

Rules of the Exchange

CHAPTER 1

INTERPRETATION

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

"Open Gateway"	means a hardware and software component operated by the Exchange Participant, which provides the communications interface between the System and BSS or any other devices;
"Personal Identification Number" ("PIN")	means a code to be used by an Exchange Participant together with the Security Control Card so as to allow access to a Market Making Open Gateway, an Open Gateway or a Backup Open Gateway;
"Security Control Card"	means the security card-key used to access a Market Making Open Gateway, an Open Gateway or a Backup Open Gateway;

The definitions of "additional AMS terminal", "AMS terminal/MWS transitional period", "Derivative Warrant Trading Terminal", "Market Making AMS Terminal", "market making terminal", "MWS", "ORS", "PNS" and "Standby Terminal" have been repealed.

107B. (1) [Repealed]

CHAPTER 3

EXCHANGE PARTICIPANTSHIP

Backup Open Gateway

364A. (1) (a) Subject to Rule 364A(2), an Exchange Participant which has connected an Open Gateway, as entitled under Rule 365(1) or applied for under Rule 364B or Rule 365B to its BSS for access to the System may, in respect of each Stock Exchange Trading Right or each standard throttle rate under Rule 364B, Rule 365B or Rule 365D assigned to that Open Gateway, apply to the Exchange for a Backup Open Gateway assigned with a single Stock Exchange Trading Right or a single standard throttle rate (as the case may be) to be installed for backup of such Open Gateway unless otherwise determined by the Exchange. The number of Backup Open Gateways applied for by the Exchange Participant must not exceed the number of its Open Gateways connected to the System. For an Exchange Participant which has assigned multiple Stock Exchange Trading Rights and/or multiple standard throttle rates under Rule 364B, Rule 365B and/or Rule 365D to its Open Gateway, the Exchange Participant may assign multiple Stock Exchange Trading Rights and/or multiple standard throttle rates to a Backup Open Gateway provided that the total number of Stock Exchange Trading Rights and standard throttle rates assigned to its Backup Open Gateway must not exceed the total number of Stock Exchange Trading Rights and standard throttle rates under Rule 364B, Rule 365B and Rule 365D assigned to that Open Gateway.

- (b) Subject to Rule 364A(2), an Exchange Participant which has connected a Market Making Open Gateway to its BSS for access to the System may apply to the Exchange for a Backup Open Gateway to be installed for backup of such a Market Making Open Gateway. For the avoidance of doubt, the Exchange Participant may only apply for one Backup Open Gateway in respect of a Market Making Open Gateway irrespective of the number of standard throttle rates assigned to that Market Making Open Gateway.
- (c) [Repealed]
- (2) An Exchange Participant which has installed a Backup Open Gateway shall comply with such terms and conditions as the Exchange shall from time to time prescribe and pay such fees and charges as shall be determined by the Board from time to time.
- (3) A Backup Open Gateway provided pursuant to Rule 364A(1) shall be kept at a "non-trading" mode until such time as it is activated by the Exchange upon a request from an Exchange Participant concerned under Rule 364A(4).
- (4)
 - (a) An Exchange Participant wishing to activate its Backup Open Gateway in case of failure of its Open Gateway entitled under Rule 365(1) or applied for under Rule 364B or Rule 365B (as the case may be) must submit a request to the Exchange in a form and in such manner as prescribed by the Exchange from time to time to disconnect such Open Gateway from the System and to activate the corresponding Backup Open Gateway to "trading" mode.
 - (b) An Exchange Participant wishing to activate its Backup Open Gateway in case of failure of its Market Making Open Gateway must submit a request to the Exchange in a form and in such manner as prescribed by the Exchange from time to time to disconnect its Market Making Open Gateway from the System and to activate the corresponding Backup Open Gateway to "trading" mode.
 - (c) [Repealed]
- (5) [Repealed]
- (6) An Exchange Participant wishing to de-activate its activated Backup Open Gateway and reconnect its corresponding Open Gateway or Market Making Open Gateway (as the case may be) to the System must submit to the Exchange:-
 - (a) a request in a form and in such manner as prescribed by the Exchange from time to time to return its activated Backup Open Gateway to a "non-trading" mode and reconnect the corresponding Open Gateway or Market Making Open Gateway (as the case may be) to the System; and

Trading Facilities

- 364B. (1A) (a) [Repealed]

(1B) (a) [Repealed]

(1C) (b) (i) [Repealed]

(2) [Repealed]

(2A) [Repealed]

(5) [Repealed]

365. (1) (i) [Repealed]

(1A) [Repealed]

(4) (a) An Exchange Participant may connect an Open Gateway and, for backup purpose, a Backup Open Gateway to its BSS.

