

CHAPTER 1

INTERPRETATION

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

“Afternoon Session”	means the period in the afternoon during which trading can be conducted on the Exchange as set out in Rule 501(1);
“AFRC Transaction Levy”	means the levy payable to the Accounting and Financial Reporting Council pursuant to the provisions of section 50A of the Accounting and Financial Reporting Council Ordinance;
“applicable laws”	in the context of the China Connect Service or the trading of China Connect Securities or SEHK Securities, means, in relation to a market, security, transaction, entity or a person, the laws and regulations applicable to such market, security, transaction, entity or person from time to time, including but not limited to any Mainland China and Hong Kong laws, administrative regulations and judicial interpretations, and any departmental regulations and other regulatory documents promulgated by relevant governmental or regulatory bodies, as well as the rules and requirements of any exchange or clearing house. The aforesaid governmental or regulatory bodies include but are not limited to the China Securities Regulatory Commission, the People’s Bank of China and the State Administration of Foreign Exchange of Mainland China, and the Commission and the Monetary Authority of Hong Kong;
“Articles”	means the Articles of Association of the Exchange;
“associates”	in relation to an issuer of Structured Product, means any of its holding companies, subsidiaries or fellow subsidiaries, or any associated companies of any of them;
“ATS”	has the same meaning as “automated trading services” in the Ordinance;
“ATS transaction”	means a transaction executed or concluded or entered into through an ATS provided by an Exchange Participant under a licence granted by the Commission for trading of securities listed on the Exchange;
“at-auction limit order”	means – (a) a buy order or a sell order with a specified price input into the System during the order input

period, no-cancellation period or random matching period of the Pre-opening Session for automatic order matching at the end of the random matching period of the Pre-opening Session at the IEP calculated at the end of the random matching period of the Pre-opening Session when the specified price is (in the case of a buy order) equal to or higher than such IEP, or (in the case of a sell order) equal to or lower than such IEP which, if wholly or partly unmatched at the end of the random matching period of the Pre-opening Session, would be converted to a limit order and carried forward to the Continuous Trading Session according to Rule 501I; or

- (b) a buy order or a sell order with a specified price input into the System during the order input period, no-cancellation period or random closing period of the Closing Auction Session, or an outstanding limit order treated as at-auction limit order and carried forward to the Closing Auction Session according to Rule 501L(4), for automatic order matching at the end of the random closing period of the Closing Auction Session at the IEP calculated at the end of the random closing period of the Closing Auction Session when the specified price is (in the case of a buy order) equal to or higher than such IEP, or (in the case of a sell order) equal to or lower than such IEP;

“at-auction order” means –

- (a) a buy order or a sell order with no specified price input into the System during the order input period, no-cancellation period or random matching period of the Pre-opening Session for automatic order matching at the end of the random matching period of the Pre-opening Session at the IEP calculated at the end of the random matching period of the Pre-opening Session; or
- (b) a buy order or a sell order with no specified price input into the System during the order input period, no-cancellation period or random closing period of the Closing Auction Session for automatic order matching at the end of the random closing period of the Closing Auction Session at the IEP calculated at the end of the random closing period of the Closing Auction

Session;

“auction orders”	means and includes each and both of the at-auction orders and the at-auction limit orders (as the case may be);
“Authorized Person”	means a person employed or engaged by an Exchange Participant or a Special Participant to gain access to the System, and where an Exchange Participant is registered as a China Connect Exchange Participant, a person employed or engaged by it to gain access to the CSC;
“automatch stock”	means a security eligible for automatic order matching under the System;
“automatic order matching”	<p>means the automatic conclusion of transactions by the System based on the methodology or methodologies as determined by the Board from time to time, including:-</p> <ul style="list-style-type: none">(a) the methodology specified in Rule 517(1)(a) for automatic conclusion of transactions at the end of the random matching period of the Pre-opening Session or at the end of the random closing period of the Closing Auction Session at the IEP calculated at the end of the random matching period of the Pre-opening Session or at the end of the random closing period of the Closing Auction Session, as the case may be;(b) the methodology specified in Rule 517(1)(b) for automatic conclusion of transactions during the Continuous Trading Session when the specified prices of buy orders and sell orders match;
“Backup Central Gateway session”	means a Central Gateway session designated for backup purpose pursuant to Rule 364AA;
“Backup China Connect Central Gateway session”	means a China Connect Central Gateway session designated for backup purpose pursuant to Rule 1410(2);
“Backup China Connect Drop-Copy session”	means a backup connection to the China Connect Drop-Copy Service;
“Backup Drop-Copy session”	means a backup connection to the Drop-Copy Service;
“Backup Kill Switch session”	means a Kill Switch session designated for backup purpose pursuant to Rule 365F(1);
“Backup Special Participant Central	means a Special Participant Central Gateway session designated for backup purpose pursuant to Rule 1512A;

Gateway session”

“BCAN-CID Mapping File”	means a file compiled by a Relevant Regulated Intermediary, a China Connect Exchange Participant or an Exchange Participant trading through a China Connect Exchange Participant which contains all the assigned BCANs and their corresponding CID, in such format as the Exchange may require from time to time;
“Board”	means the Directors of the Exchange elected or appointed in accordance with the Articles and, where the context so permits, any Committee thereof;
“borrowed securities”	in relation to a securities borrowing, means any securities obtained by a borrower under such securities borrowing and includes “borrowed stock” as that term is defined in the Stamp Duty Ordinance;
“borrower”	in relation to a securities borrowing, means a person including an Exchange Participant who obtains securities under a securities borrowing and lending agreement and includes “borrower” as that term is defined in the Stamp Duty Ordinance;
“broker number”	means the unique four digit number or numbers as may be assigned to every Exchange Participant trading;
“Broker Participant”	means an Exchange Participant admitted by HKSCC to participate in CCASS as a Broker Participant immediately before 3 December 2007 and whose Broker Participants had not been terminated;
“Broker-to-Client Assigned Number” or “BCAN”	<p>means –</p> <p>(a) the code, number or identifier that is assigned to uniquely and consistently identify each of its clients by a Relevant Regulated Intermediary as required under Rule 538A, or a China Connect Exchange Participant or an Exchange Participant trading through a China Connect Exchange Participant as required under Rule 1425A(1); or</p> <p>(b) a standardized text, number or other code that the Exchange prescribes from time to time for a particular type of client, account, order or trading arrangement of a Relevant Regulated Intermediary, a China Connect Exchange Participant or an Exchange Participant trading through a China Connect Exchange Participant;</p>
“BSS”	means the Broker Supplied System developed and operated by the Exchange Participant for trading purposes,

	and includes any server, terminal and other device connected to it;
“business continuity centre”	means a business address of an Exchange Participant used for the purpose of continuing its trading operations during emergency or for other purpose which is notified to and approved by the Exchange from time to time;
“business day”	means a day (excluding Saturday) on which banks in Hong Kong are open for business;
“buy order”	means an order input into the System to buy an issue of securities;
“buying Exchange Participant”	means an Exchange Participant which acts as the buying party to a transaction, whether as a principal or an agent;
“CAS reference price”	of an issue of securities on a trading day means, unless otherwise determined by the Exchange, the price which is the median of several nominal prices taken by the System prior to and at the close of the Continuous Trading Session on that trading day. Such nominal prices shall be taken during such period, at such interval and in such manner as the Exchange may from time to time determine;
“CAS security”	means an issue of security prescribed by the Exchange as eligible for trading in the Closing Auction Session;
“CBBC”	means “callable bull/bear contract” which is a type of Structured Product that contains a mandatory call feature which obliges the issuer to call the CBBC when a mandatory call event occurs at any time before expiry. In the case of a CBBC, a mandatory call event occurs when the price or level of the underlying reaches a specified price or level;
“CCASS”	has the same meaning as defined in the HKSCC Rules;
“CCASS Clearing Agreement”	means a written agreement under the HKSCC Rules between a CCASS GCP and an Exchange Participant which is (i) not a CCASS Clearing Participant or (ii) not a China Connect CCASS Clearing Participant;
“CCASS Clearing Participant”	means a person admitted by HKSCC to participate in CCASS as a CCASS DCP or CCASS GCP;
“CCASS DCP”	means a person admitted by HKSCC to participate in CCASS as a Direct Clearing Participant or a Broker Participant which is deemed to be a Direct Clearing Participant pursuant to the HKSCC Rules;

