

Rules of the Exchange

CHAPTER 1

INTERPRETATION

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

- ~~“Access Card” means an electronic security access card issued by the Exchange to an Exchange Participant to gain admission to the Trading Hall;~~
- ~~“Binding Period” means a period (as may be renewed under Rule 364B(1C)(b)) which may be notified by the Exchange to Exchange Participants and for which an Exchange Participant which has successfully applied for a Dealing Desk undertakes to use the Dealing Desk and to pay the monthly user fee for it;~~
- ~~“Cessation Date” means 16 January 2006 the date specified by the Exchange under Rule 305A(2);~~
- ~~“Dealing Desk” means a desk at the Trading Hall assigned, re-assigned, allocated or re-allocated from time to time by the Exchange to an Exchange Participant for trading purpose;~~
- ~~“non-automatch stock” means a security not eligible for automatic order matching under the System;~~
- ~~“System” means the Orion Trading Platform – Securities Market (the “OTP-C”), formerly the Automatic Order Matching and Execution System, ~~(the “AMS”)~~ as installed and operated by the Exchange for securities trading;~~
- ~~“Trading Hall” means the premises for use as trading floor of the Exchange as specified by the Board;~~
- ~~“Year 2000-Compliant” means that neither performance nor functionality of any system is affected by dates prior to, during and after the Year 2000. In particular :-~~
- ~~(a) no value for current date will cause any interruption in operation;~~

~~(b) date based functionality must behave consistently for dates prior to, during and after year 2000;~~

~~(c) in all interfaces and data storage, the century in any date must be specified either explicitly or by unambiguous algorithms or inference rules; and~~

~~(d) Year 2000 must be recognized as a leap year.~~

CHAPTER 2

ADMINISTRATION

The Chief Executive

226. Without prejudice to Rule 225 above and any other provisions in these Rules expressly conferring power upon the Chief Executive, the Chief Executive shall have such powers as the Board or any Committee may confer upon him including, in particular, the following powers:-

- (1) ~~to supervise the trading activities in the Trading Hall and~~ to take all necessary steps to maintain orderly and efficient trading, in accordance with these Rules and to suspend trading in any issue of securities or by any Participant as provided for in these Rules or as directed or authorised by the Board or any Committee;
- (7) ~~[Repealed] to ensure good order and behaviour in the Trading Hall and for this purpose, to refuse entry to any person and to remove any person from the Trading Hall;~~

CHAPTER 3

EXCHANGE PARTICIPANTSHIP

Market Maker Permit Application Procedure

- 305A. (2) ~~[Repealed] The Exchange may by notice to Exchange Participants specify a date as the Cessation Date for the purpose of these Rules with effect from which the entitlement to the benefit of a Seat shall cease and extinguish.~~

Trading Facilities

- 364B. (1A) Where the entitlement to the benefit of a Seat for any Stock Exchange Trading Right held by an Exchange Participant has ceased and extinguished with effect from the Cessation Date ~~pursuant to Rule 305A~~ and the Exchange Participant either (A) had not made any successful application to relinquish it for any other entitlement a Dealing Desk or any one of the following prior to the Cessation Date or (B) had made a successful application to relinquish it for an entitlement other than the following, the Exchange Participant may, in respect of such Stock Exchange Trading Right, still apply to the Exchange for the following, ~~but not a Dealing Desk, on or after the Cessation Date~~:
- (a) [Repealed]
 - (b) [Repealed]
 - (c) an increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session designated to the Exchange Participant.
- (1B) ~~[Repealed] Without prejudice to the entitlement under Rule 365(1), an Exchange Participant may, in respect of each Stock Exchange Trading Right conferred on or issued to it by the Exchange on or after the Cessation Date, apply to the Exchange for the following before such date as may be notified by the Exchange to Exchange Participants under this Rule 364B(1B):~~
- (a) [Repealed]
 - (b) [Repealed]