(5) An Exchange Participant seeking to locate its Open Gateway, Backup Open Gateway, BSS or NSTD in any address must:

(6) An Exchange Participant shall be solely responsible and liable for the granting, monitoring and supervision of access to its Open Gateway, Backup Open Gateway, BSS, NSTD and any Central Gateway session or Backup Central Gateway session designated to it.

(7) An Exchange Participant shall ensure that only the Exchange Participant and its Authorised Persons, as the case may be, can have access to and operate its Open Gateway, Backup Open Gateway and any Central Gateway session or Backup Central Gateway session designated to it.

(8) An Exchange Participant shall ensure that its Open Gateway and Backup Open Gateway are not modified and no attempt is made to modify these equipment.

(11) An Exchange Participant using NSTD shall submit a declaration to the Exchange in a form prescribed by the Exchange from time to time in relation to its NSTD prior to the connection or re-connection of its NSTD to the System.

Security Control Card

366. (1) An Exchange Participant will be issued, unless otherwise determined by the Board, two Security Control Cards in respect of each Market Making Open Gateway, Open Gateway or Backup Open Gateway.

(7) (a) An Exchange Participant shall immediately surrender to the Exchange all the Security Control Cards issued to it in respect of a Market Making Open Gateway, and if applicable, the Backup Open Gateway for the Market Making Open Gateway, when all of its capacities as a Securities Market Maker and a Structured Product Liquidity Provider which entitle it to that Market Making Open Gateway cease or when its access to the System through that Market Making Open Gateway in all such capacities is suspended, withdrawn or revoked, or otherwise terminated. Such an Exchange Participant will be issued with new Security Control Cards upon

reinstatement by the Exchange of any of its capacities as a Securities Market Maker or a Structured Product Liquidity Provider which entitles it to that Market Making Open Gateway or upon reinstatement of its access to the System through that Market Making Open Gateway in any of such capacities.

(b) [Repealed]

- (10) An Exchange Participant shall report to the Exchange the loss of a Security Control Card and apply for issue of a replacement card. In making such application the Exchange Participant shall return to the Exchange all the Security Control Cards in its possession in respect of that Market Making Open Gateway, Open Gateway or Backup Open Gateway. Replacement Security Control Cards will be issued to the applicant upon payment of a fee to be determined by the Board from time to time. An Exchange Participant which fails to return to the Exchange all the Security Control Cards in its possession in respect of that Market Making Open Gateway, Open Gateway or Backup Open Gateway shall be liable to a charge as determined by the Board from time to time.

CHAPTER 5

TRADING

550. (1) 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.

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 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.
- (2) [Repealed]

CHAPTER 7

DISCIPLINARY

Disciplinary Powers

702. (14) to suspend, withdraw or revoke a Securities Market Maker's and/or a Structured Product Liquidity Provider's access to the System through a Market Making Open Gateway and/or Market Making Central Gateway session on such terms and for such period as the Board shall think fit;

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:-

Fee Type	Amount (HK\$)
(16) monthly user fee for:	
(a) [Repealed]	
(e) [Repealed]	
(16A) [Repealed]	
(16B) [Repealed]	
(26) production of Trade File and/or Closing Price File Diskette for current day;	20/diskette
(28) Broker Transaction Detail Report (request on non-current trading day);	100/broker number
(30) [Repealed]	

FOURTEENTH SCHEDULE

**SECURITIES MARKET MAKER REGULATIONS
("REGULATIONS")**

RIGHTS AND OBLIGATIONS OF SECURITIES MARKET MAKERS WITH DESIGNATED SPECIALISTS

(14C) A Securities Market Maker must have in place the necessary systems and procedures to maintain sufficient risk management control on itself and its Designated Specialist.

MARKET MAKING OPEN GATEWAY AND MARKET MAKING CENTRAL GATEWAY SESSION

(15) (a) A Securities Market Maker upon payment of a fee to be determined by the Board from time to time shall be entitled to have a Market Making Open Gateway to connect to its BSS for access to the System. The number of Market Making Open Gateway that a Securities Market Maker may install at any one time shall be determined by the Board from time to time. Unless otherwise determined by the Board, the Market Making Open Gateway shall be subject to the Rules relating to "Open Gateway" referred to in Rule 365(1) insofar as they are applicable.

(15A) A Securities Market Maker seeking to locate its Market Making Open Gateway in any address must:

- (16) [Repealed]
- (16A) A Securities Market Maker shall be responsible and liable for the granting, monitoring and supervision of access to its Market Making Open Gateways and any Market Making Central Gateway sessions designated to it.
- (17) A Securities Market Maker or any of its employees or persons acting on its behalf shall not modify or attempt to modify any Market Making Open Gateway.
- (17B) A Securities Market Maker shall use a Market Making Open Gateway or Market Making Central Gateway session for entering market making orders into the System in such manner as the Board may from time to time determine. The Board may from time to time determine orders or activities a Securities Market Maker may enter or carry out using a Market Making Open Gateway or Market Making Central Gateway session subject to such conditions and in such manner as the Board may from time to time determine.

