

Rules of the Exchange

CHAPTER 1

INTERPRETATION

<u>“Afternoon Session”</u>	<u>means the period in the afternoon during which trading can be conducted on the Exchange as set out in Rule 501(1);</u>
“Continuous Trading Session”	means the trading hours specified in Rule 501(1) and (in respect of the Extended Trading Securities) Rule 501A, comprising the morning session <u>Morning Session</u> (as specified in Rule 501(1)) , the afternoon session <u>Afternoon Session</u> (as specified in Rule 501(1)) and (in respect of the Extended Trading Securities), the Extended Morning Session;
“Extended Morning Session”	means the trading hours immediately after the end of the morning session <u>Morning Session</u> (as specified in Rule 501(1)) to the commencement of the afternoon session <u>Afternoon Session</u> (as specified in Rule 501(1));
<u>“Morning Session”</u>	<u>means the period in the morning during which trading can be conducted on the Exchange as set out in Rule 501(1);</u>
“Pre-opening Session”	means the trading hours from <u>9:30:00</u> a.m. to the commencement of the m <u>Morning s</u> Session at 10:00 a.m. (as specified in Rule 501(1)) , as prescribed by the Board from time to time <u>on a trading day;</u>
<u>“trading hours”</u>	<u>means the hours during which trading can be conducted on the Exchange as set out in Rule 501;</u>

CHAPTER 5

TRADING

Operational Trading Rules

Trading Hours

501. (1) Trading is conducted on every weekday, unless otherwise determined by the Board (excluding Saturdays and public holidays) at the times specified below or at such other times as may be determined by the Chief Executive in consultation with the Chairman and the Commission:-
- (a) The Morning Session shall commence at 9:30 a.m. and end at 12:00 noon;
and
- (b) The Afternoon Session shall commence at 1:30 p.m. and end at 4:00 p.m. provided that with effect from 5 March 2012, the Afternoon Session shall

commence at 1:00 p.m. and end at 4:00 p.m..

Morning Session	10:00 a.m. to 12:30 p.m.
Afternoon Session	2:30 p.m. to 4:00 p.m.

There is no ~~a~~Afternoon ~~trading-s~~Session on the eves of Christmas, New Year and Lunar New Year.

Pre-opening Session

- 501G. (1) ~~Unless otherwise determined by the Exchange, The the~~ Pre-opening Session shall comprise four periods in the following sequence:-
- (i) the order input period which shall commence at 9:00 a.m. and end at 9:15 a.m.;
 - (ii) the pre-order matching period which shall commence at 9:15 a.m. and end at 9:20 a.m.;
 - (iii) the order matching period which shall commence at 9:20 a.m. and end at 9:28 a.m.; and
 - (iv) the blocking period which shall commence at 9:28 a.m. and end at 9:30 a.m. ~~The duration of each of the four periods may be prescribed by the Exchange from time to time.~~

Termination of terminal activities

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

Cancellation of orders

- 502A. Cancellation of orders entered in the ~~morning session~~Morning Session is permitted from 30 minutes before the ~~a~~Afternoon ~~trading-s~~Session of the same trading day unless otherwise determined by the Board.

Transactions

- 520(1). 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:
- (a) ~~10:15 a.m.~~ 15 minutes after the commencement of the Morning Session in respect of ~~for~~ transactions concluded in the Pre-opening Session;
 - (b) ~~12:30 p.m.~~ the end of the Morning Session in respect of ~~for~~ transactions concluded in the ~~morning session~~ Morning Session; and
 - (c) ~~4:00 p.m.~~ the end of the Afternoon Session ~~for in respect of~~ transactions concluded in the ~~afternoon session~~ Afternoon Session.
- 520(2). 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 -within 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.
- 520(3). ~~This~~ Rules 520(1) and 520(2) shall apply to all transactions other than direct business transactions and transactions concluded by automatic order matching.
- 520(4). In respect of a sale transaction relating to 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 complying with the ~~above~~ requirements of Rules 520(1) to 520(2), report to the Exchange in such manner as the Board shall from time to time determine.
- 520(5). A selling Exchange Participant which fails to comply with ~~this~~ Rules 520(1) to 520(4) 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:
- (a) ~~the commencement of the order matching period~~ for transactions input in respect of transactions inputted into the System during the Pre-opening Session;
 - (b) ~~12:30 p.m.~~ the end of the Morning Session ~~for transactions input in respect of transactions inputted into the System~~ -during the ~~morning session~~ Morning Session; and
 - (c) ~~4:00 p.m.~~ the end of the Afternoon Session ~~for transactions input in respect of transactions inputted into the System~~ during the ~~afternoon session~~ Afternoon Session.