- ~~(e) an increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session designated to the Exchange Participant.~~
 - (1C) ~~(a) [Repealed] An Exchange Participant which has applied for the use of a Dealing Desk before the Cessation Date undertakes and agrees with the Exchange to accept any Dealing Desk assigned, re-assigned, allocated or re-allocated to it by the Exchange and to use and pay the monthly user fee for the Dealing Desk for the whole of the Binding Period unless otherwise determined by the Exchange.~~
 - ~~(b) At any time prior to the expiry of any prevailing Binding Period, the Exchange may by notice to Exchange Participants renew the Binding Period for such period and on such terms as it may specify. In the event that an Exchange Participant does not wish to renew its use of a Dealing Desk, it may, prior to such date as may be specified, apply to the Exchange for the following:
 - ~~(i) [Repealed]~~
 - ~~(ii) [Repealed]~~
 - ~~(iii) an increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session designated to the Exchange Participant.~~~~
- 364C.
- ~~(1) [Repealed] Any Dealing Desk that may from time to time become available due to the cessation of Exchange Participantship of an Exchange Participant, the non-renewal of a Binding Period by an Exchange Participant or otherwise may be assigned, re-assigned, allocated or re-allocated by the Exchange to such Exchange Participant based on such criteria and on such terms and conditions as the Board thinks fit. Without prejudice to the right of the Exchange to assign, re-assign, allocate or re-allocate as aforesaid, the Exchange may from time to time notify Exchange Participants of the availability of any such Dealing Desks and Exchange Participants may apply for the use of such Dealing Desks before such date and on such terms as may be specified by the Exchange.~~
 - ~~(2) An Exchange Participant whose application for the use of a Dealing Desk under Rule 364C(1) is granted by the Exchange undertakes and agrees with the Exchange to accept any Dealing Desk assigned, re-assigned, allocated or re-allocated to it by the Exchange, comply with such terms and conditions as the Board shall from time to time prescribe, and pay the monthly user fee for such Dealing Desk for the whole of the Binding~~

~~Period, unless otherwise determined by the Exchange.~~

- ~~(3) The right of an Exchange Participant to use any Dealing Desk assigned, re-assigned, allocated or re-allocated by the Exchange under this Rule 364C shall be non-transferable and non-assignable.~~

365. (1B) (a) An Exchange Participant shall assign at least one Stock Exchange Trading Right to at least one Central Gateway session designated to the Exchange Participant. The throughput rate of a Central Gateway message into the System through a Central Gateway session assigned with a single Stock Exchange Trading Right shall unless otherwise determined by the Board be equivalent to a standard Central Gateway throttle rate.
- (b) An Exchange Participant may apply to the Exchange for an increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session designated to the Exchange Participant by assigning any additional Stock Exchange Trading Right which has not been assigned to any Central Gateway session to such Central Gateway session.
- (c) Without prejudice to the entitlement under Rule 365(1) and Rule 365(1B)(a) and (b), an Exchange Participant may, in respect of each Stock Exchange Trading Right conferred on or issued to it by the Exchange on or after the Cessation Date, apply to the Exchange for an increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session designated to the Exchange Participant.
- (d) The increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session pursuant to Rule 365(1B)(b) or (c) shall unless otherwise determined by the Board be equivalent to a standard Central Gateway throttle rate.
- (e) Any increase in the throughput rate of a Central Gateway message into the System through a Central Gateway session pursuant to Rule 365(1B)(c) shall be to an existing Central Gateway session designated to an Exchange Participant, or if the Exchange Participant applies to the Exchange for a new Central Gateway session, the increase in the throughput rate shall unless otherwise specified by the Exchange be to the new Central Gateway session. For the avoidance of doubt, a new Central Gateway session, if approved, shall in all respects be subject to the Rules applicable to “Central Gateway session” referred to in Rule 365(1) unless otherwise determined by

the Board.

