

**Rules of the Exchange**

**CHAPTER 1**

**INTERPRETATION**

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

“AMS terminal/MWS transitional period”	means a period, as may be notified by the Exchange to Exchange Participants by means of circular, during which the AMS terminal, MWS, BSS and NSTD could be used for trading purposes but after which only BSS and NSTD could be used;
“Central Gateway”	means a hardware and software component operated by the Exchange, which provides the communications interface between the System and BSS, NSTD or any other devices;
“Central Gateway message”	means a single instance of order or trade-related communication between a BSS or an NSTD and the Central Gateway;
“Central Gateway session”	means a connection to the Central Gateway for communication between a BSS or an NSTD and the Central Gateway;
“Central Gateway transitional period”	means a period which may be notified by the Exchange to Exchange Participants during which both the Open Gateway and the Central Gateway session could be used as a communications interface with the System but after which only the Central Gateway session could be used;
“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;
“NSTD”	means the New Securities Trading Device developed by a vendor appointed by the Exchange and operated by the Exchange Participant for trading purposes, and includes any server, terminal and other device connected to it;
“Open Gateway”	means a hardware and software component operated by the Exchange Participant, which provides the communications interface between the System and MWS, BSS or any other devices;
“Standby Terminal”	means an AMS terminal installed by the Exchange at the business continuity centre or the registered business

address of an Exchange Participant for backup purpose pursuant to Rule 364A;

## **CHAPTER 3**

### **EXCHANGE PARTICIPANTSHIP**

#### **Standby Terminal and 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 or to a MWS provided by the Exchange for access to the System may, in respect of each Stock Exchange Trading Right or each standard throttle rate under Rule 364B or Rule 365B assigned to that Open Gateway, apply to the Exchange for a (i) 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, or (ii) if application is made prior to the commencement of the AMS terminal/MWS transitional period, a Standby Terminal. 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 and/or Rule 365B 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 together with the number of Standby Terminals installed for backup of the Open Gateway must not exceed the total number of Stock Exchange Trading Rights and standard throttle rates under Rule 364B and Rule 365B 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 or to an MWS provided by the Exchange for access to the System may, prior to the commencement of the AMS terminal/MWS transitional period, in respect of each standard throttle rate assigned to that Market Making Open Gateway, apply to the Exchange for a Standby Terminal to be installed for backup of such Market Making Open Gateway unless otherwise determined by the Exchange. Alternatively, the Exchange Participant may, subject to Rule 364A(2), 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) Subject to Rule 364A(2), an Exchange Participant which has installed an additional AMS terminal or Market Making AMS Terminal for access to the System may, prior to the commencement of the AMS terminal/MWS transitional period, apply to the Exchange for a Standby Terminal to be installed for backup of such additional AMS terminal or Market Making AMS Terminal (as the case may be).

**Backup Central Gateway session**

- 364AA. (1) (a) Subject to Rule 364AA(2) and unless otherwise determined by the Exchange, an Exchange Participant which has connected its BSS or NSTD to a Central Gateway session, as entitled under Rule 365(1) or applied for under Rule 364B or Rule 365C for access to the System may apply to the Exchange for a Backup Central Gateway session for the backup of such Central Gateway session provided that the Backup Central Gateway session must be in respect of the same number of Stock Exchange Trading Rights and for the same number of standard Central Gateway throttle rates assigned to that Central Gateway session and the Exchange Participant may only apply for one Backup Central Gateway session irrespective of the number of Stock Exchange Trading Rights or standard Central Gateway throttle rates assigned to that Central Gateway session.
- (b) Subject to Rule 364AA(2), an Exchange Participant which has connected its BSS or NSTD to a Market Making Central Gateway session for access to the System may, subject to Rule 364AA(2), apply to the Exchange for a Backup Central Gateway session to be designated for the backup of such Market Making Central Gateway session unless otherwise determined by the Exchange provided that the Backup Central Gateway session must be in respect of the same number of standard Central Gateway throttle rates assigned to that Market Making Central Gateway session and the Exchange Participant may only apply for one Backup Central Gateway session irrespective of the number of standard Central Gateway throttle rates assigned to that Market Making Central Gateway session.
- (2) An Exchange Participant which has connected to a Backup Central Gateway session 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) [Repealed]
- (4) [Repealed]
- (5) [Repealed]
- (6) [Repealed]

- (7) For the avoidance of doubt, references to “Central Gateway session entitled under Rule 365(1)” in this Rule 364AA shall include a new Central Gateway session under Rule 364B(3)(c) and a new Central Gateway session under Rule 365C(2).

### **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 had not made any successful application to relinquish it for a Dealing Desk or any one of the following prior to the Cessation Date, the Exchange Participant may, in respect of such Stock Exchange Trading Right, still apply to the Exchange for any one of the following, but not a Dealing Desk, on or after the Cessation Date:
- (a) installation of an additional AMS terminal, provided that the application is made prior to the commencement of the AMS terminal/MWS transitional period;
- (1B) 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 any one of the following before such date as may be notified by the Exchange to Exchange Participants under this Rule 364B(1B):
- (a) installation of an additional AMS terminal, provided that the application is made prior to the commencement of the AMS terminal/MWS transitional period;
- (1C) (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 any one of the following:
- (i) installation of an additional AMS terminal, provided that the application is made prior to commencement of the AMS terminal/MWS transitional period;
- (2A) (a) An Exchange Participant which has elected for an additional AMS terminal in the form of a second terminal under Rule 364B but terminates the use of the second terminal for any reason within 3 years from the date of installation shall be liable to pay to the Exchange an early termination charge determined by the Exchange, which shall be subject to a maximum of HK\$420 for each month or part thereof remaining in the 3-year period or, if the AMS terminal/MWS transitional period expires before the end of the 3-year period, in the AMS terminal/MWS transitional period.