Direct Business

526. (1) (a) 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.~~
- (i) 15 minutes from the commencement of the Morning Session in respect of ~~for~~ transactions concluded ~~during~~ in the Pre-opening Session,
- (ii) ~~12:30 p.m. the end of the Morning Session~~ in respect of transactions concluded ~~during~~ in the ~~morning session~~ Morning Session and
- (iii) ~~4:00 p.m. the end of the Afternoon Session~~ in respect of transactions concluded ~~in~~ during the ~~afternoon session~~ Afternoon Session.
- provided that no such duty exists for transactions concluded ~~by~~ through automatic order matching.
- (b) 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 within 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.
- (c) In respect of a direct business transaction ~~relating to~~ 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.

Day-end Review of Sales/Purchases Journal

528. (1) It is the duty of every Exchange Participant to review both sales and purchases journals at the end of each trading session. Any discrepancy, erroneous transaction or complaint should be reported to the Exchange in the form prescribed by the Board from time to time not later than ~~10:15 a.m.~~ 15 minutes after the commencement of the Morning Session of the next trading day.

Typhoons and Rainstorms

571. Unless otherwise decided by the Board, the trading and settlement arrangements relating to the hoisting and lowering upon approach and retreat of Typhoon Signals and or the issuance and discontinuation-cancellation of Black Rainstorm Warnings shall be as follows:

(1) (a) Trading Arrangement Upon Approach/Retreat of Typhoon on for all trading days except the eves of Christmas, New Year and Lunar New Year where the Hong Kong Observatory has hoisted or lowered a Typhoon Signal No. 8 or above

(i)	<p><u>If a Typhoon Signal No. 8 or above is hoisted at any time prior to 9:30 9:00 a.m.:</u></p>	<p><u>Commencement of Trading: The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>Commencement of trading in the Pre-opening Session will take place at From 9:30-9:00 a.m. as usual if the Signal No. 8 is lowered at or before 7:30 7:00 a.m..</u> - There will be no trading in the Pre-opening Session if <u>the Signal No. 8 is lowered after 7:30 7:00 a.m..</u> - <u>Commencement of trading in the Morning Session will take place:</u> <ol style="list-style-type: none"> <u>1- From 10:00 at 9:30 a.m. as usual if the Signal No. 8 is lowered at or before 8:00 7:30 a.m.;</u> <u>2- From 10:30 at 10:00 a.m. if the Signal No. 8 is lowered at or before 8:30 8:00 a.m.;</u> <u>3- From 11:00 at 10:30 a.m. if the Signal No. 8 is lowered at or before 9:00 8:30 a.m.; or</u> <u>4- From 11:30 at 11:00 a.m. if the Signal No. 8 is lowered at or before 9:30 9:00 a.m..</u> - <u>There will be no trading in the Morning Session if the Signal is lowered after 9:00 a.m..</u> - <u>Commencement of trading in the Afternoon Session will take place:</u> <ul style="list-style-type: none"> - <u>prior to 5 March 2012, at 1:30 p.m. if the Signal is lowered at or before 11:00 a.m.; and on or after 5 March 2012, at 1:00 p.m. if the Signal is lowered at or before 11:00 a.m.;</u>
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		<ul style="list-style-type: none"> - <u>at 1:30 p.m. if the Signal is lowered at or before 11:30 a.m.; or</u> 5- <u>From 2:30 at 2:00 p.m. if the Signal No. 8 is lowered at or before 12:00 noon.</u> - <u>There will be No-no trading for the day if the Signal No. 8 is lowered after 12:00 noon.</u>
(ii)	<p><u>If a Typhoon Signal No. 8 or above is hoisted during the Pre-opening Session:</u></p>	<p>Trading in the Pre-opening Session will continue; and The position will be as follows:</p> <ul style="list-style-type: none"> - <u>Trading in the Pre-opening Session will continue until the end of the Session but there will be no trading in the morning session Morning Session and the Extended Morning Session.</u> - <u>Commencement of trading in the Afternoon Session will take place:</u> - <u>prior to 5 March 2012, at 1:30 p.m. if the Signal is lowered at or before 11:00 a.m.; and on or after 5 March 2012, at 1:00 p.m. if the Signal is lowered at or before 11:00 a.m.;</u> - <u>at 1:30 p.m. if the Signal is lowered at or before 11:30 a.m.; or</u> - <u>The afternoon session will commence from 2:30at 2:00 p.m. if the Signal No. 8 is lowered at or before 12:00 noon.</u> - <u>There will be no trading in the morning session Morning Session, the Extended Morning Session and the afternoon session Afternoon Session if the Signal No. 8 is lowered after 12:00 noon.</u>
(iii)	<p><u>If a Typhoon Signal No. 8 or above is hoisted during the morning session Morning Session:</u></p>	<p>Trading will be terminated 15 minutes after hoisting of Typhoon Signal No. 8 or above, and: The position will be as follows:</p> <ul style="list-style-type: none"> - <u>Trading will be terminated 15 minutes after the hoisting of the Signal and There there will be no trading in the Extended Morning Session, and trading will resume</u> - <u>Commencement of trading in the Afternoon Session will take place:</u> - <u>prior to 5 March 2012, at 1:30 p.m. if the</u>