- (f) Any application by an Exchange Participant under Rule 365(1B) shall be subject to the approval of the Exchange on such terms and conditions and payment of such fees and charges as it shall consider appropriate. In addition to these Rules, an Exchange Participant shall, if its application under Rule 365(1B) is approved by the Exchange, comply with such terms and conditions as the Board shall from time to time prescribe and pay such fees and charges as shall be determined by the Board from time to time.

CHAPTER 5

TRADING

Operational Trading Rules

Designation and re-designation of automatch or non-automatch stock

- 502B. ~~[Repealed]The Board has absolute discretion at any time to designate or re-designate any stock to be an automatch or a non-automatch stock.~~

Quotations

505. Rules ~~506, 506A, 507~~ and 507A do not apply to auction orders and such orders can only be input into the System during the Pre-opening Session subject to Rule 501G or the Closing Auction Session subject to Rule 501L. Limit orders, enhanced limit orders and special limit orders can only be input into the System during the trading hours prescribed in Rule 501(1) provided that, if applicable, such orders in respect of the Extended Trading Securities can also be input into the System during the Extended Morning Session. For the avoidance of doubt,
- (1) if an order is input into the System through the Central Gateway session designated to an Exchange Participant, the order is taken for all purposes under these Rules to have been input into the System by and with the knowledge of the Exchange Participant; and
 - (2) if an order is input into the System through the Special Participant Central Gateway session or Backup Special Participant Central Gateway session designated to a Special Participant, the order is taken for all purposes under these Rules to have been input into the System by and with the knowledge

of the Special Participant.

505A. Without prejudice to the generality of Rules ~~506, 506A, 507~~ and 507A, a buy order or a sell order shall not be made at a price that deviates 9 times or more from the nominal price, if available.

506. ~~[Repealed] For quotations of any non-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) (where there are existing buy orders and sell orders on the respective primary queues) a limit order may be made at a price within the range of twenty-four spreads below the current bid price and one spread below the current ask price;~~
- ~~(2) (where there is no existing buy order on the primary queue) a limit order may be made at a price within the range of one spread below 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;~~
- ~~(3) (where there is no existing sell order on the primary queue) a limit order may be made at a price higher than or equal to twenty-four spreads below the current bid price; or-~~
- ~~(4) (where there is no existing order on both primary queues) a 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 may be made at a price higher than or equal to or lower than the last ask price.~~

507. ~~[Repealed] For quotations of any non-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) (where there are existing buy orders and sell orders on the respective primary queues) a limit order may be made at a price within the range of twenty-four spreads above the current ask price and one spread above the current bid price;~~

- (2) ~~(where there is no existing sell order on the primary queue) a limit order may be made at a price within the range of one spread above 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;~~
- (3) ~~(where there is no existing buy order on the primary queue) a limit order may be made at a price lower than or equal to twenty four spreads above the current ask price; or~~
- (4) ~~(where there is no existing order on both primary queues) a 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 may be made at a price lower than or equal to or higher than the last bid price.~~
508. All bids and offers must be firm. ~~The minimum liability of posting an order for a non-automatch stock and being called upon is one board lot.~~ The liability of posting an order for an automatch stock in the System for automatic order matching is the full order quantity input into the System.
510. [Repealed]
- (1) ~~The number of buy orders of a non-automatch stock at the same price and the number of sell orders of a non-automatch stock at the same price that an Exchange Participant may have in the System, in each case, shall not exceed the number of Stock Exchange Trading Rights under which the Exchange Participant trades.~~
- (2) ~~For automatch stocks, Rule 510(1) shall not apply.~~
513. [Repealed]
- (1) ~~For non-automatch stocks, if an Exchange Participant fails to respond to other Exchange Participants in respect of an order input by it into the System, the Exchange has the right to cause the said order to be deleted from the System. An Exchange Participant which fails to so respond shall be liable to disciplinary action by the Board.~~
- (2) ~~For non-automatch stocks eligible for settlement under the CNS System, in the event that a calling Exchange Participant requests settlement outside the~~

~~CNS System, Rule 513(1) shall not apply.~~

~~(3) For automatch stocks, Rule 513(1) shall not apply.~~

516. The Spread Table is also applicable to orders input into the System in accordance with Rule 514. However, Rules ~~506, 506A, 507~~ and 507A do not apply to orders input into the System in accordance with Rule 514.

