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## **Trading Rules of Shenzhen Stock Exchange**

(The Trading Rules of Shenzhen Stock Exchange became effective on November 30, 2001. The first amendment was promulgated on May 15, 2006, the second amendment on January 17, 2011, the third amendment on November 30, 2012, the fourth amendment on July 29, 2013. Amendments were also promulgated on November 30, 2013 in accordance with the *Decision on the Revision of Section 3.1.4 of the Trading Rules of Shenzhen Stock Exchange (2013 Revision)*, on January 9, 2015 in accordance with the *Circular on the Revision of Section 3.1.4 of the Trading Rules of Shenzhen Stock Exchange*, on December 4, 2015 in accordance with the *Circular on the Addition of Section 6 to Chapter IV of the Trading Rules of Shenzhen Stock Exchange* and on April 28, 2016 in accordance with the *Circular on the Revision of the Trading Rules of Shenzhen Stock Exchange*, on September 30, 2016 in accordance with *Notice of Amendments of Articles Concerning Trading Participants in the Trading Rule of Shenzhen Stock Exchange*. )

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## **Chapter I   General Rules**

**1.1** These Rules are formulated in accordance with the *Securities Law of the People's Republic of China*, the *Measures for the Administration of Stock Exchanges* and other laws, administrative regulations, government department rules, regulatory documents as well as the *Charter of Shenzhen Stock Exchange* for the purposes of regulating securities trading activities, maintaining an orderly securities market and protecting the legitimate rights and interests of investors.

**1.2** These Rules are applicable to the trading of securities and derivatives (hereinafter collectively, securities) listed on Shenzhen Stock Exchange (hereinafter, the Exchange).

Any matter not specified in these Rules shall be governed by other applicable rules of the Exchange.

**1.3** The principles of openness, fairness and equitability shall be followed in the trading of securities.

**1.4** Trading of securities shall comply with laws, administrative regulations, government department rules, regulatory documents and the relevant rules of the Exchange and shall be based on the principles of free will, compensation, integrity and good faith.

**1.5** Securities shall be traded on a centralized and scripless basis or by such other means as China Securities Regulatory Commission (hereinafter, the CSRC) so approves.

## **Chapter II   Trading Market**

### **Section 1   Marketplace**

**2.1.1** The Exchange provides the marketplace and facilities for securities trading, which comprise the Exchange trading system, trading floor, trading units, order routing system

and relevant communication systems.

## **Section 2 Trading Participants**

**2.2.1** Members and institutions recognized by the Exchange to trade securities through the Exchange shall apply with the Exchange for trading authorization and become trading participant of the Exchange.

Trading participants shall conduct securities trading through the trading units established upon their application with the Exchange. Trading participants shall observe these trading rules and the Exchange's other business rules regarding securities trading.

**2.2.2** The trading unit refers to a basic business unit established upon the application by a trading participant with the Exchange. Through the trading unit the trading participant trades securities on the Exchange, receives supervision and service from the Exchange.

**2.2.3** The specific provisions on the trading unit and the trading access will be formulated by the Exchange separately.

## **Section 3 Trading Instruments and Trading Methods**

**2.3.1** The trading instruments listed and traded on the Exchange include:

- (1) Shares;
- (2) Mutual funds;
- (3) Bonds;
- (4) Warrants; and
- (5) Other instruments as approved by the CSRC.

**2.3.2** The methods of trading in securities include

- (1) Spot trading;
- (2) Repurchase;
- (3) Margin trading and short selling; and

(4) Other methods as approved by the CSRC.

## **Section 4 Trading Hours**

**2.4.1** The Exchange is open for trading from Monday to Friday.

The market is closed on public holidays and other days as pre-announced by the Exchange.

**2.4.2** Auction trading of securities begins on each trading day with an opening call auction between 9:15-9:25, followed by continuous trading between 9:30-11:30 and 13:00-14:57, and finally the closing call auction between 14:57-15:00.

With the approval of the CSRC, the Exchange may adjust trading hours.