“CCASS GCP”	means a person admitted by HKSCC to participate in CCASS as a General Clearing Participant;
“CCMS”	has the same meaning as defined in the HKSCC Rules;
“Central Gateway”	means a hardware and software component operated by the Exchange, which provides the communications interface between the System and BSS or any other devices;
“Central Gateway message”	means a single instance of order or trade-related communication between a BSS and the Central Gateway;
“Central Gateway session”	means a connection to the Central Gateway for communication between a BSS and the Central Gateway;
“cents”	shall mean cents in the legal currency of Hong Kong, unless otherwise stated;
“Cessation Date”	means 16 January 2006;
“Chief Executive”	means the Chief Executive of the Exchange for the time being appointed by the Board in accordance with Rule 223 or, as the context may require, his designee;
“China Connect CCASS Clearing Participant”	means “China Connect Clearing Participant” as defined in the HKSCC Rules;
“China Connect Central Gateway”	means a hardware and software component operated by the Exchange, which provides the communications interface between the CSC and BSS of the China Connect Exchange Participants and other devices;
“China Connect Central Gateway message”	means a single instance of order or trade-related communication between a BSS and the China Connect Central Gateway;
“China Connect Central Gateway session”	means a connection to the China Connect Central Gateway for communication between a BSS and the China Connect Central Gateway;
“China Connect Clearing House”	has the same meaning as defined in the HKSCC Rules;
“China Connect Drop-Copy Service”	means the Exchange’s real-time reporting service in respect of China Connect orders and China Connect Securities Trades of an Exchange Participant that have been inputted into or recorded by the CSC;

“China Connect Drop-Copy session”	means a connection to the China Connect Drop-Copy Service;
“China Connect Exchange Participant”	means an Exchange Participant which is registered as a China Connect Exchange Participant by the Exchange;
“China Connect Exchange Participant Registration Criteria”	means the eligibility criteria (including technical standards, system, risk management, client documentation and other requirements) which the Exchange may prescribe from time to time for an Exchange Participant to be, and to remain, registered as a China Connect Exchange Participant;
“China Connect Market”	means a stock or exchange traded fund market in Mainland China acceptable to the Exchange and included in the list of China Connect Markets from time to time, as referred to in Rule 1409(1)(c) and, where the context so requires, includes the “China Connect Market Operator” operating the relevant stock or exchange traded fund market and the “China Connect Market System” operated by such China Connect Market Operator;
“China Connect Market Operator”	means an exchange that operates a China Connect Market and that has entered into Trading Links with the Exchange, whose name is included in the list of China Connect Market Operators from time to time, as referred to in Rule 1409(1)(d);
“China Connect Market Participant”	in relation to a China Connect Market, means (i) a member or participant of the relevant China Connect Market Operator; and (ii) if so agreed by the Exchange, an institution recognized by the relevant China Connect Market Operator that is subject to its rules regarding the trading of SEHK Securities through a Special Participant;
“China Connect Market System”	means the system used for the trading of China Connect Securities on a China Connect Market, as operated by the relevant China Connect Market Operator;
“China Connect Monthly Throttle Subscription Scheme”	means the scheme set out in Rule 1413A that allows a China Connect Exchange Participant with a China Connect Central Gateway session to apply to the Exchange for the subscription of a single or multiples of a standard China Connect Central Gateway throttle rate on a monthly basis;
“China Connect order”	means an order input into the CSC via a China Connect Central Gateway session of a China Connect Exchange Participant for routing to a China Connect Market System to buy or sell China Connect Securities

	(including an order to sell Special China Connect Securities), and the terms “China Connect buy order” and “China Connect sell order” shall be construed accordingly;
“China Connect Securities”	means any securities listed on a China Connect Market which the Exchange (after consulting the relevant China Connect Market Operator) accepts as eligible for China Connect buy orders and China Connect sell orders through the use of the China Connect Service, and are included in the list of China Connect Securities from time to time, as referred to in Rules 1407 and 1409(1)(a). Unless the context otherwise requires, any reference in these Rules to “China Connect Securities” includes “Special China Connect Securities” as referred to in Rules 1408 and 1409(1)(b);
“China Connect Securities Trade”	means a trade in China Connect Securities (including Special China Connect Securities) executed on a China Connect Market through the use of the China Connect Service, and the terms “China Connect Securities Buy Trade” and “China Connect Securities Sell Trade” shall be construed accordingly;
“China Connect Service”	means the order-routing service referred to in Rule 1403(1) through which China Connect orders placed by a China Connect Exchange Participant may be transmitted by an SEHK Subsidiary to a China Connect Market for the buying and selling of China Connect Securities and for the selling of Special China Connect Securities, and unless the context otherwise requires, the related supporting services referred to in Rule 1403(2);
“China Connect Service Special Rules”	in relation to a China Connect Market, means the additional rules prescribed by the Exchange from time to time that govern China Connect Exchange Participants when trading in the China Connect Market, as referred to in Rule 1444;
“Clearing Link”	has the same meaning as defined in the HKSCC Rules;
“Clearing Rules”	means the clearing rules of SEOCH as from time to time in effect;
“Client Contract”	has the same meaning as in the Options Trading Rules;
“Client Identity Guidance Note”	means the guidance note on client identity issued by the Commission from time to time (including but not limited to the guidance note contained in Schedule 2 to the SFC Code of Conduct);
“Client Identification	means the full name, identity document type, identity

Data” or “CID”	document issuing country or jurisdiction and identity document number in relation to a client to whom a BCAN is assigned;
“Closing Auction Session” or “CAS”	means, unless otherwise prescribed by the Board from time to time, the trading hours from the close of the Afternoon Session at 4:00 p.m. (as specified in Rule 501(1)) to the end of the random closing period of the Closing Auction Session at a time no later than 4:10 p.m. or, when there is no Afternoon Session on the eves of Christmas, New Year and Lunar New Year, the trading hours from the close of the Morning Session at 12:00 noon (as specified in Rule 501(1)) to the end of the random closing period of the Closing Auction Session at a time no later than 12:10 p.m.;
“closing price”	of an issue of securities on a trading day means, unless otherwise determined by the Exchange, the price which is the median of several nominal prices taken by the System prior to and at the end of the Continuous Trading Session on that trading day and such nominal prices shall be taken during such period, at such interval and in such manner as the Exchange may from time to time determine, provided that where the Closing Auction Session is conducted, the closing price of an issue of CAS securities means, unless otherwise determined by the Exchange, the IEP calculated at the end of the random closing period of the Closing Auction Session on that trading day according to Rule 501M, or if no such IEP can be calculated, the CAS reference price;
“CNS System” or “Continuous Net Settlement System”	has the same meaning as defined in the HKSCC Rules;
“collateral”	in relation to a securities borrowing, means any collateral provided by the borrower to the lender which is accepted as security for the borrowed securities, in accordance with the Rules and practices of the Exchange;
“Commission”	means the Securities and Futures Commission referred to in section 3(1) of the Ordinance;
“company”	means a company as defined in section 2 of the Companies Ordinance, a company to which Part 16 of that Ordinance applies, and any body corporate incorporated in Hong Kong having a share capital;
“Compensation Fund”	refers to the Unified Exchange Compensation Fund established under Part X of the repealed Securities

	Ordinance;
“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, the Afternoon Session and in respect of the Extended Trading Securities, the Extended Morning Session;
“Contract”	means an Options Contract, a Client Contract, an Options Broker Client Contract, an OCH Contract or an NCP Contract, as the context may require;
“controller”	has the meaning assigned to it by section 18(1) of the Ordinance;
“cooling-off period”	in relation to a VCM security, means a period during which trading of the VCM security shall be subject to Rule 513C;
“Corporate Exchange Participant”	means a company which immediately before 1 April 2003 was admitted as a Corporate Exchange Participant by the Exchange;
“corporation”	has the same meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance;
“CSC”	means the China Stock Connect System for receiving and routing China Connect orders to a China Connect Market System for automatic matching and execution;
“CSC trading day”	means a day on which the China Connect Service is available for the routing of China Connect orders, as referred to in Rule 14A03(3) or 14B03(4);
“CSRC”	means the China Securities Regulatory Commission;
“current ask price”	means - <ul style="list-style-type: none"> (a) during the Pre-opening Session or the Closing Auction Session:- <ul style="list-style-type: none"> (i) (when the IEP can be determined in accordance with Rule 501H or Rule 501M) the IEP at any specific moment; otherwise (ii) the lowest ask price at any specific moment; (b) during the Continuous Trading Session, the lowest ask price at any specific moment;
“current bid price”	means -