Transactions

517. (2) ~~[Repealed] If a transaction is not struck automatically by the System, it can be struck upon completion of negotiation between the selling and buying Exchange Participants. The selling Exchange Participant shall be responsible for inputting the transaction into the System.~~

(3) ~~[Repealed] If a face to face bargain is conducted through out cry, the out cry must be performed in accordance with the Rules for Out Cry prescribed by the Exchange from time to time. The Rules for Out Cry are prescribed in the Fourth Schedule to these Rules.~~

(4) All transactions in auto-match stocks must be concluded by automatic order matching in the System unless otherwise prescribed by the Board provided that transactions concluded by using the operation specified for odd lot transactions, transactions concluded outside of the System, direct business transactions, Isolated Trades entered into for purposes of effecting a Buy-in as defined in the CCASS Rules, and orders exceeding the size limit prescribed in Rule 517(6) shall be exempted from complying with this requirement.

(5) ~~[Repealed] Rules 517(2) and 517(3) apply to transactions conducted in the Trading Hall only.~~

Password, ~~Access Card~~ and Trading Records

529. It is the duty of every Exchange Participant and its Authorised Persons to keep confidential the password assigned by the Exchange and any password subsequently created therefrom ~~and to keep the Access Cards in safe custody~~. Under no circumstances shall the Exchange Participant distribute or disclose any password to any other person other than its Authorized Person.

530. Under no circumstances may an Exchange Participant enquire into another Exchange Participant's trading records, or use or attempt to use another Exchange Participant's password, ~~Access Card, terminal, telephone~~ or other equipment.

Trading Hall Rules

Admission to the Trading Hall

548. ~~(1) [Repealed] The number of persons per Dealing Desk held by an Exchange Participant to be admitted to the Trading Hall at any one time during trading hours as specified in these Rules shall be two, unless otherwise determined by the Exchange from time to time. An Exchange Participant will be issued, unless otherwise determined by the Board, two Access Cards in respect of each Dealing Desk held by it.~~
- ~~(1A) Only a licensed representative accredited to an Exchange Participant to carry on Type 1 regulated activity under the Ordinance is allowed to enter the Trading Hall and perform the dealing activities at the Dealing Desk of the Exchange Participant. Any person authorized by an Exchange Participant and approved by the Exchange may also be allowed to enter the Trading Hall and perform any activity as approved by the Exchange at its Dealing Desk.~~
- ~~(2) Each person gaining access to the Trading Hall is required to wear an Access Card or such other identification as may from time to time be prescribed and issued by the Exchange for admission to the Trading Hall and must so wear the Access Card or such other identification at all times while in the Trading Hall during trading hours.~~
- ~~(2A) An Exchange Participant which ceases to be an Exchange Participant or ceases to use the Dealing Desk shall immediately return all Access Cards issued to it to the Exchange.~~
- ~~(2B) An Exchange Participant whose right to access the System has been suspended or whose Exchange Participantship has been suspended or expelled shall immediately surrender to the Exchange all Access Cards issued to it. Access Cards will be re-issued to such Exchange Participants upon the lifting of the suspension of its right to access the System or upon the lifting of the suspension or the re-instatement of its Exchange Participantship.~~
- ~~(2C) In case of the loss of or damage to an Access Card, the Exchange Participant concerned should notify the Exchange in writing immediately.~~
- ~~(3) Notwithstanding that a person has or has not previously been authorized to enter the Trading Hall, the Chief Executive or such employees as he authorizes shall have the power to forbid any person from entering or to allow any person to enter the Trading Hall in such circumstances as he or his authorized employees may in his or their absolute discretion think fit.~~