		<p><u>Signal is lowered at or before 11:00 a.m. and on or after 5 March 2012, at 1:00 p.m. if the Signal is lowered at or before 11:00 a.m.;</u></p> <p><u>- at 1:30 p.m. if the Signal is lowered at or before 11:30 a.m.; or</u></p> <p><u>- from 2:30 at 2:00 p.m. if the Signal No. 8 is lowered at or before 12:00 noon.</u></p> <p>- There will be no trading in the Extended Morning Session and the afternoon session<u>Afternoon Session</u> if <u>the Signal No. 8</u> is lowered after 12:00 noon.</p>
(iv)	<p><u>If a Typhoon Signal No. 8 or above is hoisted after close the end of the morning session Morning Session and but before the commencement of the afternoon session Afternoon Session (i.e. for the Extended Trading Securities, during the Extended Morning Session):</u></p>	<p><u>The position will be as follows:</u></p> <p>- If there was trading in the morning session<u>Morning Session</u>, trading in the Extended Morning Session will be terminated 15 minutes after <u>the</u> hoisting of the Typhoon Signal No. 8 or above and there will be no trading in the afternoon session<u>Afternoon Session</u>.</p> <p>- If there was no trading in the morning session<u>Morning Session</u> and pursuant to Rule 501B, no trading in the Extended Morning Session, there will <u>also</u> be no trading in the afternoon session<u>Afternoon Session</u>.</p>
(v)	<p><u>If a Typhoon Signal No. 8 or above is hoisted during the afternoon session Afternoon Session:</u></p>	<p><u>The position will be as follows:</u></p> <p>- Trading will be terminated 15 minutes after <u>the</u> hoisting of the Typhoon Signal No. 8 or above and there will be No no trading for the rest of the day.</p>

(1)	(aa) Trading a Arrangement Upon Approach/Retreat of Typhoon on for the eves of Christmas, New Year and Lunar New Year where the Hong Kong Observatory has hoisted or lowered a Typhoon Signal No. 8 or above
(i)	<p><u>If a</u> Typhoon Signal No. 8 or above <u>is</u> hoisted at any time prior to 9:30<u>9:00</u> a.m.:</p> <p>Commencement of Trading:<u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>Commencement of trading in the Pre-opening Session will take place</u> From 9:30 at 9:00 a.m. <u>as usual</u> if <u>the</u> Signal No. 8 is lowered at or before 7:30<u>7:00</u> a.m.; - There will be no trading in the Pre-opening Session if <u>the</u> Signal No. 8 is lowered after 7:30<u>7:00</u> a.m.; - <u>Commencement of trading in the Morning Session will take place:</u> <ul style="list-style-type: none"> - From 10:00 at 9:30 a.m. <u>as usual</u> if <u>the</u> Signal No. 8 is lowered at or before 8:00<u>7:30</u> a.m.; - From 10:30 at 10:00 a.m. if <u>the</u> Signal Signal No. 8 is lowered at or before 8:30<u>8:00</u> a.m.; - From 11:00 at 10:30 a.m. if <u>the</u> Signal No. 8 is lowered at or before 9:00<u>8:30</u> a.m.; <u>or</u> - From 11:30 at 11:00 a.m. if <u>the</u> Signal Signal No. 8 is lowered at or before 9:30<u>9:00</u> a.m.; - <u>There will be</u> No<u>no</u> trading for the day if <u>the</u> Signal No. 8 is lowered after 9:30<u>9:00</u> a.m.;
(ii)	<p><u>If a</u> Typhoon Signal No. 8 or above <u>is</u> hoisted during the Pre-opening Session:</p> <p><u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>Trading in the Pre-opening Session will continue</u> <u>until the end of the Session but</u> and there will be no trading in the morning session<u>Morning Session</u>.
(iii)	<p><u>If a</u> Typhoon Signal No. 8 or above <u>is</u> hoisted during the morning session<u>Morning Session</u>:</p> <p><u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>Trading will be terminated 15 minutes after</u> <u>the</u> hoisting of <u>the</u> Typhoon Signal No. 8 or above <u>and there will be</u> No<u>no</u> trading for the rest of the day.