**2.4.3** In spite of temporary market closure resulting from due causes, the day's trading hours shall not be extended.

## **Chapter III Securities Trading**

### **Section 1 General Rules**

**3.1.1** Upon acceptance of an investor's order placements, a member shall make sure that the investor possesses the corresponding securities or cash, then place the order with the Exchange as instructed by the investor and assume corresponding trading and settlement obligations.

After the member places the order as instructed by the investor and such an order has been executed, the investor shall deliver the relevant securities or pay corresponding cash to the member while the member shall hand over the proceeds from its sale of the

securities or deliver the purchased securities to the investor.

**3.1.2** Trading participants shall submit buy or sell orders to the Exchange trading system through the order routing system. Orders shall be executed in accordance with these Rules. Trading records are sent to trading participants by the Exchange.

**3.1.3** Trading participants shall keep under safe custody the records of the investors' instructions and submission of orders pursuant to relevant regulations.

**3.1.4** Securities purchased by investors shall not be resold before settlement, except those permitted for turn-around trades.

A turn-around trade of securities refers to a complete or partial resale, after confirmation of execution but before completion of settlement, of any securities purchased by investors.

Intra-day turn-around trades apply to auction trading of bonds, bond Exchange Traded Funds (hereinafter, ETFs), gold ETFs, listed money market funds, cross-border ETFs and cross-border listed open-end funds (hereinafter, LOFs), whereas B-share turn-around trades are effected from the next trading day.

The cross-border ETFs and cross-border LOFs as referred to in the preceding paragraph are only restricted to the open-end funds that track the index constituents or underlying assets to which intra-day turn-around trades apply.

With the approval of the CSRC, the Exchange may adjust the securities instruments to which turn-around trades apply as well as the manner in which turn-around trades are effected.

**3.1.5** The Exchange may adopt a principal dealer system in line with market conditions. The specific rules will be formulated by the Exchange separately and will come into effect upon the approval of the CSRC.

## **Section 2 Instruction**

**3.2.1** In order to trade securities, investors shall open securities accounts and cash accounts in their real names and sign a broker-client agreement with a member. Upon the agreement taking effect, the investors will become the brokerage clients of the member.

Investors shall open securities accounts pursuant to the relevant regulations of the registration and clearing institution designated by the Exchange.

**3.2.2** Investors may instruct a member in writing or by self-help means such as telephone, self-service terminal or the Internet to buy or sell securities on their behalf.

Investors who intend to participate in securities trading by self-help means shall sign a self-service trading agreement with a member.

**3.2.3** Investors shall follow the relevant operational procedures when placing an order through telephone, self-service terminal or the Internet.

Members shall record investors' telephone numbers, MAC addresses, IP addresses and other information.

**3.2.4** Unless otherwise specified by the Exchange, an instruction given by investors shall include the following:

- (1) Securities account number;
- (2) Securities code;
- (3) Buy or sell;
- (4) Quantity;
- (5) Price; and
- (6) Other information as required by the Exchange or members.

**3.2.5** Investors may place a limit order or market order through members for securities trading.

A limit order is an instruction given by an investor to a member to buy a particular security at a specified price or lower, or to sell at a specified price or higher.

A market order is an instruction given by an investor to a member to buy or sell a particular security at the current market price.

**3.2.6** Investors may cancel the unexecuted remainder of an order.

**3.2.7** Once an order is cancelled or disabled, the member shall return the relevant cash or securities to investors upon confirmation thereof.

### **Section 3 Order Routing**

**3.3.1** The Exchange's trading system accepts auction orders routed by trading participants between 9:15-9:25, 9:30-11:30 and 13:00-15:00 on each trading day.

The Exchange's trading system will not accept cancellation of any auction orders between 9:20-9:25 and 14:57-15:00 on each trading day. During other trading hours, unexecuted orders can be cancelled. The Exchange may adjust time frames for accepting orders.

**3.3.2** Members shall route orders to the Exchange trading system in a timely manner in sequence of their acceptance of investors' instructions.

Placement and cancellation of orders shall be effective upon the confirmation by the Exchange trading system.