Use of Trading Hall

- 548A. ~~[Repealed] Notwithstanding anything contained in these Rules, the Exchange has absolute discretion at all times to terminate or suspend, without prior notice, the access to, and the functioning and use of the whole or any part of the Trading Hall (including but not limited to the terminals, host computers and communication lines in the Trading Hall) and the availability for use of any Dealing Desks by any Exchange Participants for the purpose of carrying out any demolition, reinstatement, repair, refurbishment, renovation or decoration works to the Trading Hall or any part thereof or any other purposes on such terms and for such period as the Board thinks fit. Without prejudice to the generality of the foregoing, the Exchange has absolute discretion to recover and to require any Exchange Participants to give up, surrender or cease to use any Dealing Desks assigned, re-assigned, allocated or re-allocated to them whether temporarily or permanently and either generally or in relation to a particular period of time and the Exchange may assign, re-assign, allocate or re-allocate the Dealing Desks in such manner as the Board thinks fit and charge the Exchange Participants for these Dealing Desks in accordance with these Rules. Under no circumstances shall the Exchange be responsible for losses or damages arising from, caused by or through or in any way owing to such termination, suspension, recovery, requirement or any action taken by the Exchange in relation thereto, including but not limited to the demolition, reinstatement, repair, refurbishment, renovation or decoration of the Trading Hall or any part thereof.~~

Conduct in the Trading Hall

549. (1) ~~[Repealed] Smoking, gaming, gambling and any other act which is considered by the Board to be detrimental to the interests of the Exchange are strictly forbidden in the Trading Hall.~~
- (2) Drinking and eating may only be carried on at the designated area or areas.
550. (1) ~~[Repealed] It is the duty of every Exchange Participant to ensure that its Access Card holders exercise due care in using the Dealing Desk and in operating any equipment installed by the Exchange at the Exchange Participant's Dealing Desk.~~
- (2) ~~Where any damage is caused to any of the abovementioned equipment or fixtures or any other property, whether by the Exchange Participant or its Access Card holders or by any other person for whose actions the Exchange Participant is responsible, the Exchange Participant shall be responsible for any losses caused and shall be liable to reimburse the Exchange for the cost of repairing or replacing the same and to fully indemnify the Exchange against any incidental or consequential loss or~~

~~damage.~~

- ~~(3) If it is proved that the Exchange Participant concerned or any of its Access Card holders or any other person for whose actions the Exchange Participant is responsible, caused such damage intentionally, the Board may impose whatever disciplinary action it thinks fit.~~

Year 2000 Compliant

- 550A. ~~(1) [Repealed] It is the duty of every Exchange Participant to ensure that any systems it uses for the purposes of conducting its business of dealing in securities, including accounting system and back office clearing and settlement systems, shall be Year 2000 Compliant.~~
- ~~(2) An Exchange Participant shall immediately report any failure, error or defect in its systems which is directly or indirectly caused by its systems not being Year 2000 Compliant and rectify such failure, error or defect. All losses, damages, demands, costs (including legal costs) and expenses arising out of directly or indirectly as a result of or in connection with any failure, error or defect shall be borne by the Exchange Participant concerned.~~
- ~~(3) The Exchange and a recognized exchange controller which is the controller of the Exchange shall have no liability for any losses, damages, demands, costs (including legal costs) and expenses suffered or incurred directly or indirectly as a result of or in connection with the System or any system upon which the Exchange or a recognized exchange controller which is the controller of the Exchange is/are reliant in the operations of the System is not Year 2000 Compliant.~~

Equipment Failure

551. (1) In case of a failure, error or defect in any of the trading equipment supplied by the Exchange ~~(including but not limited to host computers, communication lines and so on supplied by the Exchange to an Exchange Participant and installed in the Trading Hall)~~ and installed in the address of a Participant or any other locations, the Participant shall report the same to the Exchange immediately and the Exchange shall have absolute discretion in ~~assigning or re-assigning or allocating or reallocating Dealing Desks (if applicable) and replacing the~~ equipment, where possible, ~~to the affected Participant~~. Under no circumstances shall the Exchange be responsible for losses or damages arising from any such failure, error or defect in the equipment.