(1)	(b) Trading Arrangement <u>for all trading days</u> Upon Issuance/Discontinuation of <u>where the Hong Kong Observatory has issued or cancelled a</u> Black Rainstorm Warning	
(i)	<p><u>If a</u> Black Rainstorm Warning <u>is</u> issued at any time prior to 9:30 <u>9:00</u> a.m.;</p>	<p>Commencement of Trading <u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>Commencement of trading in the Pre-opening Session will take place</u> From 9:30 at 9:00 a.m. as usual if the <u>Warning is discontinued-cancelled</u> at or before 7:30 <u>7:00</u> a.m.; - There will be no trading in the Pre-opening Session if <u>the</u> Warning discontinued-is cancelled after 7:30 <u>7:00</u> a.m.; - <u>Commencement of trading in the Morning Session will take place:</u> <ul style="list-style-type: none"> - From 10:00 at 9:30 a.m. as usual if the <u>Warning discontinued-is cancelled</u> at or before 8:00 <u>7:30</u> a.m.; - From 10:30 at 10:00 a.m. if the <u>Warning discontinued-is cancelled</u> at or before 8:30 <u>8:00</u> a.m.; - From 11:00 at 10:30 a.m. if the <u>Warning discontinued-is cancelled</u> at or before 9:00 <u>8:30</u> a.m.; or - From 11:30 at 11:00 a.m. if the <u>Warning discontinued-is cancelled</u> at or before 9:30 <u>9:00</u> a.m.; - <u>There will be no trading in the Morning Session if the Warning is cancelled after 9:00 a.m.</u> - <u>Commencement of trading in the Afternoon Session will take place:</u> <ul style="list-style-type: none"> - <u>prior to 5 March 2012, at 1:30 p.m. if the Warning is cancelled at or before 11:00 a.m.; and on or after 5 March 2012, at 1:00 p.m. if the Warning is cancelled at or before 11:00 a.m.;</u> - <u>at 1:30 p.m. if the Warning is cancelled at or before 11:30 a.m.; or</u> - (v) From 2:30 at 2:00 p.m. if the <u>Warning discontinued-is cancelled</u> at or before 12:00

		<p>noon.</p> <ul style="list-style-type: none"> - <u>There will be No no trading for the day if the Warning discontinued is cancelled after 12:00 noon.</u>
(ii)	<p><u>If a Black Rainstorm Warning is issued during the Pre-opening Session, the morning session Morning Session or the afternoon session Afternoon Session:</u></p>	<p><u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>If there was trading before the issuance of the Warning, T trading will continue as usual.</u> - <u>If there was no trading before the issuance of the Warning, there will be no trading provided that if the Warning was issued during the Pre-opening Session or the Morning Session, commencement of trading in the Afternoon Session will take place:</u> <ul style="list-style-type: none"> - <u>prior to 5 March 2012, at 1:30 p.m. if the Warning is cancelled at or before 11:00 a.m.; and on or after 5 March 2012, at 1:00 p.m. if the Warning is cancelled at or before 11:00 a.m.;</u> - <u>at 1:30 p.m. if the Warning is cancelled at or before 11:30 a.m.; or</u> - <u>at 2:00 p.m. if the Warning is cancelled at or before 12:00 noon.</u> <p><u>There will be no trading for the day if the Warning is cancelled after 12:00 noon.</u></p>
(iii)	<p><u>If a Black Rainstorm Warning is issued after close the end of the morning session Morning Session and but before the commencement of the afternoon session Afternoon Session (i.e. for the Extended Trading Securities, during the Extended Morning Session):</u></p>	<p><u>The position will be as follows:</u></p> <ul style="list-style-type: none"> - <u>If there was trading in the morning session Morning Session, trading will continue in the Extended Morning Session and the afternoon session Afternoon Session will take place as usual.</u> - <u>If there was no trading in the morning session Morning Session and pursuant to Rule 501B, no trading in the Extended Morning Session, there will <u>also</u> be no trading in the afternoon session Afternoon Session.</u>

