

Rules of the Exchange

CHAPTER 5

TRADING

Operational Trading Rules

Opening Quotations

503. (1) The opening quotation, if made during the Pre-opening Session, shall be made as follows:- the first bid price (where there has been no first ask of the day) or the first ask price (where there has been no first bid of the day) shall not in any case deviate 9 times or more from the previous closing price, if available.
- (2) The opening quotation, if made during the Continuous Trading Session, shall be made in accordance with the following requirements:-

(I) with respect to any automatch stocks other than Exchange Traded Funds-

- (a) where there has been no first ask of the day, the first bid price must be higher than or equal to the previous closing price minus twenty-four spreads ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time;~~ and
- (b) where there has been no first bid of the day, the first ask price must be lower than or equal to the previous closing price plus twenty-four spreads, ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time.~~

provided that such first bid or first ask price shall not in any case deviate 9 times or more from the previous closing price, if available; and

(II) with respect to Exchange Traded Funds-

- (a) where there has been no first ask of the day, the first bid price must be higher than or equal to the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the previous closing price; and

(b) where there has been no first bid of the day, the first ask price must be lower than or equal to the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the previous closing price.

provided that such first bid or first ask price shall not in any case deviate 9 times or more from the previous closing price, if available.

506A. For quotations ~~of any automatch stocks~~ other than the opening quotation, a buy order (other than a buy auction order) may be made during the Continuous Trading Session as follows:-

(1) with respect to any automatch stocks other than Exchange Traded Funds ~~and (where there are existing buy orders and sell orders on the respective primary queues)~~

- (a) a limit order may be made at a price within the range of twenty-four spreads below the current bid price and the current ask price;
- (b) an enhanced limit order may be made at a price within the range of twenty-four spreads below the current bid price and nine spreads above the current ask price; and
- (c) a special limit order may be made at a price higher than or equal to the current ask price.

(1A) with respect to Exchange Traded Funds and where there are existing buy orders and sell orders on the respective primary queues-

- (a) a limit order may be made at a price within the range of (A) the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the current bid price and (B) the current ask price;
- (b) an enhanced limit order may be made at a price within the range of (A) the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the current bid price and (B) nine spreads above the current ask price; and
- (c) a special limit order may be made at a price higher than or equal to the current ask price.

- (2) with respect to any automatch stocks other than Exchange Traded Funds and
~~(where there is no existing buy order on the primary queue)-~~
- (a) a limit order may be made at a price within the range of the current ask price and twenty-four spreads ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time,~~ below whichever is the lowest of the current ask price, the previous closing price and the lowest transacted price of the day;
 - (b) an enhanced limit order may be made at a price within the range of nine spreads above the current ask price and twenty-four spreads ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time,~~ below whichever is the lowest of the current ask price, the previous closing price and the lowest transacted price of the day; and
 - (c) a special limit order may be made at a price higher than or equal to the current ask price.
- (2A) with respect to Exchange Traded Funds and where there is no existing buy order on the primary queue-
- (a) a limit order may be made at a price within the range of (A) the current ask price and (B) the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below whichever is the lowest of the current ask price, the previous closing price and the lowest transacted price of the day;
 - (b) an enhanced limit order may be made at a price within the range of (A) nine spreads above the current ask price and (B) the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below whichever is the lowest of the current ask price, the previous closing price and the lowest transacted price of the day; and
 - (c) a special limit order may be made at a price higher than or equal to the current ask price.
- (3) with respect to any automatch stocks other than Exchange Traded Funds and
~~(where there is no existing sell order on the primary queue),~~ a limit order or an

enhanced limit order may be made at a price higher than or equal to twenty-four spreads below the current bid price.

(3A) with respect to Exchange Traded Funds and where there is no existing sell order on the primary queue, a limit order or an enhanced limit order may be made at a price higher than or equal to the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the current bid price.

(4) with respect to any automatch stocks other than Exchange Traded Funds and (where there is no existing order on both primary queues), a limit order or an enhanced limit order may be made at a price higher than or equal to twenty-four spreads or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time, below whichever is the lowest of the last ask price, the previous closing price and the lowest transacted price of the day provided that if both the previous closing price and the lowest transacted price of the day are not available, a limit order or an enhanced limit order may be made at a price higher than or equal to or lower than the last ask price.

(4A) with respect to Exchange Traded Funds and where there is no existing order on both primary queues, a limit order or an enhanced limit order may be made at a price higher than or equal to the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below whichever is the lowest of the last ask price, the previous closing price and the lowest transacted price of the day provided that if both the previous closing price and the lowest transacted price of the day are not available, a limit order or an enhanced limit order may be made at a price higher than or equal to or lower than the last ask price.

507A. For quotations ~~of any automatch stocks~~ other than the opening quotation, a sell order (other than a sell auction order) may be made during the Continuous Trading Session as follows:-

(1) with respect to any automatch stocks other than Exchange Traded Funds (and where there are existing buy orders and sell orders on the respective primary queues)-

(a) a limit order may be made at a price within the range of twenty-four spreads above the current ask price and the current bid price;

(b) an enhanced limit order may be made at a price within the range of twenty-four spreads above the current ask price and nine spreads below the current bid price; and

- (c) a special limit order may be made at a price lower than or equal to the current bid price.

(1A) with respect to Exchange Traded Funds and where there are existing buy orders and sell orders on the respective primary queues-

- (a) a limit order may be made at a price within the range of (A) the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the current ask price and (B) the current bid price;
- (b) an enhanced limit order may be made at a price within the range of (A) the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the current ask price and (B) nine spreads below the current bid price; and
- (c) a special limit order may be made at a price lower than or equal to the current bid price.