Disclosure of Information

- 569A. The Board shall regard information concerning a Participant as confidential. Disclosure of such information shall not be made to any person without the prior approval of the Participant except that the Board may disclose the information without such prior approval:
- (l) to the chief executive or the chief operating officer of HKEX for the time being appointed or deemed to have been appointed in accordance with the Ordinance or, as the context may require, their designees; ~~and~~
 - (m) in respect of information concerning a China Connect Exchange Participant, to the relevant SEHK Subsidiary, China Connect Market Operator or governmental or regulatory bodies; ~~and~~
 - (n) in respect of any order or trading information of a Securities Market Maker relating to a Market Making Security, to the issuer of such Market Making Security.

Emergency

572. If in the opinion of the Board or of the HKEX board the functioning of ~~the Trading Hall or~~ the System is, or is threatened or likely to be, severely and adversely affected by an emergency, including but not limited to fire, epidemic or other casualty or accident, typhoon, rainstorm, earthquake, natural disaster, power failures, communications breakdowns, computer malfunction, war, riot, civil commotion, labour strike, terrorist attack and other similar events, the Board shall have full authority to take such action as the Board may in its absolute discretion deem necessary or appropriate to deal with such emergency or as directed by HKEX board. Under no circumstances shall the Exchange or HKEX be responsible for damages arising from any such emergency or any action taken by the Exchange in respect thereto.
573. If an emergency as stipulated in Rule 572 occurs, the Board may, in its absolute discretion, ~~adjust extend to compensate for the loss in trading time arising from the~~ emergency or shorten the trading hours as specified in Rule 501 and the Extended Morning Session and the times for termination of the terminal activities as specified in Rule 502 and Rule 501E(1) ~~to compensate for the loss in trading time arising from the emergency and in case the trading hours are shortened,~~ notwithstanding Rule 101 and unless otherwise determined by the Board in its absolute discretion, determine the nominal price last taken by the System as the closing price of an issue of securities on a trading day.

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 ~~513~~, 514, 516 and 517
Rules 517B and 518
Rules 520 to 530
Rules 544(1) and 544(2)
~~Rules 548 to 550~~
Rules 552A to 556
Rules 558 to 562
Rules 563A and 563B
Rules ~~565 and~~ 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:

~~Rule 513~~
Rules 514 to 516
Rules ~~517(2) to 517(5)~~ 517(4)
Rules 520 to 521
Rules 526(1) to 526(3)
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
~~Rule 513~~
Rules 514 to 516A
Rule 518
Rule 526(3)
Rule 576

CHAPTER 7

DISCIPLINARY

Disciplinary Proceedings

709A. The Board shall notify HKSCC whenever it considers taking disciplinary action against:

- (1) an Exchange Participant in relation to any breaches of Rules 401, 406, 408, 414 to 416, 418A to 418C, 422(6) and (7), 425, 429(1), 501 to 508, ~~510~~511 to 514, 516, 517, 517B to 530, 534(3), 537, 539 to 545, ~~548~~, 552 to 562, 563A to 563D, 723 or the CCASS Rules; or
- (2) a Special Participant in relation to any breaches of Rules 501, 501G to 501I, 502A ~~to 502B~~, 502D, 503 to 505A, 506A, 507A, 508, 511, 512, 514, 516, 516A, 517(1), 517(4), 517(6), 517B to 519, 522, 528, 544(1), 544(3), 544(4), 545, 723 or the CCASS Rules,

and shall notify HKSCC forthwith of the result of such consideration and the disciplinary action taken, if any. In the event of a Participant giving notice to resign pursuant to Rule 702(2), the Board shall forthwith notify HKSCC of such fact.