**3.3.3** The Exchange accepts limit orders and market orders from trading participants.

**3.3.4** The Exchange accepts the following types of market orders in line with market conditions:

(1) Opposite-side Best Price;

- (2) Same-side Best Price;
- (3) Five Best Orders Immediate or Cancel;
- (4) Immediate or Cancel;
- (5) Fill or Kill; and
- (6) Other types of orders as specified by the Exchange.

Opposite-side Best Price is an order whose quotation price is set at the best price on the opposite side in the central order book at the time the order is routed into the Exchange trading system.

Same-Side Best Price is an order whose quotation price is set at the best price on the same side in the central order book at the time the order is routed into the Exchange trading system.

Five Best Orders Immediate or Cancel is executed in sequence against the current five best prices on the opposite side. In case that part of the order cannot be executed, the unfilled part of the order shall be cancelled automatically.

Immediate or Cancel is an order that is executed in sequence against all the orders on the opposite side in the central order book at the time the order is routed into the Exchange trading system. In case that part of the order cannot be executed, the unfilled part of the order shall be cancelled automatically.

Fill or Kill is an order that must be executed in its entirety against all the orders on the opposite side in the central order book at the time the order is routed into the Exchange trading system, otherwise the entire order shall be cancelled automatically.

**3.3.5** Market orders apply only to the continuous auction of securities whose prices are subject to a daily price limit. During other trading sessions, the Exchange trading system does not accept market orders.

**3.3.6** In the absence of any order on the same side in the central book order at the time a Same-Side Best Price order is routed into the Exchange trading system, such order is cancelled automatically.

In the absence of any order on the opposite side in the central book order at the time a market order of any other type is routed into the Exchange trading system, such order is cancelled automatically.

**3.3.7** A limit order shall include such information as securities account number, securities code, trading unit code, brokerage branch identification number, buy or sell, quantity and price.

A market order shall include such information as order type, securities account number, securities code, trading unit code, brokerage branch identification number, buy or sell and quantity.

Orders must be routed in the format as specified by the Exchange.

The Exchange may adjust the content of an order in line with market conditions.

**3.3.8** Purchases of shares or mutual funds in auction trading shall be in a round lot of 100 shares (units) or the multiples thereof.

Sales of shares or mutual funds with a remaining odd lot of less than 100 shares (units) shall be made in one order.

**3.3.9** Orders for purchasing bonds in auction trading shall be placed in a round lot of 10 units or the multiples thereof. Orders for pledge-style bond repos shall be placed in a round lot of 10 units or the multiple thereof.

Sales of bonds with a remaining odd lot of less than 10 units shall be made in one order.

In the case of bonds, a par value of RMB 100 is considered a unit. In the case of pledge-style bond repos, RMB 100 in the standard bonds is considered a unit.

**3.3.10** The maximum quantity of one order for shares (mutual funds) shall be not more than 1 million shares (units), the maximum quantity of one order for bonds and pledge-style bond repos shall be not more than 1 million units.

**3.3.11** The quotation units for shares, mutual funds, bonds, pledge-style bond repos is price per share, price per fund unit, price per RMB 100 par value, and yearly yield-to-maturity per RMB 100, respectively.

**3.3.12** Bond trades are executed either at clean price or full price.

Executed at clean price: bond trades are executed at a price quoted excluding accrued interest.

Executed at full price: bond trades are executed at a price quoted including accrued interest.

**3.3.13** The tick size of the quotation price of an order for A shares is RMB 0.01, that for mutual funds, bonds, pledge-style bond repos is RMB 0.001, and that for B shares is HKD 0.01 respectively.

**3.3.14** The Exchange may adjust the maximum quantity of one order and the tick size of a quotation in line with market conditions.

**3.3.15** The Exchange imposes a daily price up/down limit of 10% on trading of shares and mutual funds, while shares under special treatment (ST shares or \*ST shares) are subject to a price up/down limit of 5%. The Exchange may adjust the daily price up/down limit upon the approval of the CSRC.

**3.3.16** The price limit is calculated as follows:  $\text{price limit} = \text{previous closing price} \times (1$

$\pm$  price up/down limit percentage) .