- (2) (a) The sSettlement Aarrangements Upon Approach/Retreat of Typhoon for all trading days where the Hong Kong Observatory has hoisted or lowered a Typhoon Signal No. 8 or above are set out in the CCASS Rules. Please refer to the CCASS Rules for details.
- (i) Typhoon Signal No. 8 or above hoisted at any time prior to 9:30 a.m. ~~-Settlement will commence 2 hours after lowering of Signal No. 8 at or before 12:00 noon. Transactions executed two trading days preceding this day must be settled not later than 3:45 p.m.~~
~~-There will be no settlement for the day if Signal No. 8 is lowered after 12:00 noon (see Note: for ex-stock)~~
- (ii) Typhoon Signal No. 8 or above hoisted during Pre-opening Session or morning session ~~Settlement will discontinue 15 minutes after hoisting of Typhoon Signal No. 8 or above, and:~~
~~-Settlement will resume 2 hours after lowering of Signal No. 8 at or before 12:00 noon. Transactions executed two trading days preceding this day must be settled not later than 3:45 p.m.~~
~~-There will be no settlement for the rest of the day if Signal No. 8 is lowered after 12:00 noon~~
- (iii) 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) ~~Settlement will discontinue 15 minutes after hoisting of Typhoon Signal No. 8 or above~~
~~No settlement for the rest of the day~~
- (iv) Typhoon Signal No. 8 or above hoisted during afternoon session ~~Settlement will discontinue 15 minutes after hoisting of Typhoon Signal No. 8 or above~~
~~No settlement for the rest of the day~~
- (2) (b) The sSettlement aArrangements for all trading days where the Hong Kong Observatory has Upon Issuance/Discontinuation of issued or cancelled a Black Rainstorm Warning isare set out in the CCASS Rules. Please refer to the CCASS Rules for details.
- (i) ~~Black Rainstorm Warning issued at any time prior to 9:30 a.m.~~ ~~-Settlement will commence 2 hours after discontinuation of Warning at or before 12:00 noon. Transactions executed two trading days preceding this day must be settled not later than 3:45 p.m.~~
~~-There will be no settlement for the day if Warning is discontinued after 12:00 noon (see Note: for ex-stock)~~
- (ii) ~~Black Rainstorm Warning issued during Pre-opening Session,~~ ~~Settlement will continue as normal, subject to the Exchange's discretion to suspend, in whole or in~~

	morning session or afternoon session	part, such delivery and payment where particular circumstances warrant such action
(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)	-If there was trading in the morning session, settlement will continue as normal, subject to the Exchange's discretion to suspend, in whole or in part, such delivery and payment where particular circumstances warrant such action -If there was no trading in the morning session, there will be no settlement for the day (see Note: for ex-stock)
Note:	For the securities that are quoted ex-all, the Exchange shall notify the Exchange Participants of any special arrangement agreed by registrars or listed companies.	

OPERATION PROCEDURES FOR STAMP DUTY COLLECTION**5. TRADE AMENDMENT FOR T DAY TRANSACTIONS**

- 5.1 An Exchange Participant shall be responsible to apply for approval for trade amendment for T day transactions to the Exchange no later than ~~10:15~~9:45 a.m. on T+1 day. No late application will be entertained.

7. TRANSACTIONS NOT RECORDED IN THE SYSTEM BEFORE MARKET CLOSE

- 7.1 Any transactions not recorded in the Exchange's trading system before the end of the Afternoon Session on a trading day (or before 4:00 p.m. (or 12:30 p.m. the end of the Morning Session on a trading day when which does not have -there is no an aAfternoon trading-sessionSession) shall be reported to the Exchange within the order input period and the pre-order matching period of the Pre-opening Session on the next trading day, or within the first 15 minutes after the commencement of the Continuous Trading Session on the next trading day, and the Exchange will treat the reporting date as the transaction date.