CHAPTER 8

PAYMENT OF FEES AND CHARGES

802. Without limitation to the generality of Rule 801 above, the Board may impose fees and charges in respect of:-

<u>Fee Type</u>	<u>Amount (HK\$)</u>
(16) monthly user fee for:	
(o) [Repealed] Dealing Desk;	7,250 for each Dealing Desk
(27) [Repealed] Trades Transaction Report (R3) (request on current day);	25/copy

802A. Without limitation to the generality of Rule 801 above, the Board may impose fees and charges in relation to the Central Gateway as follows:-

<u>Fee Type</u>	<u>Amount (HK\$)</u>
(3) in addition to any one-time fee specified above, a monthly fee for:	
(b) Stock Exchange Trading Right(s) assigned to a Central Gateway session <u>under Rule 365(1B)(a) or (b)</u> ;	480 for each Stock Exchange Trading Right assigned
(c) an increase in the throughput rate of a message into the System through an existing Central Gateway session <u>or a new Central Gateway session</u> under Rule 364B(1A);	480 for each standard Central Gateway throttle rate
(d) an increase in the throughput rate of a message into the System through <u>an existing Central Gateway session or</u> a new Central Gateway session under Rule <u>365(1B)(c)-364B(3)(e)</u> ;	480 for each standard Central Gateway throttle rate

CHAPTER 9

EXCHANGE PARTICIPANTS' COMPENSATION

(FIDELITY FUND AND GUARANTEE SCHEME)

Claims

904. Any Exchange Participant which wishes to claim compensation in respect of a Relevant Default must notify the Compensation Committee in writing within 10 trading days of its becoming aware of any such Relevant Default and at the same time submit in writing and in such form as the Compensation Committee may from time to time prescribe the full particulars of the default or defaults complained of and the nature and amount of its claim, together with all documentary evidence or other evidence available to substantiate its claim. The Compensation Committee shall investigate the claim, may summon any person who is reasonably believed or suspected to have any information relevant to the

investigation to attend before the Compensation Committee and to provide or produce such further information or documents as the Compensation Committee may require. If satisfied that reasonable grounds for the claim have been shown, the Compensation Committee shall ~~post a notice in the Trading Hall or such other convenient location at the Exchange and by circular to~~ notify Exchange Participants as soon as practicable after being so satisfied by circular. Such ~~notice~~ circular shall state brief particulars of the claim, and invite Exchange Participants to lodge by notice to the Compensation Committee all claims they may have against the Defaulting Exchange Participant for any Relevant Defaults within 10 trading days of the ~~posting of such notice~~ date of such circular. The Compensation Committee shall have an absolute discretion to refuse to entertain any claim lodged beyond this 10 trading day period.

- 910A. Upon any Exchange Participant ceasing to carry on the business of dealing in securities or ceasing to be an Exchange Participant, the Compensation Committee shall ~~post a notice in the Trading Hall or such other convenient location at the Exchange and~~ issue a circular to Exchange Participants advising Exchange Participants of the fact and inviting Exchange Participants to lodge claims they may have against such Exchange Participant within a period of time not less than 10 trading days from the date of the ~~notice~~ circular. The Compensation Committee shall have an absolute discretion to refuse to entertain any claim lodged beyond this 10 trading day period.

CHAPTER 10

SPECIAL LEVY

1001. A levy (“the special levy”) shall be payable to the Exchange on every purchase or sale of securities listed or admitted to trading on the Exchange carried out by a Participant whether as principal or agent, ~~whether or not in the Trading Hall,~~ whether or not the transaction is arranged or concluded in Hong Kong or elsewhere and which is recorded on the Exchange. The special levy is payable in order to reimburse the Exchange in respect of its obligations under the Exchanges (Special Levy) Ordinance. For the avoidance of doubt, both the buyer and the seller shall each pay to the Exchange the amount of the special levy specified by the Exchange under Rule 1003.
1003. The rate of the special levy shall be such rate as specified under section 4 of the Exchanges (Special Levy) Ordinance or as varied from time to time under section 4A of that Ordinance, (rounded to the nearest cent) of the amount of the consideration for each purchase or sale of securities recorded on the Exchange. The rate of the special levy shall be notified to Participants by circular ~~or by notice~~