	<p>(a) during the Pre-opening Session or the Closing Auction Session:-</p> <p>(i) (when the IEP can be determined in accordance with Rule 501H or Rule 501M) the IEP at any specific moment; otherwise</p> <p>(ii) the highest bid price at any specific moment;</p> <p>(b) during the Continuous Trading Session, the highest bid price at any specific moment;</p>
“DCASS”	means the Derivatives Clearing and Settlement System operated by SEOCH and HKCC;
“de-earmark”	means the designation of earmarked TSF Stocks as not subject to earmarking, and “de-earmarking” shall be construed accordingly;
“Dealing Director”	means a director of a Corporate Exchange Participant who, either alone or with others, actively participates in, or is directly responsible for the supervision of, the Corporate Exchange Participant’s business of dealing in securities and registered by the Exchange as a Dealing Director immediately before 1 April 2003;
“dealing in securities”	has the meaning assigned to it by Part 2 of Schedule 5 to the Ordinance;
“derivative warrant”	has the same meaning as in Chapter 15A of the Main Board Listing Rules;
“Derivative Warrant Hedging Participant”	is the former term given to an Exchange Participant appointed by an issuer to act as its agent in conducting Derivative Warrant Hedging Transactions for the account of that issuer or the account of any associates of that issuer;
“Derivative Warrant Hedging Transaction”	is the former term given to the purchase or sale of an underlying stock of a single stock derivative warrant for the purpose of hedging against the risk of short or long positions of an issuer held in an account of that issuer or in an account of any associates of that issuer;
“Derivative Warrant Liquidity Provider”	is the former term given to an Exchange Participant appointed by an issuer to act as its agent in carrying out the activities for providing liquidity to a derivative warrant issued by the issuer;

“Designated Exchange Traded Funds”	means Exchange Traded Funds designated by the Exchange to be traded with market making facilities;
“designated HKEX staff”	means any HKEX staff as the Board may from time to time designate to exercise its powers or do such acts on its behalf pursuant to these Rules;
“Designated Index Arbitrage Short Selling”	means the short selling of a security which is conducted as part of a Designated Index Arbitrage Transaction in accordance with the Fifteenth Schedule to these Rules and which may be made below the best current ask price;
“Designated Index Arbitrage Short Selling Participant”	means an Exchange Participant registered as such with the Exchange under the Fifteenth Schedule to conduct Designated Index Arbitrage Short Selling;
“Designated Index Arbitrage Transaction”	<p>means either of the following transactions:</p> <ul style="list-style-type: none"> (a) the purchase of a Stock Index Futures Contract traded on HKFE with a contemporaneous offsetting sale of underlying stocks of such index which is designated from time to time by the Exchange as eligible for conducting Designated Index Arbitrage Transactions and on which the Stock Index Futures Contract is based; or (b) the purchase of a TraHK Unit with a contemporaneous offsetting sale of underlying stocks of the Tracker Fund of Hong Kong, provided the purchase of the TraHK Unit is not through the tap facility as specified in the prospectus of the Tracker Fund of Hong Kong, in which latter case the purchase of the TraHK Unit through the tap facility and the relevant offsetting sale of the underlying stocks are not required to be conducted within the time period as prescribed in this definition; <p>For the purpose of this definition, the term “contemporaneous” means the execution of all trades under a Designated Index Arbitrage Transaction within a certain time period as prescribed by the Exchange from time to time;</p>
“Designated Security”	means an automatch stock which is from time to time designated by the Exchange as being eligible for short selling in accordance with the Short Selling Regulations set forth in the Eleventh Schedule to these Rules;
“Designated Specialist”	means a corporate client of a Securities Market Maker

	registered with the Exchange by the Securities Market Maker as its Designated Specialist to perform market making activities with it or for whose account the Securities Market Maker may enter into the System market making orders for a specified security or securities for which that Securities Market Maker holds a current Securities Market Maker permit;
“Designated Stock Futures Hedging Short Selling Participant”	means an Exchange Participant registered as such with the Exchange under the Fifteenth Schedule to conduct Stock Futures Hedging Short Selling;
“direct business”	means the business transacted by an Exchange Participant which acts for both the buyer and the seller, whether as principal or agent;
“Drop-Copy Service”	means the Exchange’s real-time reporting service in respect of orders and trades of an Exchange Participant that have been inputted into or recorded by the System;
“Drop-Copy session”	means a connection to the Drop-Copy Service;
“Dual Counter Market Maker” or “DCMM”	means an Exchange Participant that has a valid permit issued by the Exchange to conduct market making or liquidity providing activities in one or more Dual Counter Securities, as more particularly described in the Dual Counter Market Maker Regulations in the Nineteenth Schedule to these Rules;
“Dual Counter Market Maker Short Selling”	means the short selling of a Dual Counter Security which is conducted by a Dual Counter Market Maker in connection with its activities for market making or liquidity providing in accordance with the Nineteenth Schedule to these Rules and which may be made below the POS reference price (during the Pre-opening Session), the best current ask price (during the Continuous Trading Session) or the CAS reference price (during the Closing Auction Session). For the purpose of Dual Counter Market Maker Short Selling, a Dual Counter Market Maker shall not be required to satisfy the requirements set forth in the definition of short selling in the Eleventh Schedule to the extent that it is so exempted under the Ordinance;
“Dual Counter Security”	means an Eligible Security accepted and included in the list of Dual Counter Securities by the Exchange from time to time as referred to in Rule 581C, which may be traded in two different currencies under a primary counter and a secondary counter provided that the securities concerned are of the same class;
“earmark”	means the designation of TSF Stocks as stocks

	purchased with the support of the FX Services, and “earmarking” shall be construed accordingly;
“earmarked TSF Stocks”	means TSF Stocks purchased with the support of the FX Services and which shall be held in specially designated accounts of TSF CCASS Participants in accordance with the HKSCC Rules;
“ECP”	means the electronic communication platform built on the existing infrastructure of HKEX website to facilitate communications between Exchange Participants and/or holders of Stock Exchange Trading Rights (as the case may be) and the Exchange;
“ELI”	means “equity linked instrument” which has the same meaning as in Chapter 15A of the Main Board Listing Rules;
“ELI Liquidity Provider”	is the former term given to an Exchange Participant appointed by an ELI issuer to act as its agent in carrying out the activities for providing liquidity to an ELI issued by the ELI issuer;
“Eligible Security”	has the same meaning as defined in the HKSCC Rules;
“enhanced limit order”	means a buy order or a sell order with a specified price input into the System during the Continuous Trading Session for automatic order matching during that session as follows:- <ul style="list-style-type: none"> (a) in relation to a buy order - <ul style="list-style-type: none"> (i) (as soon as the order is accepted by the System for automatic order matching) within the range and in the sequence of first at the current ask price and thereafter at the next higher price up to nine spreads above the current ask price or the specified price whichever is lower; (ii) (if matching does not take place or if any part of the order remains unmatched under (a)(i) above) the order or the remaining part of the order will be treated as a limit order with the specified price; (b) in relation to a sell order- <ul style="list-style-type: none"> (i) (as soon as the order is accepted by the System for automatic order matching) within the range and in the sequence of first at the current bid price and thereafter at the next lower price down to nine spreads below the current bid price or the specified

price whichever is higher;

- (ii) (if matching does not take place or if any part of the order remains unmatched under (b)(i) above) the order or the remaining part of the order will be treated as a limit order with the specified price;

“Exchange”	means The Stock Exchange of Hong Kong Limited;
“Exchange Participant”	means a person: (a) who, in accordance with these Rules, may trade on or through the Exchange; and (b) whose name is entered in a list, register or roll kept by the Exchange as a person who may trade on or through the Exchange as an Exchange Participant and “Exchange Participantship” shall be construed accordingly;
“Exchange Trade”	means a trade in an Eligible Security (other than a China Connect Security) either reported to the Exchange by an Exchange Participant or effected on the Exchange;
“Exchange Traded Fund”	means any open-ended fund, unit trust or similar investment arrangement that is listed and/or traded on the Exchange;
“Exchange Traded Funds Market Maker”	means an Exchange Participant which is registered as a market maker by the Exchange, as more particularly described in the Securities Market Maker Regulations in the Fourteenth Schedule to these Rules;
“Exchange Traded Fund underlying stock transaction”	means a sale or purchase transaction of constituent underlying stocks made to fulfil an allotment order for, or pursuant to the receipt of constituent underlying stocks in connection with a redemption of, shares or units of an Exchange Traded Fund, arising from market making and liquidity providing activities on shares or units of such Exchange Traded Fund, which qualifies for exemption from stamp duty as set out in Schedule 8 of the Stamp Duty Ordinance;
“Exchange Traded Options”	means Options Contracts traded on the Exchange pursuant to the Options Trading Rules;
“Exchange Traded Options Business”	means business related to Options Contracts and all matters incidental to Options Contracts, including Contracts arising from Options Contracts pursuant to the Options Trading Rules and the Clearing Rules, exercise of Contracts, delivery obligations, Premium settlement and delivery of SEOCH Collateral;

