

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: Amendments to the Rules of the Exchange and the Disciplinary Procedures of The Stock Exchange of Hong Kong Limited (“SEHK”)

Enquiry: Participant General Enquiry Hotline¹ (Tel: 2840 3626 E-mail: trd@hkex.com.hk)

Holders of Stock Exchange Trading Rights and Exchange Participants of SEHK are requested to note that the Securities and Futures Commission has approved amendments to the Rules of the Exchange and the Disciplinary Procedures of SEHK for the purposes of (i) facilitating the implementation of a listing regime for special purpose acquisition companies (each, a “SPAC”) in Hong Kong and (ii) extending the application of the enforcement measures relating to the compliance of the investor eligibility requirement relating to SPAC securities to that relating to STAR shares, ChiNext shares and debt securities listed on the Exchange under Chapter 37 of the Rules Governing the Listing of Securities on the Exchange.

The amendments, as set out in Appendices 1 and 2, will come into effect on Saturday, 1 January 2022.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- [“Rule Update - Rules of the Exchange”](#)
- [“Rule Update - Disciplinary Procedures”](#)

Florence Leung
Head of Legal

¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

Rules of the Exchange

CHAPTER 1

INTERPRETATION

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

“SPAC Exchange Participant”	means an Exchange Participant which is registered as a SPAC Exchange Participant by the Exchange;
“SPAC Share”	has the same meaning as in Chapter 18B of the Main Board Listing Rules;
“SPAC Warrant”	has the same meaning as in Chapter 18B of the Main Board Listing Rules;
“special purpose acquisition company” or “SPAC”	has the same meaning as in Chapter 1 of the Main Board Listing Rules;

CHAPTER 5

TRADING

Operational Trading Rules

SPAC Shares and SPAC Warrants

592. Only professional investors are allowed to buy SPAC Shares and SPAC Warrants listed on the Main Board.

SPAC Exchange Participants

593. (1) Only SPAC Exchange Participants may conduct trading of SPAC Shares and SPAC Warrants.
- (2) An Exchange Participant may apply to the Exchange for permission to be registered as a SPAC Exchange Participant. The application must be made in writing in such form as the Exchange may from time to time prescribe.
- (3) The Exchange may from time to time prescribe the eligibility criteria (including relevant controls and procedures) for Exchange Participants to be accepted for registration and to remain registered as SPAC Exchange Participants.

- (4) The Exchange's decision in respect of an application shall be final and conclusive, and approval may be given 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.
- (5) The Exchange may publish a list of the SPAC Exchange Participants registered from time to time on the HKEX website or by such other means as it considers appropriate.
- (6) Each SPAC Exchange Participant shall implement appropriate and effective measures and take reasonable steps to ensure compliance with Rule 592, including but not limited to (a) not accepting any instruction to buy SPAC Shares or SPAC Warrants or inputting any buy order for SPAC Shares or SPAC Warrants for any direct client of the SPAC Exchange Participant unless it is reasonably satisfied that the client is a professional investor; and (b) where such client is (i) an intermediary (as defined in the Ordinance); or (ii) a person which carries on business outside Hong Kong in an activity in respect of which it is regulated overseas and which, if carried on in Hong Kong, would constitute a regulated activity under the Ordinance, requiring such client to ensure that only professional investors are allowed to buy SPAC Shares and SPAC Warrants.
- (7) Without prejudice to the power of the Exchange to prescribe the eligibility criteria under Rule 593(3), if a SPAC Exchange Participant has failed to comply with the prescribed criteria or requirements under Rule 593(3) or Rule 593(6) or, in the opinion of the Exchange, any of the prescribed criteria or requirements are not properly followed by a SPAC Exchange Participant, the Exchange may by notice prohibit the SPAC Exchange Participant from conducting trading of SPAC Shares and SPAC Warrants or impose such restrictions or conditions as appropriate. Where any such restriction or condition is imposed, the Exchange has absolute discretion to take all such actions, steps or measures as it considers necessary or appropriate to ensure or facilitate compliance with such restriction or condition including, without limitation, the following:
 - (a) requiring the SPAC Exchange Participant to take such actions or measures as may be necessary to remedy or rectify any non-compliance or to prevent any further non-compliance;
 - (b) in circumstances where Rule 593(3) or Rule 593(6) is or may be breached, issuing a compulsory order to the SPAC Exchange Participant requiring the SPAC Exchange Participant to unwind any settled position in the relevant SPAC Shares or SPAC Warrants within such period as the Exchange may specify; and
 - (c) commence disciplinary action against the SPAC Exchange Participant for its failure to comply with Rule 593(3) or Rule 593(6).

Resignation as a SPAC Exchange Participant

594. (1) An Exchange Participant may at any time give the Exchange written notice of its intention to resign as a SPAC Exchange Participant.
- (2) Where a notice under Rule 594(1) is given to the Exchange, the resignation of the SPAC Exchange Participant shall be subject to such conditions as the Exchange considers appropriate and shall take effect only after the Exchange has notified its approval in writing, the date on which the resignation is to take effect and any applicable conditions. Pending such approval and before the specified effective date, the SPAC Exchange Participant shall continue to be bound by all relevant provisions of Rule 593.

