

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: **Changes to Quotation Rules for Exchange Traded Products**

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The Stock Exchange of Hong Kong Limited (the “Exchange”) is pleased to announce changes to the quotation rules (the “quotation rules changes”) for Exchange Traded Products¹ (“ETP”). The quotation rules changes will go into effect alongside Hong Kong Investor Identification Regime (“HKIDR”), tentatively in Q3 - Q4 2022, subject to regulatory approval.

Under the quotation rules changes, all ETP passive orders inputted into the Orion Trading Platform – Securities Market (the “system”) during Continuous Trading Session (“CTS”) shall be within the specified price range. Any orders outside the specified price range will be rejected by the system. In addition, ETP transactions (including direct business transactions) concluded outside the system by EPs during CTS shall also follow the quotation rules changes. Illustration of the quotation rules changes are set out in **Attachment 1**. Detail amendments to the quotation rules will be announced in due course, subject to regulatory approval.

To allow EPs to familiarize with the quotation rules changes, an End-to-End (“E2E”) Test Session will be arranged from **16 May 2022 to 15 July 2022**, under the same period for the HKIDR E2E Test Session. This E2E testing for the quotation rules changes is optional and no prior registration is needed. Details of E2E Test Session can also be found in the Exchange circular (Ref. No: [CT/030/22](#)) regarding the HKIDR E2E test arrangement.

¹ Exchange Traded Products include Exchange Traded Funds and Leveraged and Inverse Products

For enquiries relating to the E2E Test Session, please contact Participant General Enquiry Hotline at 2840 3626 or email trd@hkex.com.hk. For other enquiries, please email ETFs@hkex.com.hk.

Brian Roberts
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This circular has been issued in the English language with a separate Chinese language translation. If there is any conflict in the circulars between the meaning of Chinese words or terms in the Chinese language version and English words in the English language version, the meaning of the English words shall prevail.

Attachment 1

Illustration:

1. Opening Quotation during CTS for ETPs should follow below price limits:

(i) If there is no first ask of the day,

Order Type	Proposed ETP Lower Price Limit for Passive Buy Orders
Limit Order	First bid price, the lower of: 1. Previous close price - 24 spreads; or 2. Previous close price - 3.50%, rounded up to the nearest spread.
Enhanced Limit Order	

(ii) If there is no first bid of the day,

Order Type	Proposed ETP Upper Price Limit for Passive Sell Orders
Limit Order	First ask price, the higher of: 1. Previous close price +24 spreads; or 2. Previous close price +3.50%, rounded down to the nearest spread.
Enhanced Limit Order	

(iii) The first bid price and first ask price must not deviate 9 times or more from the previous close.

2. Quotations other than the Opening Quotation during CTS for ETPs should follow below price limits:

a. For buy orders:

(i) With existing buy and sell order queues:

Order Type	Proposed ETP Lower Price Limit for Passive Buy Orders
Limit Order	The lower of: 1. Current bid price - 24 spreads; or 2. Current bid price - 3.50%, rounded up to the nearest spread.
Enhanced Limit Order	The lower of: 1. Current bid price - 24 spreads; or 2. Current bid price - 3.50%, rounded up to the nearest spread.

(ii) With existing sell order queue only:

Order Type	Proposed ETP Lower Price Limit for Passive Buy Orders
Limit Order	The lower of: 1. Lowest of (current ask price / previous close price / the lowest transacted price of the day) - 24 spreads; or 2. Lowest of (current ask price / previous close price / the lowest transacted price of the day) - 3.50%, rounded up to the nearest spread
Enhanced Limit Order	The lower of: 1. Lowest of (current ask price / previous close price / the lowest transacted price of the day) - 24 spreads; or 2. Lowest of (current ask price / previous close price / the lowest transacted price of the day) - 3.50%, rounded up to the nearest spread

(iii) With existing buy order queue only:

Order Type	Proposed ETP Lower Price Limit for Passive Buy Orders
Limit Order	The lower of: 1. Current bid price - 24 spreads; or 2. Current bid price - 3.50%, rounded up to the nearest spread.
Enhanced Limit Order	

(iv) No existing buy and sell order queues:

Order Type	Proposed ETP Lower Price Limit for Passive Buy Orders
Limit Order	The lower of: 1. Lowest of (last ask price / previous close price / the lowest transacted price of the day) - 24 spreads; or 2. Lowest of (last ask price / previous close price / the lowest transacted price of the day) - 3.50%, rounded up to the nearest spread. Or any price, if both previous close price and the lowest transacted price of the day are not available.
Enhanced Limit Order	

(v) A buy order must not deviate 9 times or more from the nominal price.

b. For sell orders:

(i) With existing buy and sell order queues:

Order Type	Proposed ETP Upper Price Limit for Passive Sell Orders
Limit Order	The higher of: 1. Current ask price + 24 spreads; or 2. Current ask price + 3.50%, rounded down to the nearest spread.
Enhanced Limit Order	The higher of: 1. Current ask price + 24 spreads; or 2. Current ask price + 3.50%, rounded down to the nearest spread.

(ii) With existing buy order queue only:

Order Type	Proposed ETP Upper Price Limit for Passive Sell Orders
Limit Order	The higher of: 1. Highest of (current bid price / previous close price / the highest transacted price of the day) + 24 spreads; or 2. Highest of (current bid price / previous close price / the highest transacted price of the day) + 3.50%, rounded down to the nearest spread.
Enhanced Limit Order	The higher of: 1. Highest of (current bid price / previous close price / the highest transacted price of the day) + 24 spreads; or 2. Highest of (current bid price / previous close price / the highest transacted price of the day) + 3.50%, rounded down to the nearest spread.

(iii) With existing sell order queue only:

Order Type	Proposed ETP Upper Price Limit for Passive Sell Orders
Limit Order	The higher of: 1. Current ask price + 24 spreads; or 2. Current ask price + 3.50%, rounded down to the nearest spread.
Enhanced Limit Order	

(iv) There is no existing buy and sell order queues:

Order Type	Proposed ETP Upper Price Limit for Passive Sell Orders
Limit Order	The higher of: 1. highest of (last bid price / previous close price / the highest transacted price of the day) + 24 spreads; or 2. highest of (last bid price / previous close price / the highest transacted price of the day) + 3.50%, rounded down to the nearest spread.
Enhanced Limit Order	

(v) A sell order must not deviate 9 times or more from the nominal price.

There will be no changes to the existing price limits for Special Limit buy and sell orders.

3. For ETP transactions (including direct business transactions) concluded outside of the System during CTS:

Lower Price Limit: the lowest of (whichever is lower (previous close price – 24 spreads or previous close price - 3.50% (rounded up to nearest spread)), the lowest bid price and the lowest ask price up to the time of the transaction on the day).

Upper Price Limit: the highest of (whichever is higher (previous close price + 24 spreads or previous close price + 3.50% (rounded down to nearest spread)), the highest bid price and the highest ask price up to the time of the transaction on the day).