The calculation result shall be rounded to the tick size.

Where the absolute value of the difference between the price limit and the previous closing price is less than one tick unit, the previous closing price plus or minus one tick unit is taken as the price limit.

**3.3.17** In any of the following cases, shares are subject to no price limit on their first trading day after listing:

- (1) Listing of IPO shares;
- (2) Listing resumption after suspension;
- (3) Other cases as recognized by the CSRC or the Exchange.

**3.3.18** An order is only valid on the day of placement. Any portion of an auction order that is not executed in its entirety at one time continues to line up for the auction of the same day, except the market orders specified in (3), (4) and (5) of Section 3.3.4.

## **Section 4 Auction**

**3.4.1** Auction trading of securities is conducted either as a call auction or a continuous auction.

Call auction refers to the process of one-time centralized matching of buy and sell orders accepted during a specified period of time.

Continuous auction refers to the process of continuous matching of buy and sell orders on a one-by-one basis.

**3.4.2** In the case of trading of securities that are subject to a daily price limit, the valid price range for auction is consistent with the limit price range and an order whose quotation price is within the price limit is valid, otherwise invalid.

**3.4.3** In the case of trading of securities that are subject to no daily price limit, the valid price range is determined as follows:

- (1) For shares, the valid price range for the opening call auction is within 900% of the previous closing price as displayed in the real-time quotations and that for the continuous auction, the call auction following trade resumption and the closing call auction is  $\pm 10\%$  of the last traded price;
- 2) For bonds on their first day of trading, the valid price range for the opening call auction is within  $\pm 30\%$  of the issue price and that for the continuous auction and closing call auction shall be  $\pm 10\%$  of the last traded price. On other trading days, the valid price range for the opening call auction is within  $\pm 10\%$  of the previous closing price and that for the continuous auction and the closing call auction is  $\pm 10\%$  of the last traded price;
- (3) For pledge-style bond repos on a trading day other than the first trading day, the valid price range for the opening call auction is within  $\pm 100\%$  of the previous closing price and that for the continuous auction and the closing call auction is  $\pm 100\%$  of the last traded price. The valid price range for pledge-style bond repos on the first trading day will be specified by the Exchange separately.

The calculation result of the valid price range shall be rounded to the tick size.

Where the absolute value of the difference between the upper limit or lower limit of the valid price range of the securities that are subject to no daily price limit and the last traded price is less than the tick unit, the last traded price plus or minus one tick unit of such securities is taken as the valid price range.

**3.4.4** In the case of trading of securities that are subject to no daily price limit, orders whose quotation price exceeds the valid price range are not accepted instantly for auction but will line up in the Exchange trading system. When their quotation price falls within the valid price range with the fluctuation of prices, the Exchange trading system will retrieve such orders for auction.

**3.4.5** In case that no trade is executed during the call auction for securities that are subject to no daily price limit, the valid price range for continued trading is adjusted as follows:

- (1) Where the highest bid price within the valid price range is higher than the previous closing price as displayed in the real-time quotations or the last traded price, the valid price range is adjusted based on the highest bid price;
- (2) Where the lowest offer price within the valid price range is lower than the previous closing price as displayed in the real-time quotations or the last traded price, the valid price range is adjusted based on the lowest offer price.

**3.4.6** The Exchange may adjust the valid price range for securities auctions in line with market conditions.

## **Section 5 Execution**

**3.5.1** During the auction trading of securities, orders are matched and executed based on the principles of price priority and time priority.

The principle of price priority: a priority is given to a higher buy order over a lower buy order and a priority is given to a lower sell order over a higher sell order.

The principle of time priority: for orders with the same bid price or offer price, a priority is given to the order placed earlier. The sequence of orders is based on the time the Exchange trading system accepts such orders.

**3.5.2** The execution price in a call auction shall be determined based on the following principles:

- (1) The price that generates the greatest trading volume;
- (2) The price which allows all the buy orders with a higher bid price and all the sell orders with a lower offer price to be executed;
- (3) The price which allows at least all the buy orders at the identical price or all the sell orders at the identical price to be executed.