CHAPTER 7

DISCIPLINARY

Disciplinary Powers

701. (1) For the purpose of these disciplinary rules, the word "Exchange Participant" includes, where the context admits, a Responsible Officer, director, partner, Authorized Person, officer, employee, agent, representative and persons acting on behalf of an Exchange Participant, Market Maker, Securities Market Maker, Structured Product Hedging Participant, and/or Structured Product Liquidity Provider (as the case may be). For the avoidance of doubt, these disciplinary rules apply to an Exchange Participant where it is registered as a TSF Exchange Participant, a China Connect Exchange Participant and/or a SPAC Exchange Participant.

Disciplinary Procedures

PART II

DISCIPLINARY PROCEDURES

1. Offences to be Dealt with under the Standard Penalty Procedures and Offences to be Dealt with by Hearings

1.1 The following are classified as "offences to be dealt with under the Standard Penalty Procedures":-

1.1.7 failure of an Exchange Participant to be a licensed corporation or deemed to be a licensed corporation licensed to carry on Type 1 regulated activity under the Securities and Futures Ordinance as required under Rule 302(2);

1.1.8 failure of a Special Participant to be an ATS provider authorised by the Commission under section 95(2) of the Ordinance as required under Rule 1507(2); and

1.1.9 failure of an Exchange Participant, a China Connect Exchange Participant or a SPAC Exchange Participant to comply with the requirements under Rule 525A(2), Rule 14A06(15), Rule 14B06(18) or Rule 593(6), as the case may be, within a 12-month rolling period.

2. Standard Penalty Procedures

2.1 The Enforcement Section or the Disciplinary Section, as the case may be, shall conduct an investigation into any alleged offence to be dealt with under the Standard Penalty Procedures.

2.2.1 [Repealed]

2.2.2 Upon being satisfied that an offence to be dealt with under the Standard Penalty Procedures referred to in Clause 1.1.6 of Part II has been committed, the Disciplinary Section or the Enforcement Section, as the case may be, shall issue a letter to the Exchange Participant, advising that the penalty as prescribed for that particular offence or offences in the Schedule of Penalties has been imposed and shall be paid within the period stipulated in the letter. In the letter, it shall be clearly stated that the Exchange Participant, if it so wishes, may request the matter be dealt with by a hearing before the Disciplinary Committee within the time limit stipulated in the letter.

2.2.3 [Repealed]

2.2.4 Upon being satisfied that an offence to be dealt with under the Standard Penalty Procedures referred to in Clauses 1.1.7 and 1.1.8 of Part II has

been committed, the Disciplinary Section or the Enforcement Section, as the case may be, shall issue a letter to the Participant, advising that the penalty as prescribed for that particular offence in the Schedule of Penalties would be imposed at the date stipulated in the letter. In the letter, it shall be clearly stated that the Participant, if it so wishes, may request the matter be dealt with by a hearing before the Disciplinary Committee within the time limit stipulated in the letter.

- 2.2.5 Upon being satisfied that an offence to be dealt with under the Standard Penalty Procedures referred to in Clause 1.1.9 of Part II has been committed, the Disciplinary Section or the Enforcement Section, as the case may be, (i) shall issue a Warning Letter to the Exchange Participant for the first offence, warning that in case of any repeated offence, the penalty as prescribed for that particular offence in the Schedule of Penalties would be imposed; or (ii) shall issue a letter to the Exchange Participant for any repeated offence, advising that the penalty as prescribed for that particular offence in the Schedule of Penalties has been imposed and shall be paid within the period stipulated in the letter. In the letter or Warning Letter, it shall be clearly stated that the Exchange Participant, if it so wishes, may request the matter be dealt with by a hearing before the Disciplinary Committee within the time limit stipulated in the letter or Warning Letter.
- 2.3.1 If in response to a letter of Warning Letter, as the case may be, issued by the Enforcement Section or the Disciplinary Section under Clause 2.2.2, 2.2.4 or 2.2.5 of Part II, the Participant requests that the matter be referred to the Disciplinary Committee, the Enforcement Section shall handle the case in accordance with the Procedures for Offences To Be Dealt With By Hearings thereafter leading to a hearing before the Disciplinary Committee.
- 2.3.2 [Repealed]
- 2.3.3 [Repealed]
- 2.4 The Disciplinary Committee may after hearing the matter referred to it in accordance with Clause 2.3.1 of Part II, in addition to any penalty which it may impose, order the Participant charged to pay the standard penalty prescribed in the Schedule of Penalties.
- 2.5 A Participant may at any time after having requested the matter to be referred to the Disciplinary Committee admit the offence to be dealt with under the Standard Penalty Procedures and pay the penalty prescribed in the Schedule of Penalties for the offence or offences with which it had been charged.

SCHEDULE OF PENALTIES

9. Failure of an Exchange Participant, a China Connect Exchange Participant or a SPAC Exchange Participant to comply with the requirements under Rule 525A(2), Rule 14A06(15), Rule 14B06(18) or Rule 593(6), as the case may be, within a 12-month rolling period:-

- for the first offence, issuance of a Warning Letter;
- for the second offence, an imposition of a fine of \$25,000;
- for the third offence, an imposition of a fine of \$50,000;
- any subsequent offence to be treated as an offence to be dealt with by hearings in accordance with the Procedures For Offences To Be Dealt With By Hearings.