrictions. A Special Participant shall comply with all such actions, steps or measures as are taken or required by the Exchange.

#### **Breach of Rules**

1533. In addition and without prejudice to the Exchange's powers under these Rules, where a Special Participant is or may be in breach of these Rules or any requirements set out in this Chapter 15, the Exchange may:

- (1) issue warnings (verbal or in writing) to the Special Participant;
- (2) direct the Special Participant to rectify or remedy the breach;
- (3) conduct enquiries or investigations in respect of the suspected breach;
- (4) issue a private or public censure or criticism against the Special Participant; and/or
- (5) impose any other regulatory or disciplinary measures as the Exchange considers appropriate, including but not limited to reporting the matter to the Commission or any relevant governmental or regulatory bodies.

#### **Record Keeping, Disclosure of Information and Publication of Trade Information**

1534. A Special Participant shall keep proper books and records of all orders submitted by it, the Exchange Trades executed by it and the related instructions from China Connect Market Participants, and shall take appropriate measures to require its China Connect Market Participants to keep information and documents relating to their clients' instructions, orders or account, including the related SAN, for a period of not less than 20 years.
1535. (1) Upon the request of the Exchange, a Special Participant shall promptly provide the Exchange with information as it may from time to time require for the purposes of these Rules or for the performance of its functions under applicable laws.
- (2) A Special Participant shall, upon the request of the Board or any designated HKEX staff, disclose or cause the relevant China Connect Market Operator to disclose to the Board or such designated HKEX staff within such period as is specified by the Board, information regarding a China Connect Market Participant whose instruction the Special Participant has acted on in the placing of an order. Such information includes the identity, address and contact details of:
- (a) the China Connect Market Participant;
  - (b) the person or entity ultimately responsible for providing the instruction to the China Connect Market Participant;
  - (c) the dealing control procedures of the Special Participant; and
  - (d) such other information as the Board or any designated HKEX staff may request.
1536. (1) The Exchange may provide information regarding a Special Participant (including the SAN-YMT Mapping File and any order submitted by it with the related SAN) to the Commission, any recognized exchange company under the Ordinance, any clearing house, any recognized exchange controller and any company of which a recognized exchange controller is a controller, and the provision of such information shall not be treated as publication under the law of defamation, and the Exchange and a recognized exchange controller which is the controller of the Exchange shall not incur any liability as a consequence of providing any such information.
- (2) The Commission may demand from the Exchange such information, including information relating to the affairs of any Special Participant, as the Commission may reasonably require for the performance of its statutory functions, and the provision of such information by the Exchange shall not be treated as publication under the law of defamation, and the Exchange and a recognized exchange controller which is the controller of the Exchange shall not incur any liability as a consequence of providing any such information.

- (3) In addition to other powers which the Exchange may have in these Rules, the Exchange may require a Special Participant to require China Connect Market Participants to provide it with information on their clients' profiles, the types and value of orders and the Exchange Trades executed for them at such intervals and in such form as the Exchange may specify from time to time.
- (4) Without prejudice to any other rights which it may have to disclose information in its possession, the Exchange may, in such manner and form and at such intervals as it considers appropriate, publish, disseminate or publicly distribute aggregated information in respect of Exchange Trades concerning SEHK Securities, trading volumes, investor profiles and other related data, provided that the identities of investors and China Connect Market Participants cannot reasonably be determined from the information published, disseminated or publicly distributed by the Exchange.

### **Exchange's Power to Carry Out Inspection**

1537. Where appropriate and as required by the Exchange, the Exchange may conduct audits or inspections on the affairs of Special Participants and the internal controls and systems (including risk management measures, system maintenance and security arrangements and operational procedures and rules) which Special Participants have put in place to comply with these Rules and applicable laws.

### **Suspension of Access to the System or Special Participantship**

1538. (1) The Exchange may suspend or restrict a Special Participant's participantship in the Exchange or its access to the System in its sole and absolute discretion when in the Exchange's opinion, suspension or restriction is necessary to ensure the existence of a fair, informed and orderly market or for the purpose of complying with applicable laws. Suspension or restriction may be in respect of a Special Participant's ability to access the System or to place buy or sell orders in all or any SEHK Securities and for such duration and frequency as the Exchange may consider appropriate.
- (2) Where the Exchange has serious concerns regarding whether a Special Participant should continue to be allowed to provide its order-routing services for China Connect Market Participants to trade in SEHK Securities, the Exchange may, subject to applicable laws and the approvals of the relevant governmental and regulatory bodies and after consulting the relevant China Connect Market Operator, terminate its Special Participantship. In such circumstance, the Exchange and the relevant China Connect Market Operator will cooperate to implement any winding-down arrangements as may be required.
- (3) The circumstances under which the powers under Rules 1538(1) and (2) may be exercised include, without limitation, the following:
- (a) in the judgment of the Exchange, any applicable quota referred to in Rule 1530 may be breached or exceeded;