“executive director”	means a director of an Exchange Participant who actively participates in, or is responsible for directly supervising, the Exchange Participant’s business of dealing in securities;
“Extended Morning Session”	means the trading hours immediately after the end of the Morning Session (as specified in Rule 501(1)) to the commencement of the Afternoon Session (as specified in Rule 501(1));
“Extended Trading Securities”	means any one or more of securities which is from time to time designated by the Exchange as being eligible for trading in the Extended Morning Session;
“Extreme Conditions”	means the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below;
“Fidelity Fund”	means the fund established by the Exchange pursuant to Rule 911;
“Financial Resources Rules”	means the Securities and Futures (Financial Resources) Rules made by the Commission under the Ordinance and any amendments, supplements, variations or modifications thereto from time to time in force;
“FX”	means foreign exchange;
“FX Services”	means the foreign exchange services which may be provided by HKSCC as set out in Rule 563J;
“GCP”	means a SEOCH Participant registered as a general clearing participant pursuant to the Clearing Rules;
“GEM”	means GEM operated by the Exchange;
“group of companies”	has the meaning assigned to it by section 2 of the Companies Ordinance, and any reference to “a group company” or “group companies” shall be construed accordingly;
“HKATS”	means the automated trading system made available by the Exchange for trading in Options Contracts and which is operated by HKFE;
“HKCC”	means HKFE Clearing Corporation Limited;
“HKCC Participant”	means a person duly registered as a participant of

	HKCC under one of the categories of participantship specified in the rules and procedures of HKCC, as from time to time in effect;
“HKEX”	means Hong Kong Exchanges and Clearing Limited;
“HKEX staff”	means staff of HKEX or staff of a company of which HKEX is a controller, including without limitation, staff of the Exchange;
“HKEX website”	means the official website of HKEX at http://www.hkex.com.hk or at such other website address specified by HKEX from time to time;
“HKFE”	means Hong Kong Futures Exchange Limited;
“HKFE Participant”	means a person who, in accordance with the Rules of HKFE, may trade on or through HKFE and whose name is entered in a list, register or roll kept by HKFE as a person who may trade on or through HKFE;
“HKSCC”	means the Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;
“HKSCC Rules”	means the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the Operational Procedures;
“holder of a Stock Exchange Trading Right”	means a person who holds a Stock Exchange Trading Right and whose name is entered as such in a list, register or roll of Stock Exchange Trading Rights kept by the Exchange;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People's Republic of China
“Hong Kong dollar”, “HKD” or “\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“IEP”	means the Indicative Equilibrium Price, if any, determined by the System according to Rule 501H during the Pre-opening Session or Rule 501M during the Closing Auction Session;
“institutional professional investor”	means a “professional investor” within the meaning of paragraph (a), (b), (c), (d), (e), (f), (g), (h) or (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the Ordinance;

“Investor Compensation Levy”	means the levy payable to the Commission pursuant to the provisions of section 4 of the Securities and Futures (Investor Compensation - Levy) Rules;
“Isolated Trade”	means an Exchange Trade which is designated by the two counterparty Exchange Participants concerned to be settled under the Isolated Trades System or one which is not accepted by HKSCC for settlement under the CNS System;
“Isolated Trades System”	means the method of settlement in CCASS between CCASS Clearing Participants in relation to Exchange Trades which are Isolated Trades in accordance with the HKSCC Rules;
“issuer”	in relation to an issuer of Structured Product, means an issuer of Structured Product as referred to in Chapter 15A of the Main Board Listing Rules;
“Kill Switch session”	means a Central Gateway session through which an Exchange Participant may input instructions to cancel outstanding orders of the Exchange Participant and disallow any input of order into the System by broker number of the Exchange Participant for the purpose of risk management in emergency situations;
“last ask price”	means an ask price but not represented by an order on the selling queue;
“last bid price”	means a buy price but not represented by an order on the buying queue;
“last recorded price”	means the sale price as last recorded in the System;
“lender”	in relation to a securities borrowing, means a person including an Exchange Participant which lends securities under a securities borrowing and lending agreement and includes ‘lender’ as that term is defined in the Stamp Duty Ordinance;
“limit order”	means – <ul style="list-style-type: none"> (a) a buy order or a sell order with a specified price input into the System during the Continuous Trading Session for automatic order matching during that session at the specified price when the current ask price or current bid price (as the case may be) matches the specified price, which if wholly or partly unmatched at the close of the Continuous Trading Session, would be treated as an at-auction limit order and carried forward to the Closing Auction Session according to Rule

501L(4); or

- (b) a limit order converted from an at-auction limit order as specified in Rule 501I;

“listing”	means the grant of a listing of and permission to deal in securities on the Exchange (whether on the Main Board or GEM, as appropriate) or on any stock market and "listed" shall be construed accordingly;
“Main Board”	means the stock market operated by the Exchange excluding GEM and the options market;
“Mainland China”	means the People’s Republic of China other than Hong Kong, the Macau Special Administrative Region and Taiwan;
“Market Maker”	means an Options Trading Exchange Participant which is registered as a market maker by the Exchange, as more particularly described in the Options Trading Rules and the Operational Trading Procedures;
“Market Maker jobbing transaction”	means a transaction satisfying the criteria or directives prescribed by the Collector of Stamp Revenue in accordance with the Stamp Duty (Jobbing Business) (Options Market Makers) Regulation and agreed to by the Exchange from time to time and notified to the Market Maker;
“Market Making Central Gateway session”	<p>means a Central Gateway session for any one or more of the following purposes (as the case may be):-</p> <ul style="list-style-type: none">(a) for carrying out market making activities in a Market Making Security or Market Making Securities by such Exchange Participant in its capacity as a Securities Market Maker;(b) for carrying out the activities of providing liquidity to a Structured Product by such Exchange Participant in its capacity as a Structured Product Liquidity Provider;(c) for carrying out market making or liquidity providing activities in a Dual Counter Security or Dual Counter Securities by such Exchange Participant in its capacity as a Dual Counter Market Maker <p>in accordance with these Rules;</p>
“Market Making Security”	means an automatch stock designated by the Exchange to be traded with market making facilities as more

particularly described in the Securities Market Making Regulations set forth in the Fourteenth Schedule to these Rules and includes Designated Exchange Traded Funds and securities traded under the Pilot Program;

“Member”	means a shareholder of the Exchange immediately before the Scheme Effective Date who or which had not been expelled from membership of the Exchange and “Membership” shall be construed accordingly;
“Monthly Throttle Subscription Scheme”	means the scheme set out in Rule 365E that allows an Exchange Participant with a Central Gateway session to apply to the Exchange for the subscription of an increase in the throughput rate of a Central Gateway message into the System on a monthly basis;
“Morning Session”	means the period in the morning during which trading can be conducted on the Exchange as set out in Rule 501(1);
“NCP”	means an Options Trading Exchange Participant which is not a SEOCH Participant;
“NCP Contract”	means a contract between a GCP and an NCP made pursuant to the Clearing Rules;
“nominal price”	<ul style="list-style-type: none">(a) in respect of any issue of securities at any one time during or at the close of the Pre-opening Session means:-<ul style="list-style-type: none">(i) (when the IEP can be determined in accordance with Rule 501H) the IEP; otherwise(ii) the previous closing price;(b) in respect of an issue of securities at any one time during or at the close of the Continuous Trading Session on a trading day means:-<ul style="list-style-type: none">(i) if the issue has been traded up to that time on the day<ul style="list-style-type: none">(A) (when the current bid price is greater than the last recorded price), the current bid price; otherwise(B) (when the current ask price is less than the last recorded price), the current ask price; otherwise