(2) with respect to any automatch stocks other than Exchange Traded Funds (and where there is no existing sell order on the primary queue)-

- (a) a limit order may be made at a price within the range of the current bid price and twenty-four spreads ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time,~~ above whichever is the highest of the current bid price, the previous closing price and the highest transacted price of the day;
- (b) an enhanced limit order may be made at a price within the range of nine spreads below the current bid price and twenty-four spreads ~~or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time,~~ above whichever is the highest of the current bid price, the previous closing price and the highest transacted price of the day; and
- (c) a special limit order may be made at a price lower than or equal to the current bid price.

(2A) with respect to Exchange Traded Funds and where there is no existing sell order on the primary queue-

- (a) a limit order may be made at a price within the range of (A) the current bid price and (B) the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above whichever is the highest of the current bid price, the previous closing price and the highest transacted price of the day;
 - (b) an enhanced limit order may be made at a price within the range of (A) nine spreads below the current bid price and (B) the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above whichever is the highest of the current bid price, the previous closing price and the highest transacted price of the day; and
 - (c) a special limit order may be made at a price lower than or equal to the current bid price.
- (3) with respect to any automatch stocks other than Exchange Traded Funds and ~~(where there is no existing buy order on the primary queue)~~, a limit order or an enhanced limit order may be made at a price lower than or equal to twenty-four spreads above the current ask price.
- (3A) with respect to Exchange Traded Funds and where there is no existing buy order on the primary queue, a limit order or an enhanced limit order may be made at a price lower than or equal to the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the current ask price.
- (4) with respect to automatch stocks other than Exchange Traded Funds and ~~(where there is no existing order on both primary queues)~~, a limit order or an enhanced limit order may be made at a price lower than or equal to twenty-four spreads or, in the case of Market Making Securities, the number of spreads prescribed by the Exchange from time to time, above whichever is the highest of the last bid price, the previous closing price and the highest transacted price of the day provided that if both the previous closing price and the highest transacted price of the day are not available, a limit order or an enhanced limit order may be made at a price lower than or equal to or higher than the last bid price.
- (4A) with respect to Exchange Traded Funds and where there is no existing order on both primary queues, a limit order or an enhanced limit order may be made at a price lower than or equal to the higher of twenty-four spreads or 3.5% or other

percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above whichever is the highest of the last bid price, the previous closing price and the highest transacted price of the day provided that if both the previous closing price and the highest transacted price of the day are not available, a limit order or an enhanced limit order may be made at a price lower than or equal to or higher than the last bid price.

518. The price of every transaction concluded during the Continuous Trading Session (other than that concluded outside of the System in accordance with Rule 518A or 518B) 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 or the Closing Auction Session.
- 518A. The price of every transaction concluded outside of the System 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 518A shall not apply to transactions concluded during the Pre-opening Session or the Closing Auction Session and transactions with respect to Exchange Traded Funds.
- 518B. With respect to Exchange Traded Funds, the price of every transaction concluded outside of the System during the Continuous Trading Session must be within the range of (A) the lowest of (i) whichever is the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the previous closing price, (ii) the lowest bid price up to the time of the transaction on the day and (iii) the lowest ask price up to the time of the transaction on the day and (B) the highest of (i) whichever is the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the previous closing price, (ii) the highest bid price up to the time of the transaction on the day and (iii) the highest ask price up to the time of the transaction on the day. This Rule 518B shall not apply to transactions concluded during the Pre-opening Session or the Closing Auction Session.
526. (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 or the Closing Auction Session and transactions with respect to Exchange Traded Funds.

(3A) With respect to Exchange Traded Funds, the price of every direct business transaction concluded during the Continuous Trading Session must be within the range of (A) the lowest of (i) whichever is the lower of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded up to the nearest spread) below the previous closing price, (ii) the lowest bid price up to the time of the transaction on the day and (iii) the lowest ask price up to the time of the transaction on the day and (B) the highest of (i) whichever is the higher of twenty-four spreads or 3.5% or other percentage prescribed by the Exchange from time to time (rounded down to the nearest spread) above the previous closing price, (ii) the highest bid price up to the time of the transaction on the day and (iii) the highest ask price up to the time of the transaction on the day. This Rule 526(3A) shall not apply to direct business transactions concluded during the Pre-opening Session or the Closing Auction Session.

Options Exchange Participants

576. Notwithstanding Rule 106, the following Rules will not apply to an Exchange Participant in relation to its Exchange Traded Options Business:-

Rules 501 to 511
Rules 514, 516 and 517
Rules 517B, 518 ~~and~~, 518A and 518B
Rules 520 to 530
Rules 544(1) and 544(2)
Rules 552A to 556
Rules 558 to 562
Rules 563A and 563B
Rule 567
Rules 571 to 573
Rule 574(b).

Securities Market Makers

583. Notwithstanding Rule 582, an Exchange Participant acting in the capacity as a Securities Market Maker shall not be subject to the following Rules:

~~Rules 503(2), 506A and 507A (only in relation to such Market Making Security and for such period of time as the Exchange may from time to time prescribe)~~
Rules 514 to 516
Rule 517(4)

Rules 520 to 521

Rules 526(1) to 526(3A)

Rule 527

Rule 576

Structured Product Liquidity Providers

585. Notwithstanding Rule 584, the following Rules will not apply to an Exchange Participant acting in the capacity as a Structured Product Liquidity Provider:

Rule 503

Rules 505A to 507A

Rules 514 to 516A

Rules 518, ~~and 518A~~ and 518B

Rule 526(3) and 526(3A)

Rule 576