~~posted in the Trading Hall.~~

- 1003A. No special levy shall be payable for so long as a suspension order made under section 4A of the Exchanges (Special Levy) Ordinance is in force. The Participants shall be notified of the suspension order by circular ~~or by notice posted in the Trading Hall.~~
1007. If any Participant fails to remit the special levy to the Exchange within the period specified in Rule 1006, interest shall be payable at such rate as the Board may by resolution determine and which shall be notified to the relevant Participant in writing or notified to all Participants by circular ~~or notice in the Trading Hall.~~ If the special levy and any interest thereon remains unpaid at the end of the month in which the special levy or any part thereof was due, the Participant shall be liable to be suspended from trading and may be subject to any other disciplinary action as the Board may think fit. Notwithstanding any such action which the Board may take against the Participant in default, the Exchange may also take legal action to recover the outstanding amount of the special levy and any interest thereon, and all the expenses for taking such action shall be borne by the Participant.

CHAPTER 11

TRANSACTION AND INVESTOR COMPENSATION LEVIES

1101. A Transaction Levy and an Investor Compensation Levy shall be payable to the Exchange on every purchase or sale of securities admitted to trading, listed, or approved to be listed on the Exchange carried out by a Participant whether as principal or agent ~~whether in the Trading Hall~~ and whether the transaction is arranged or concluded in Hong Kong or elsewhere. For the avoidance of doubt, both the buyer and the seller shall each pay the amount of the Transaction Levy and the Investor Compensation Levy as specified by the Board under Rule 1103.
1103. The rate of the Transaction Levy shall be at a rate as specified from time to time in the Securities and Futures (Levy) Order of the amount of the consideration for each purchase or sale of securities (rounded to the nearest cent). The rate of the Investor Compensation Levy shall be at a rate as specified from time to time in the Securities and Futures (Investor Compensation - Levy) Rules of the amount of the consideration for each purchase or sale of securities (rounded to the nearest cent). Both the rates of the Transaction Levy and the Investor Compensation Levy and the manner of collection (determined by the Board from time to time) will be notified to Participants by circular ~~or by notice posted in the Trading Hall.~~

- 1103A. No Investor Compensation Levy shall be payable for so long as an exemption notice made under section 25 of the Securities and Futures (Investor Compensation – Levy) Rules is in force. Participants will be notified of the exemption notice (and its termination) by circular ~~or by notice posted in the Trading Hall.~~

CHAPTER 15

SPECIAL PARTICIPANTS

Trading

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)
 - ~~502B (Designation and re-designation of automatch or non-automatch stock)~~
 - 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 and Rainstorms)
 - 572 and 573 (Emergency)
 - 574 (Settlement under CCASS)

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:

- (5) the ~~Fourth Schedule (Rules for Out-Cry)~~, 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) and Eighteenth Schedule (Structured Product Liquidity Provider Regulations) do not apply to Special Participants.

FOURTH SCHEDULE [Repealed]

~~RULES FOR OUT-CRY~~

- ~~(1) Out cry in the Trading Hall must be made through the public address equipment provided by the Exchange.~~
- ~~(2) Out cry through the public address equipment shall be recorded by the Exchange on-tape.~~
- ~~(3) For each and every out cry, the floor trader must identify himself by announcing his broker number through the public address equipment before inviting order.~~
- ~~(4) The floor trader can only announce the buying or selling of one stock with each out-cry.~~
- ~~The floor trader must re-identify himself by announcing his broker number in the manner described in (3) above if he wishes to announce the buying or selling of another issue of securities.~~
- ~~(5) Prices announced through ‘out-cry’ must at all times follow the ‘Quotation’ rules as stipulated in Rules 505 to 513.~~
- ~~(6) Trading in an issue of securities through out-cry is not allowed if either the buy queue or the sell queue does not exist or if both buy and sell queues do not exist.~~
- ~~(7) An out-cry announcement through the public address equipment must be made in a concise and straight forward manner without disrupting the normal business of the Exchange.~~