	<p>(C) where both (b)(i)(A) and (b)(i)(B) above do not apply, then the last recorded price; or</p> <p>(ii) if the issue has not been traded up to that time on the day:-</p> <p>(A) (when the current bid price is greater than the previous closing price), the current bid price; otherwise</p> <p>(B) (when the current ask price is less than the previous closing price), the current ask price; otherwise</p> <p>(C) where both (b)(ii)(A) and (b)(ii)(B) above do not apply, then the previous closing price;</p> <p>(c) in respect of an issue of securities at any one time during or at the close of the Closing Auction Session means:-</p> <p>(i) (when it is an issue of CAS securities and the IEP can be determined in accordance with Rule 501M) the IEP; otherwise</p> <p>(ii) the CAS reference price;</p>
“OCH Contract”	means a contract between SEOCH and a SEOCH Participant pursuant to a novation in accordance with the Clearing Rules;
“odd lot”	in relation to the quotation or transaction of any issue of securities, means that the quantity of the lot is less than one board lot;
“opening quotation”	means the first quotation (bid price or ask price) made for an issue of securities on a trading day;
“Operational Clearing Procedures”	means the practices, procedures and administrative requirements prescribed by SEOCH from time to time in effect relating to the Options Clearing System and clearing services provided by SEOCH;
“Operational Procedures”	means the Operational Procedures of HKSCC, as from time to time in force;
“Operational Trading Procedures”	means the practices, procedures and administrative requirements prescribed by the Exchange from time to time relating to the trading of Options Contracts on the

	Exchange;
“option”	means an instrument which confers on its holder the right, but not the obligation to buy or sell a given quantity of a specific asset at a fixed price on or before a specified future date;
“option series”	means the underlying security, expiry month, strike price, option type (put or call) and expiration year (if any) capable of being specified in HKATS by an Options Trading Exchange Participant pursuant to the Options Trading Rules;
“Options Broker Client Contract”	has the same meaning as in the Options Trading Rules;
“Options Broker Exchange Participant”	means a person registered as such by the Exchange pursuant to the Options Trading Rules and "Options Broker Exchange Participantship" shall be construed accordingly;
“Options Broking Agreement”	has the same meaning as in the Options Trading Rules;
“Options Clearing System”	means DCASS, CCMS and/or any other facility provided by the Exchange or SEOCH for the clearing of Contracts;
“Options Contract”	has the same meaning as in the Options Trading Rules;
“Options Exchange Participant”	means a person registered by the Exchange as either an Options Trading Exchange Participant or an Options Broker Exchange Participant, as the context may require, and “Options Exchange Participantship” shall be construed accordingly;
“Options Hedging Participant”	means an Exchange Participant appointed by a Market Maker in accordance with the Fifteenth Schedule to these Rules to act as its agent in conducting Options Hedging Transactions for the account of that Market Maker or for the account of the affiliate of that Market Maker in whose account market making positions are held;
“Options Hedging Short Selling”	means the short selling of an underlying stock of an Options Contract, which is conducted as part of an Options Hedging Transaction in accordance with the Fifteenth Schedule to these Rules and which may be made below the best current ask price. For the purpose of Options Hedging Short Selling, a Market Maker or an Options Hedging Participant shall not be required to satisfy the requirements set forth in the definition of

	short selling in the Eleventh Schedule to the extent that it is so exempted under the Ordinance;
“Options Hedging Transaction”	means the purchase or sale of an underlying stock of an Options Contract for the purpose of hedging against the risk of short or long market making positions in that Options Contract held by a Market Maker in its own account or in the account of an affiliate of the Market Maker;
“Options System”	means the Options Trading System and the Options Clearing System and any other facility provided by the Exchange or SEOCH for the transaction of Exchange Traded Options Business;
“Options Trading Exchange Participant”	means a person registered as such by the Exchange pursuant to the Options Trading Rules and “Options Trading Exchange Participantship” shall be construed accordingly;
“Options Trading Rules”	means the options trading rules of the Exchange, as from time to time in effect;
“Options Trading System”	means HKATS, the system provided by the Exchange for the trading of Options Contracts;
“order”	means any order which may be a buy order or a sell order, including at-auction order, at-auction limit order, limit order, enhanced limit order and special limit order;
“Ordinance”	means the Securities and Futures Ordinance and, unless the context otherwise requires, any subsidiary legislation made thereunder;
“Participant”	means a person which is admitted or registered as an Exchange Participant or a Special Participant, and “Participantship” shall be construed accordingly;
“personal data”	has the meaning as defined in the Personal Data (Privacy) Ordinance;
“Pilot Program”	means the Nasdaq-Amex Pilot Program for the trading of a number of Nasdaq-Amex listed securities on the Exchange;
“Pilot Program Market Maker”	means an Exchange Participant registered as a market maker by the Exchange, as more particularly described in the Securities Market Maker Regulations in the Fourteenth Schedule to these Rules;
“POS reference price”	in relation to an issue of securities on a trading day, means, unless otherwise determined by the Exchange,

	the previous closing price;
“POS security”	means an issue of securities prescribed by the Exchange as eligible for trading in the Pre-opening Session;
“Pre-opening Session” or “POS”	means from 9:00 a.m. to the commencement of the Morning Session as specified in Rule 501(1) on a trading day;
“Premium”	means the amount payable by a holder and payable to a writer of a Contract in respect of the writing of that Contract;
“previous closing price”	means the last recorded closing price of an issue of securities, subject to any adjustment made by the Exchange in the event of any corporate action event, entitlement event or change of capital structure of the issuer such as share sub-division, share consolidation, rights issue and bonus issue;
“primary counter”	means the counter in HKD or another currency which is from time to time designated by the Exchange as the primary counter of a Dual Counter Security;
“primary queue”	means - <ul style="list-style-type: none"> (a) during the Pre-opening Session or the Closing Auction Session:- <ul style="list-style-type: none"> (i) (when the IEP can be determined in accordance with Rule 501H or Rule 501M) the queue of at-auction orders and at-auction limit orders with a specified price at or more competitive than the IEP, i.e. in case of buying, the specified price is equal to or higher than the IEP, or in case of selling, the specified price is equal to or lower than the IEP; otherwise (ii) the queue of at-auction limit orders with the most competitive specified price, i.e. in case of buying, the current bid price, or in case of selling, the current ask price; (b) during the Continuous Trading Session, the queue of orders with the most competitive specified price, i.e. in case of buying, the current bid price, or in case of selling, the current ask price;
“Professional Accountant”	means a professional accountant registered and holding a current practising certificate under the Professional

Accountants Ordinance;

“professional investor”	has the same meaning as defined in Part 1 of Schedule 1 to the Ordinance;
“purchases journal”	means the journal maintained in the System covering the transactions of a particular Exchange Participant to which it is the buying party;
“recognized exchange controller”	has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance;
“registered business address”	means the business address of an Exchange Participant at which it carries on its business of dealing in securities, or the business address of a Special Participant in Hong Kong at which it carries on its order routing business, as the case may be;
“Regulations”	means any regulations as from time to time in effect and made pursuant to the Articles or the Rules;
“Relevant Regulated Intermediary”	means a relevant licensed or registered person as defined in paragraph 5.6(b)(xiv) of the SFC Code of Conduct, whether or not it is an Exchange Participant;
“Responsible Officer”	means an individual registered by the Exchange as a Responsible Officer of an Exchange Participant under these Rules;
“RMB”	means Renminbi, the lawful currency of the People's Republic of China, for settlement in Hong Kong;
“RMB Buy Final FX Rate”	has the meaning as set out in Rule 563N(3);
“RMB Buy Indicative FX Rate”	has the meaning as set out in Rule 563N(1);
“RMB Sell Final FX Rate”	has the meaning as set out in Rule 563N(4);
“RMB Sell Indicative FX Rate”	has the meaning as set out in Rule 563N(2);
“Rules”	means the Rules and Regulations of the Exchange and the Options Trading Rules prescribed by the Board as from time to time in effect;
“sales journal”	means the journal maintained in the System covering the transactions of a particular Exchange Participant to which it is the selling party;