- (5) Subject to payment of an early termination charge under Rule 364B(2A)(a) where applicable, an Exchange Participant may, prior to the expiry of the AMS terminal/MWS transitional period, apply to the Exchange to change its additional AMS terminal applied for or entitled under Rule 364B to an increase in the throughput rate of an order into the System through its Open Gateway or a Central Gateway message into the System through a Central Gateway session designated to it and vice versa. No Exchange Participant shall have any right to apply for reinstatement of any Seats.
365. (1) An Exchange Participant upon payment of a fee to be determined by the Board from time to time shall in respect of each Stock Exchange Trading Right held be entitled to:
- (i) an additional AMS Terminal, provided that the application for installation is made prior to the commencement of the AMS terminal/MWS transitional period;
- (1A) In the event that an Exchange Participant has installed an additional AMS terminal in the form of a second terminal but terminates its use for any reason within 3 years from the date of installation under Rule 365(1) or, if the additional AMS terminal is replaced from time to time, within 3 years from the date of any such replacement, it shall, unless the Exchange determines otherwise, be liable to pay to the Exchange an early termination charge determined by the Exchange, which shall be subject to a maximum of HK\$420 for each month or part thereof remaining in the 3-year period, or, if the AMS terminal/MWS transitional period expires before the end of the 3-year period, in the AMS terminal/MWS transitional period.
- (4) (a) An Exchange Participant may connect an Open Gateway to its BSS or, at any time prior to the expiry of the AMS terminal/MWS transitional period and upon payment of a fee to be determined by the Board from time to time, to the MWS provided by the Exchange. An Exchange Participant may connect a Backup Open Gateway to its BSS for backup purpose or prior to the expiry of AMS terminal/MWS transitional period, upon payment of a fee to be determined by the Board from time to time, to the MWS provided by the Exchange for backup purpose.
- (b) An Exchange Participant may connect its BSS or NSTD to a Central Gateway session designated to it and, for backup purpose, a Backup Central Gateway session.
- (5) An Exchange Participant seeking to locate its Open Gateway, Backup Open Gateway, BSS, NSTD, MWS, Standby Terminal and additional AMS terminal 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, MWS, Standby Terminal and additional AMS

terminal and any Central Gateway session or Backup Central Gateway session designated to it.

- (9) An Exchange Participant shall ensure its BSS or NSTD is operated in such a way as not to affect the proper functioning of the System.
- (11) An Exchange Participant using the MWS or NSTD shall submit a declaration to the Exchange in a form prescribed by the Exchange from time to time in relation to its MWS or NSTD prior to the connection or re-connection of its MWS or NSTD to the System.

**FOURTEENTH SCHEDULE**

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

**MARKET MAKING OPEN GATEWAY, MARKET MAKING AMS TERMINAL  
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 or provided that connection is to take place prior to the expiry of AMS terminal/MWS transitional period, to an MWS provided by the Exchange, and/or a Market Making AMS Terminal for access to the System. The number of Market Making Open Gateway and/or Market Making AMS Terminal 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 and the Market Making AMS Terminal shall be subject to the Rules relating to "Open Gateway" and "additional AMS terminal" referred to in Rule 365(1) respectively insofar as they are applicable.
- (b) A Securities Market Maker upon payment of a fee to be determined by the Board from time to time shall be entitled to have its BSS or NSTD connected to a Market Making Central Gateway session for access to the System. The number of Market Making Central Gateway sessions that a Securities Market Maker may be designated at any one time shall be determined by the Board from time to time. Unless otherwise determined by the Board, the Market Making Central Gateway session shall be subject to the Rules relating to "Central Gateway session" referred to in Rule 365(1) insofar as they are applicable.

**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 or, provided that connection is to take place prior to the expiry of the AMS terminal/MWS transitional period, to an MWS provided by the Exchange and/or a Market Making AMS Terminal for access to the System. The number of Market Making Open Gateways and/or Market Making AMS Terminals 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 and Market Making AMS Terminal shall be subject to the Rules relating to "Open Gateway" and "additional AMS terminal" referred to in Rule 365(1) respectively insofar as they are applicable.
- (b) A Structured Product Liquidity Provider upon payment of a fee to be determined by the Board from time to time shall be entitled to have its BSS or NSTD connected to a Market Making Central Gateway session for access to the System. The number of Market Making Central Gateway sessions that a Structured Product Liquidity Provider may be designated at any one time shall be determined by the Board from time to time. Unless otherwise determined by the Board, every Market Making Central Gateway session shall be subject to the Rules relating to "Central Gateway session" referred to in Rule 365(1) insofar as they are applicable.