- (b) in the judgement of the Exchange, a fair, informed and orderly market for the trading of the relevant SEHK Securities may not exist or be maintained (including where investors are unable to access relevant market information), or there is unusual trading of the relevant SEHK Securities;
  - (c) in the judgement of the Exchange, the normal operation of any Trading Link is affected or there are operational or technical issues which must be resolved before access to the System should continue to be made available to a Special Participant or not be restricted;
  - (d) where the Commission, a relevant governmental or regulatory body, competent authority or a China Connect Market Operator has requested that access to the System be suspended or restricted;
  - (e) where the Exchange is notified by HKSCC in writing confirming that there are operational or technical issues in respect of the China Connect Clearing House referred to in Rule 1507(6) which must be resolved before access to the System should continue be made available to a Special Participant;
  - (f) where there is failure, inability or delay of the Special Participant in providing order routing or related services as referred to in Rule 1502, or suspension of operation or business of the Special Participant; and
  - (g) where an error, mistake or delay has occurred in relation to the compilation or publication of the List of SEHK Securities or any other lists concerning SEHK Securities, or the acceptance or designation of Special SEHK Securities which, in the judgement of the Exchange, has affected or may affect the normal or continued operation of the relevant Trading Link.
- (4) The Exchange shall not be responsible or held liable for any loss or damage suffered directly or indirectly by a Special Participant, a China Connect Market Participant or its client, or any third parties arising from or in connection with the Exchange making, amending or enforcing these Rules, or any action taken by it in the discharge of its supervisory or regulatory obligations or functions including any action taken to deal with abnormal trading conduct or activities.

#### **Resignation of a Special Participant**

1539. No person may resign as a Special Participant except with the prior written approval of the Exchange which may be given subject to any conditions that the Exchange thinks fit. Pending such approval, these Rules shall continue to bind a Special Participant which has given notice of resignation as if such notice had not been given, and the jurisdiction of the Exchange over the Special Participant, its business, affairs and employees shall in no way be affected by such notice. Where a Special Participant resigns pursuant to this Rule 1539, the Exchange and the relevant China Connect Market Operator will cooperate to implement any winding-down arrangements as may be required.

## **Interpretation**

1540. Chapter 1 of these Rules applies to the interpretation of this Chapter 15.

## **Application of the Other Chapters and Schedules to Special Participants**

1541. For clarity and for ease of reference, the following shall apply to Special Participants to the extent as set out below:

- (1) Chapters 1 (Interpretation), 2 (Administration), 6 (Professional Conduct), 7 (Disciplinary), Chapters 8 (Payment of Fees and Charges), 10 (Special Levy), 11 (Transaction and Investor Compensation Levies), 13 (Stamp Duty Collection) apply to Special Participants as set out therein;
- (2) Chapters 3 (Exchange Participants), 3A (Stock Exchange Trading Rights), 4 (Financial Resources Rules and Accounting Requirements), 9 (Exchange Participants' Compensation), 12 (Investors' Compensation (Unified Exchange Compensation Fund)) do not apply to Special Participants;
- (3) Except as set out in this Chapter 15, Chapter 5 (Trading) does not apply to Special Participants;
- (4) the Second Schedule (Spread Table) and Third Schedule (Currencies Table) apply to Special Participants; and
- (5) the Sixth Schedule (Securities Borrowing and Lending Regulations), Eleventh Schedule (Short Selling Regulations), Fourteenth Schedule (Securities Market Maker Obligations), Fifteenth Schedule (Designated Index Arbitrage Short Selling, Stock Futures Hedging Short Selling, Structured Product Hedging Short Selling and Options Hedging Short Selling Regulations), Eighteenth Schedule (Structured Product Liquidity Provider Regulations) and Nineteenth Schedule (Dual Counter Market Maker Regulations) do not apply to Special Participants.

## **No Participation in Unified Exchange Compensation Fund**

1542. Special Participants have no right to participate in the Compensation Fund (as defined in Rule 1201). China Connect Market Participants or investors trading through a Special Participant have no entitlement to make any claim for any compensation under the Unified Exchange Compensation Fund.

## **No Application of the Legislative Council Ordinance**

1543. Pursuant to Section 20U of the Legislative Council Ordinance, Special Participants shall not be regarded as "exchange participants" for the purposes of the Legislative Council Ordinance.