“Scheme Effective Date”	means the date on which the Stock Exchange Scheme became effective, being the date on which an official copy of the order of the High Court of Hong Kong sanctioning the Stock Exchange Scheme together with the minute containing the particulars as required by section 61 of the Companies Ordinance were registered by the Registrar of Companies. For purposes herein, Stock Exchange Scheme means the scheme of arrangement between the Exchange and its shareholders under section 166 of the Companies Ordinance as set out in the Stock Exchange Scheme document dated 3 rd September, 1999;
“Seat”	means a booth assigned, re-assigned, allocated or re-allocated from time to time by the Exchange to an Exchange Participant for each Stock Exchange Trading Right subject to these Rules prior to the Cessation Date with effect from which the entitlement to the benefit of a Seat shall cease and extinguish;
“secondary counter”	means the counter in RMB or another currency which is from time to time designated by the Exchange as the secondary counter of a Dual Counter Security;
“Secretary”	means the Secretary of the Exchange for the time being appointed by the Board in accordance with the Articles and Rule 227;
“securities”	has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Ordinance;
“securities borrowing”	means the obtaining of securities by a borrower from a lender under a securities borrowing and lending agreement and includes “stock borrowing” as that term is defined in the Stamp Duty Ordinance;
“securities borrowing and lending agreement”	<p>(a) means an agreement whereby a person borrows or lends securities pursuant to an arrangement where the borrower undertakes to return securities of the same description, or pay the equivalent value of the securities, to the lender; and</p> <p>(b) includes a stock borrowing within the meaning of section 19(16) of the Stamp Duty Ordinance;</p>
“securities lending”	means the lending of securities by a lender to a borrower, under a securities borrowing and lending agreement;
“Securities Market Maker”	means an Exchange Participant that has a valid permit issued by the Exchange to conduct market making

	activities in one or more Market Making Securities, as more particularly described in the Securities Market Maker Regulations in the Fourteenth Schedule to these Rules and includes an Exchange Participant that is an Exchange Traded Fund Market Maker or a Pilot Program Market Maker;
“Securities Market Maker Short Selling”	means the short selling of a Market Making Security which is conducted by a Securities Market Maker for its own account, or for the account of any of its affiliates or for the account of any of its Designated Specialists as part of its market making activities in accordance with the Fourteenth Schedule to these Rules and which may be made below the best current ask price. For the purpose of Securities Market Maker Short Selling, a Securities Market Maker shall not be required to satisfy the requirements set forth in the definition of short selling in the Eleventh Schedule to the extent that it is so exempted under the Ordinance;
“SEHK Securities”	means, for a given Special Participant, those Eligible Securities that have been determined by the Exchange (after consulting the relevant China Connect Market Operator) as eligible for buy orders and sell orders through the order-routing services provided by the Special Participant and which are included in the list of SEHK Securities from time to time, as referred to in Rule 1505. Unless the context otherwise requires, any reference in these Rules to “SEHK Securities” includes “Special SEHK Securities”;
“SEHK Subsidiary”	means a wholly-owned subsidiary of the Exchange duly authorised as an ATS provider under the Ordinance and licensed under applicable laws in Mainland China to provide order-routing service in relation to a Trading Link referred to in Rule 1403(1). For the purposes of the Trading Link under Rule 14A01, “SEHK Subsidiary” means Gangsheng Information Services (Shanghai) Limited and for the purposes of the Trading Link under Rule 14B01, “SEHK Subsidiary” means Gangyu Information Services (Shenzhen) Limited. References in these Rules to “relevant SEHK Subsidiary”, “SEHK Subsidiary” or “SEHK Subsidiaries” shall be construed accordingly;
“sell order”	means an order input into the System to sell an issue of securities;
“selling Exchange Participant”	means an Exchange Participant which acts as the selling party in a transaction, whether as a principal or an agent;
“SEOCH”	means The SEHK Options Clearing House Limited;

“SEPOCH Board”	means the board of directors of SEPOCH and, where the context so permits, any committee of that board;
“SEPOCH Collateral”	means money, letters of credit, bank guarantees, bankers’ drafts, bank cashiers’ orders, securities and other property as may, from time to time, be so designated by the SEPOCH Board, in each case in such form as may be required by the SEPOCH Board;
“SEPOCH Participant”	means a person who is duly registered, pursuant to Chapter 3 of the Clearing Rules, under one of the categories of SEPOCH participants set out in Clearing Rule 302, and “SEPOCH Participants” shall be construed accordingly;
“SFC Code of Conduct”	means the Code of Conduct for Persons Licensed by or Registered with the Commission made under the Ordinance in force from time to time;
“SFC Transaction Levy”	means the levy payable to the Commission pursuant to the provisions of section 394 of the Ordinance;
“short selling”	has the same meaning as in Regulation (1) of the Short Selling Regulations in the Eleventh Schedule to these Rules;
“single stock CBBC”	means a CBBC which is based on one single class of shares;
“single stock derivative warrant”	means a derivative warrant which is based on one single class of shares;
“SPAC Exchange Participant”	means an Exchange Participant which is registered as a SPAC Exchange Participant by the Exchange;
“SPAC Share”	has the same meaning as in Chapter 18B of the Main Board Listing Rules;
“SPAC Warrant”	has the same meaning as in Chapter 18B of the Main Board Listing Rules;
“Special China Connect Securities”	means any securities listed on a China Connect Market which the Exchange (after consulting the relevant China Connect Market Operator) accepts or designates as eligible only for China Connect sell orders and not for China Connect buy orders through the use of the China Connect Service, as referred to in Rule 1408 and 1409(1)(b);

“special limit order”	means a buy order or a sell order with a specified price input into the System during the Continuous Trading Session for automatic order matching during that session as follows:-
(a) in relation to a buy order -	<ul style="list-style-type: none"> <li data-bbox="778 412 1445 658">(i) (as soon as the order is accepted by the System for automatic order matching) within the range and in the sequence of first at the current ask price and thereafter at the next higher price up to nine spreads above the current ask price or the specified price whichever is lower; <li data-bbox="778 703 1445 882">(ii) (if matching does not take place or if any part of the order remains unmatched under (a)(i) above) the order or the remaining part of the order will be cancelled automatically;
(b) in relation to a sell order -	<ul style="list-style-type: none"> <li data-bbox="778 1001 1445 1247">(i) (as soon as the order is accepted by the System for automatic order matching) within the range and in the sequence of first at the current bid price and thereafter at the next lower price down to nine spreads below the current bid price or the specified price whichever is higher; <li data-bbox="778 1292 1445 1471">(ii) (if matching does not take place or if any part of the order remains unmatched under (b)(i) above) the order or the remaining part of the order will be cancelled automatically;
“special lot”	unless otherwise determined by the Exchange, refers to a scrip, the quantity of which exceeds one board lot;
“Special Participant”	means a subsidiary of a China Connect Market Operator duly authorised or licensed under applicable laws to receive and route orders in SEHK Securities (including sell orders in Special SEHK Securities) from the relevant China Connect Market Participants to the System for automatic order matching and whose name is entered in the Register of Special Participants, as referred to in Rule 1510, and “Special Participantship” shall be construed accordingly;
“Special Participant Central Gateway	means a single instance of order or trade-related communication between a Special Participant’s trading

message”	device and the Central Gateway;
“Special Participant Central Gateway session”	means a connection to the Central Gateway for communication between a Special Participant’s trading device and the Central Gateway;
“special purpose acquisition company” or “SPAC”	has the same meaning as in Chapter 1 of the Main Board Listing Rules;
“Special SEHK Securities”	in relation to a Special Participant, means those Eligible Securities that have been determined or designated by the Exchange (after consulting the relevant China Connect Market Operator) as eligible only for sell orders but not for buy orders through the order-routing services of the Special Participant, as referred to in Rules 1506;
“specified price”	in relation to a buy order or a sell order input into the System for automatic order matching means the bid price of a buy order or ask price of a sell order input into the System subject to these Rules;
“spread”	means the smallest allowable change in share price as specified in the Spread Table in the Second Schedule to these Rules;
“SPSA Delivery Failure”	has the same meaning as defined in the Operational Procedures;
“standard China Connect Central Gateway throttle rate”	means the standard throughput rate of a China Connect Central Gateway message into the CSC through a China Connect Central Gateway session, as determined by the Exchange from time to time;
“standard Central Gateway throttle rate”	means the standard throughput rate of (a) a Central Gateway message into the System through a Central Gateway session assigned with a single Stock Exchange Trading Right or (b) a Special Participant Central Gateway message into the System through a Special Participant Central Gateway session designated to a Special Participant, as determined by the Board from time to time;
“stock”	in relation to a stock borrowing, a term which is defined in the Stamp Duty Ordinance, means any of the following investments:- <ul style="list-style-type: none"> (a) any shares, stock, debentures, loan stocks, funds, bonds or notes of or issued by any body, whether corporate or unincorporate, or any government or local government authority, or any other

similar investment of any description;