SUSPENSION, REVOCATION AND SURRENDER

- (19A) Upon suspension, withdrawal, revocation or surrender of the Securities Market Maker permit of a Securities Market Maker, the Exchange shall terminate the access of its Market Making Open Gateways and any Market Making Central Gateway sessions designated to it to the System.
- (19B) The Exchange has absolute discretion at any time to suspend, withdraw or revoke a Securities Market Maker's access to the System through any Market Making Open Gateway or Market Making Central Gateway session on such terms and for such period as the Board shall think fit without giving any reason or notice and the decision of the Board shall be final and conclusive. Without prejudice to the aforesaid general power, the Exchange shall have the right to suspend, withdraw or revoke a Securities Market Maker's access in such capacity of any Market Making Open Gateway or Market Making Central Gateway session to the System on such terms and for such period as the Board shall think fit if he or it fails to comply with these Regulations or if it has been suspended, expelled or for any reason ceases to be an Exchange Participant. The decision of the Board shall be final and conclusive. For the avoidance of doubt, the Exchange Participant shall remain liable for his or its failure to comply with these Regulations and for any monies due and payable under these Regulations as if his or its access in the capacity as a Securities Market Maker has not been suspended, withdrawn or revoked.

EIGHTEENTH SCHEDULE

STRUCTURED PRODUCT LIQUIDITY PROVIDER REGULATIONS ("REGULATIONS")

TRADING DEVICES FOR STRUCTURED PRODUCT LIQUIDITY PROVIDER

- (5) (a) A Structured Product Liquidity Provider upon payment of a fee to be determined by the Board from time to time shall be entitled to a Market Making Open Gateway to connect to its BSS for access to the System. The number of Market Making Open Gateways that a Structured Product Liquidity Provider may install at any one time shall be determined by the Board from time to time. Unless otherwise determined by

the Board, every Market Making Open Gateway shall be subject to the Rules relating to "Open Gateway" referred to in Rule 365(1) insofar as they are applicable.

- (6) A Structured Product Liquidity Provider shall use a Market Making Open Gateway or Market Making Central Gateway session to input Structured Product liquidity orders in accordance with the issuer's listing document relating to the relevant Structured Product and to report all transactions other than those concluded by automatic order matching with respect to the Structured Product concluded in its capacity as a Structured Product Liquidity Provider for the account of the issuer or its associates in such manner as the Board may from time to time determine. The Board may from time to time determine orders and/or activities a Structured Product Liquidity Provider may enter and/or carry out using a Market Making Open Gateway or Market Making Central Gateway session subject to such conditions and in such manner as the Board may from time to time determine.
- (7) A Structured Product Liquidity Provider seeking to locate any Market Making Open Gateway in any address must:
- (8) A Structured Product Liquidity Provider shall be responsible and liable for the granting, monitoring and supervision of access to its Market Making Open Gateways and any Market Making Central Gateway sessions designated to it.
- (10) [Repealed]
- (11) A Structured Product Liquidity Provider or any of its employees or persons acting on its behalf shall not modify or attempt to modify any Market Making Open Gateway.

SUSPENSION AND TERMINATION

- (12) The Exchange has absolute discretion at any time to prohibit any Exchange Participant from being appointed or acting as a Structured Product Liquidity Provider and/or to suspend, withdraw or revoke a Structured Product Liquidity Provider's access to the System through any Market Making Open Gateway or Market Making Central Gateway session, on such terms and for such period as the Board shall think fit without giving any reason or notice and the decision of the Board shall be final and conclusive. Without prejudice to the aforesaid general power, the Exchange shall have the right to prohibit any Exchange Participant from being appointed and/or acting as a Structured Product Liquidity Provider and shall have the right to suspend, withdraw or revoke its access in the capacity as a Structured Product Liquidity Provider of any Market Making Open Gateway or Market Making Central Gateway session, to the System on such terms and for such period as the Board shall think fit if it fails to comply with these Regulations or if it has been suspended, expelled or for any reason ceases to be an Exchange Participant. The decision of the Board shall be final and conclusive. For the avoidance of doubt, the Exchange Participant shall remain liable for its failure to comply with these Regulations and for any monies due and payable under these Regulations as if its access in the capacity as a Structured Product Liquidity Provider has not been suspended, withdrawn or revoked.
- (13) Upon termination of the appointment of a Structured Product Liquidity Provider, the Exchange shall terminate the access to the System of all Market Making Open Gateways and Market Making Central Gateway sessions provided or designated to it in that capacity.