- (b) any units under a unit trust scheme;
- (c) any rights, option or interest in or in respect of any stock referred to in paragraph (a) or (b) other than any such right, option or interest under an employees' share purchase or share option scheme,

but, except for the purposes of section 22 of the Stamp Duty Ordinance, does not include any loan capital, or any bill of exchange or promissory note, or any certificate of deposit within the meaning of section 2 of the Inland Revenue Ordinance, or any Exchange Fund debt instrument within the meaning of section 26A of the Inland Revenue Ordinance or Hong Kong dollar denominated multilateral agency debt instrument within the meaning of section 26A of the Inland Revenue Ordinance, or any bond issued under the Loans Ordinance, or any debentures, loan stocks, funds, bonds or notes denominated otherwise than in the currency of Hong Kong except to the extent that the same shall be redeemable, or may at the option of any person be redeemed, in the currency of Hong Kong;

“Stock Exchange Trading Right”	means a right to be eligible to trade on or through the Exchange as an Exchange Participant and entered as such a right in a list, register or roll kept by the Exchange;
“Stock Futures Hedging Short Selling”	means the short selling of an underlying stock of a Stock Futures Contract traded on HKFE, which is conducted as part of a Stock Futures Hedging Transaction in accordance with the Fifteenth Schedule to these Rules and which may be made below the best current ask price. For the purpose of Stock Futures Hedging Short Selling, a person shall not be required to satisfy the requirements set forth in the definition of short selling in the Eleventh Schedule to the extent that he is so exempted under the Ordinance;
“Stock Futures Hedging Transaction”	means the purchase or sale of an underlying stock of a Stock Futures Contract traded on HKFE for the purpose of hedging against short or long positions held by an HKFE Participant in its capacity as market maker in the Stock Futures Market of HKFE;
“Structured Product”	has the same meaning as in Chapter 15A of the Main Board Listing Rules;
“Structured Product	means an Exchange Participant appointed by an issuer

Hedging Participant”	to act as its agent in conducting Structured Product Hedging Transactions for the account of that issuer or the account of any associates of that issuer in accordance with the Fifteenth Schedule, including an Exchange Participant which was formerly known as a Derivative Warrant Hedging Participant appointed by an issuer for conducting Derivative Warrant Hedging Transactions;
“Structured Product Hedging Short Selling”	means the short selling of an underlying stock of a single stock derivative warrant or single stock CBBC, which is conducted as part of a Structured Product Hedging Transaction in accordance with the Fifteenth Schedule to these Rules and which may be made below the best current ask price. For the purpose of Structured Product Hedging Short Selling, a Structured Product Hedging Participant shall not be required to satisfy the requirements set forth in the definition of short selling in the Eleventh Schedule to the extent that it is so exempted under the Ordinance;
“Structured Product Hedging Transaction”	means the purchase or sale of an underlying stock of a single stock derivative warrant or single stock CBBC for the purpose of hedging against the risk of short or long positions of an issuer or any associate of that issuer arising from its obligation to provide liquidity in the derivative warrant or CBBC, held in an account of that issuer or in an account of any associate of that issuer;
“Structured Product Liquidity Provider”	means an Exchange Participant appointed by an issuer to act as its agent in carrying out the activities for providing liquidity to a Structured Product issued by the issuer, as more particularly described in the Structured Product Liquidity Provider Regulations in the Eighteenth Schedule to these Rules, including an Exchange Participant which was formerly known as a Derivative Warrant Liquidity Provider or an ELI Liquidity Provider appointed by an issuer for providing liquidity to a derivative warrant or ELI issued by the issuer;
“Structured Product Liquidity Provider Short Selling”	means the short selling of a Structured Product which is conducted as part of the activities for providing liquidity to an issue of Structured Product by a Structured Product Liquidity Provider in accordance with the Eighteenth Schedule to these Rules and which may be made below the best current ask price. For the purpose of Structured Product Liquidity Provider Short Selling, a Structured Product Liquidity Provider shall not be required to satisfy the requirements set forth in the definition of short selling in the Eleventh Schedule to the extent that it is so exempted under the Ordinance;

“subsidiary”	has the meaning assigned to it by section 15 of the Companies Ordinance;
“Substantial Shareholder”	has the meaning assigned to it by section 6 of Part 1 of Schedule 1 to the Ordinance;
“System”	means the Orion Trading Platform – Securities Market (the “OTP-C”), formerly the Automatic Order Matching and Execution System, as installed and operated by the Exchange for securities trading;
“Tender Process”	means the process undertaken prior to the tenth anniversary of the Scheme Effective Date whereby a holder of Stock Exchange Trading Right that was granted under the Stock Exchange Scheme and that had not been transferred or deemed to have been transferred may relinquish its Stock Exchange Trading Right upon the invitation of the Exchange for tender subject to such terms and conditions as the Exchange may in its absolute discretion determine from time to time and prescribe in the tender invitation;
“Throttle-on-Demand Scheme”	means the scheme set out in Rule 365D that allows an Exchange Participant with a Central Gateway session to apply to the Exchange for a temporary increase in the throughput rate of a Central Gateway message into the System on a daily basis;
“trading day”	means a day on which trading is conducted on the Exchange as specified in Rule 501 and/or Rule 501A;
“trading hours”	means the hours during which trading can be conducted on the Exchange as set out in Rule 501;
“Trading Link”	means the cross-boundary order-routing arrangement referred to in Rule 1401 or 1501;
“TraHK Units”	means units issued in accordance with the unit trust scheme named “Tracker Fund of Hong Kong” established by the trust deed dated 23 October 1999 between (1) State Street Global Advisors (HK) Limited as manager, (2) State Street Bank and Trust Company as trustee, and (3) Exchange Fund Investment Limited as promoter, as from time to time modified or added to;
“transaction”	means an agreement for the acquisition or disposal of securities;
“Transaction Levies”	means the SFC Transaction Levy and AFRC Transaction Levy;

“TSF”	means the trading support facility in the form of FX Services which HKSCC may provide for the purposes of facilitating the purchase and sale of TSF Stocks. Where the FX Services are provided, HKSCC shall do so as TSF operator and not in its capacity as, or for the purposes of acting as, the central counterparty for the clearing of Exchange Trades, and unless the context otherwise requires, references in Chapter 5 to HKSCC shall be construed accordingly;
“TSF Buy Exchange Trade”	means an Exchange Trade with respect to the purchase of TSF Stocks by a TSF Exchange Participant through the System which is (i) supported by a TSF Buy FX Order prior to the effect of the Exchange Trade on the System; and (ii) supported by a TSF Buy FX Transaction upon the effect of the Exchange Trade on the System;
“TSF Buy FX Order”	means an order for the conversion of HKD to RMB by a TSF Exchange Participant to HKSCC as TSF operator through an input into the System for the purpose of supporting an order to purchase TSF Stocks, which order shall, upon matching on the System, constitute a TSF Buy Exchange Trade;
“TSF Buy FX Transaction”	means the FX transaction between HKSCC as TSF operator and a TSF Exchange Participant relating to a TSF Buy FX Order for the purpose of settlement of a TSF Buy Exchange Trade;
“TSF CCASS Participant”	means in the context of clearing and settlement of TSF Exchange Trades, the settlement of TSF FX Transactions and the custody of earmarked TSF Stocks, an HKSCC Participant which has been accepted for registration and to remain registered as a TSF CCASS Participant by HKSCC;
“TSF Clearing Participant”	means a DCP or a GCP which has been accepted for registration and to remain registered as a TSF CCASS Participant by HKSCC;
“TSF Exchange Participant”	means, in the context of trading of TSF Stocks, an Exchange Participant which has been accepted for registration and to remain registered as a TSF Exchange Participant by the Exchange;
“TSF Exchange Trade”	means a TSF Buy Exchange Trade or a TSF Sell Exchange Trade, as the context may require;
“TSF FX Order”	means a TSF Buy FX Order or a TSF Sell FX Order, as the context may require;

“TSF FX Transaction”	means a TSF Buy FX Transaction or a TSF Sell FX Transaction, as the context may require;
“TSF Participant”	means, a TSF Exchange Participant and/or a TSF CCASS Participant, as the context may require;
“TSF Participant Registration Criteria”	means the eligibility criteria which the Exchange may prescribe from time to time for Exchange Participants to be accepted for registration and to remain registered as TSF Exchange Participants for the purposes of providing trading services in respect of TSF Stocks;
“TSF Partner Bank”	means a financial institution which has entered into an agreement or arrangement with HKSCC for the purposes of providing RMB to HKD or HKD to RMB conversion services and/or liquidity to HKSCC as TSF operator;
“TSF Sell Exchange Trade”	means an Exchange Trade with respect to the sale of TSF Stocks by a TSF Exchange Participant through the System which is (i) supported by a TSF Sell FX Order prior to the effect of the Exchange Trade on the System; and (ii) supported by a TSF Sell FX Transaction upon the effect of the Exchange Trade on the System;
“TSF Sell FX Order”	means an order for the conversion of RMB to HKD by a TSF Exchange Participant to HKSCC as TSF operator through an input into the System for the purpose of supporting an order to sell TSF Stocks, which order shall, upon matching on the System, constitute a TSF Sell Exchange Trade;
“TSF Sell FX Transaction”	means the FX transaction between HKSCC as TSF operator and a TSF Exchange Participant relating to a TSF Sell FX Order for the purpose of settlement of a TSF Sell Exchange Trade;
“TSF Stocks”	means Eligible Securities which are included in the list of TSF Stocks by HKSCC from time to time, as referred to in Rule 563I;
“unit trust”	means any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever;
“VCM”	means the Volatility Control Mechanism imposed by the Exchange on VCM securities for the purpose of safeguarding market integrity from extreme price volatility, as referred to in Rule 513A;

“VCM percentage” in relation to a VCM security, means the percentage as prescribed by the Exchange from time to time, for the purpose of calculating the price limits referred to in Rule 513B(2). For the avoidance of doubt, the Exchange may prescribe different VCM percentages with respect to different VCM securities;

“VCM reference price” in relation to any order for a VCM security input into the System at any time during the VCM monitoring period in the following trading sessions, means, unless otherwise determined by the Exchange, –

(a) in the Morning Session:-

- (i) the price of the transaction in that VCM security concluded by automatic order matching last recorded for this purpose 5 minutes (or such other time as the Exchange may prescribe from time to time) before the order. Such last recorded price shall be updated by the System at the end of each one minute interval during the Morning Session, or at such time, during such period and in such manner as the Exchange may from time to time determine; and
- (ii) (if there have been no transaction in that VCM security in the Morning Session) the IEP of that VCM security calculated at the end of the random matching period of the Pre-opening Session on that day; and
- (iii) (if there is no such IEP) the recorded price of the first transaction of that VCM security concluded by automatic order matching in the Morning Session;

(b) in the Afternoon Session:-

- (i) the price of a transaction in that VCM security concluded by automatic order matching last recorded for this purpose 5 minutes (or such other time as the Exchange may prescribe from time to time) before the order. Such last recorded price shall be updated by the System at the end of each one minute interval during the Afternoon Session, or at such time, during such period and in such manner as the Exchange may from time to time determine; and

- (ii) where (b)(i) above does not apply, then the recorded price of the first transaction of that VCM security concluded by automatic order matching in the Afternoon Session,

in each case provided that upon resumption of VCM monitoring at the end of a cooling-off period, the first VCM reference price means the recorded price of the first transaction in that VCM security concluded by automatic order matching during the cooling-off period, and if there has been no transaction in that VCM security in the cooling-off period, the recorded price of the first transaction in that VCM security concluded by automatic order matching after the end of the cooling-off period;

“VCM security” means an issue of security prescribed by the Exchange to be subject to the Volatility Control Mechanism;

- 102. Where the context so permits, words importing the singular number include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa.
- 103. Subject to Rule 101, any definitions of words defined in the HKSCC Rules, the Ordinance or the Articles shall if not inconsistent with the subject or context apply to these Rules.
- 104. The headings shall not affect the interpretation or construction hereof.
- 105. The Exchange, the SEHK Subsidiaries and a recognized exchange controller which is the controller of the Exchange shall not be liable to any Participant or to any other person with respect to any action or omission by any of them in connection with the operations of the System, the provision of services and facilities available thereunder, and all other matters as contemplated in these Rules.
- 106. The Options Trading Rules and the Operational Trading Procedures shall be read in conjunction with and form part of these Rules. The definition of terms in relation to Exchange Traded Options are more particularly defined in the Options Trading Rules and the Clearing Rules. An Exchange Participant shall be bound by the Options Trading Rules and the Clearing Rules in relation to its trading and clearing of Exchange Traded Options.
- 107. A Member who was a registered dealer under Part VI of the repealed Securities Ordinance immediately prior to the Scheme Effective Date shall be deemed to be an Exchange Participant until
 - (i) he or it ceases to be a person who may trade on or through the Exchange in accordance with these Rules; or
 - (ii) his or its name is entered in the list, register or roll kept by the Exchange as a person who may trade on or through the Exchange

whichever first occurs and shall continue to be bound by these Rules and any rules, regulations, procedures and guidelines made hereunder and any amendments thereto from time to time.

107A. [Repealed]

107B. (1) [Repealed]

(2) [Repealed]

108. For the avoidance of doubt : -

(i) these Rules;

(ii) all rights, privileges, obligations and liabilities accrued to or incurred by a person (including without limitation a holder of a Stock Exchange Trading Right and/or Exchange Participant) prior to the Scheme Effective Date; and

(iii) all registrations and approvals made or granted to a person (including without limitation a holder of a Stock Exchange Trading Right and/or Exchange Participant) which were valid immediately prior to the Scheme Effective Date

shall continue to be valid and binding on that person whatever capacity in which those rights, privileges, obligations, liabilities, registrations or approvals have been accrued, incurred, made or granted.

109. Unless otherwise provided in these Rules

(1) the Rules and the Disciplinary Procedures effective immediately prior to the Scheme Effective Date shall continue to apply to cases in which disciplinary action has been instituted and the Member charged shall continue to comply with such Rules and Disciplinary Procedures including that of referring decisions to the Disciplinary Appeals Committee;

(2) breaches of the Rules effective immediately prior to the Scheme Effective Date for which disciplinary action have not been instituted or adjudicated prior to and as at the Scheme Effective Date may be instituted, continued, enforced and adjudicated in accordance with the Disciplinary Procedures made under these Rules despite that the breaches had been committed while being a Member (as defined in Rule 701 of the Rules effective immediately prior to the Scheme Effective Date) of the Exchange.

109A. (1) [Repealed]

(2) [Repealed]

(3) [Repealed]

- (4) Subject to Rule 109B, a Corporate Exchange Participant which is deemed to have been licensed as a licensed corporation for Type 1 regulated activity under section 22(a) of Part 1 of Schedule 10 to the Ordinance subject to the provisions thereof shall from 1 April 2003 be deemed to be an Exchange Participant under these Rules, and shall be so deemed until it ceases to be a deemed licensed corporation as aforesaid under the Ordinance or an Exchange Participant under these Rules, whichever first occurs. The Corporate Exchange Participant shall immediately notify the Exchange in writing when it ceases to be so deemed.
- (5) Subject to Rule 109B, where a Corporate Exchange Participant is deemed to be an Exchange Participant under Rule 109A(4), a Dealing Director thereof who is deemed to have been approved as a responsible officer of that Exchange Participant under section 23(a) of Part 1 of Schedule 10 to the Ordinance subject to the provisions thereof shall from 1 April 2003 be deemed-

(a) [Repealed]

(b) to be a Responsible Officer of that Exchange Participant,

and shall be so deemed until he ceases to be a deemed responsible officer as aforesaid under the Ordinance or a Responsible Officer under these Rules, whichever first occurs. The Corporate Exchange Participant and its Dealing Director shall immediately notify the Exchange in writing when the Dealing Director ceases to be so deemed.

109B. A Corporate Exchange Participant or Dealing Director which or who is deemed under Rule 109A to be an Exchange Participant or a Responsible Officer of an Exchange Participant (as the case may be) shall continue to be bound by these Rules and any rules, regulations, procedures and guidelines made hereunder and any amendment thereto from time to time.

109C. [Repealed]

Notice

110. Unless otherwise provided in these Rules, all notices, requests, demands or other communications from the Exchange to holders of Stock Exchange Trading Rights, Exchange Participants and/or Special Participants may be given orally or in writing, in person or by post, by electronic or wire transmission, by telephone or facsimile, by posting on the HKEX website, or by any means of computer data transmission including, but in no way limited to, broadcast messages via HKATS or DCASS or e-mail or ECP.

111. Any communication disseminated via DCASS or HKATS or e-mail or ECP or posted on the HKEX website will constitute written notice for the purpose of these Rules.