In case that there is more than one such price, the price that minimizes the difference between the total volume of buy orders with a higher price and the total volume of sell orders with a lower price shall be taken as the execution price. In case there is still more than one such price, during the opening call auction, the price that is closest to the previous closing price as displayed in the real-time quotations shall be taken as the execution price, and during intra-day and closing call auctions, the price that is closest to the last traded price shall be taken as the execution price.

All the trades in a call auction shall be executed at a single execution price.

**3.5.3** The execution price in a continuous auction shall be determined based on the following principles:

- (1) Where the highest bid price matches the lowest offer price, such price shall be taken as the execution price;
- (2) Where the bid price is higher than the lowest offer price currently available in the central order book, such lowest offer price shall be taken as the execution price;
- (3) Where the offer price is lower than the highest bid price currently available in the central order book, such highest bid price shall be taken as the execution price.

**3.5.4** A trade is concluded after a buy order and a sell order are matched and executed by the Exchange trading system. A trade that is transacted under these Rules is effective as from its conclusion. Both the buyer and the seller shall accept the trading results and perform their obligations of clearing and settlement.

In case that any trade results in severe consequences due to *force majeure*, unexpected events or unauthorized access to the Exchange trading system, etc., the Exchange is entitled to take appropriate measures or determine such trade as null and void.

In case that any trade is obviously unfair, the Exchange may take appropriate measures after confirmation thereof.

In case that any trade contravenes these Rules and causes serious market disruption, the Exchange is entitled to declare cancellation of such trade and any losses incurred therefrom shall be borne by the trader committing relevant contravention.

**3.5.5** The execution data recorded in the Exchange trading system shall be taken as the final results of the trades executed under these Rules.

**3.5.6** Clearing and settlement of securities trades shall be conducted pursuant to the regulations of the registration and clearing institution designated by the Exchange.

## **Section 6 Block Trading**

**3.6.1** A securities trade on the Exchange can be executed as a block trade if it meets any of the following thresholds:

- (1) For a single A-share trade, the trading volume is no less than 300,000 shares or the trading value is no less than RMB 2 million;
- (2) For a single B-share trade, the trading volume is no less than 30,000 shares or the trading value is no less than HKD 200,000;
- (3) For a single mutual fund trade, the trading volume is no less than 2 million units or the trading value is no less than RMB 2 million; or
- (4) For a single bond trade, the trading volume is no less than 5,000 units or the trading value is no less than RMB 500,000.

The Exchange may adjust the threshold on block trades in line with market conditions.

**3.6.2** Block trades are executed on the Exchange either in the form of negotiated block trading or after-hours pricing block trading.

Negotiated block trading refers to the trading method where the two parties to a block trade privately negotiate the price and quantity of the trade with each party as the designated counterparty of the other party.

After-hours pricing block trading refers to the trading method where block trading orders are matched one by one on a continuous basis after the market close on the principle of time priority at the closing price of the day of trading or at the trading volume-weighted average price of the trading day.

**3.6.3** In the case of negotiated block trading, the Exchange trading system accepts block trading orders between 9:15-11:30 and 13:00-15:30 on each trading day.

In the case of after-hours pricing block trading, the Exchange trading system accepts block trading orders between 15:05-15:30 on each trading day.

The Exchange trading system will not accept any negotiated block trading order for securities that are suspended from trading for a whole day, securities that are in a temporary trading suspension and securities that are suspended from trading to the market close.

The Exchange trading system will not accept any after-hours pricing block trading order for securities that are suspended from trading for a whole day and securities that are suspended from trading to the market close.

**3.6.4** The execution price of a negotiated block trade of securities that are subject to a daily price limit shall be determined within the price limit applicable to such securities on the trading day.

The execution price of a block trade of securities which are subject to no daily price limit shall be determined within  $\pm 30\%$  of the previous closing price.

**3.6.5** The Exchange trading system accepts the following types of block trading orders:

- (1) Intent orders;
- (2) Execution orders;
- (3) Pricing orders; and
- (4) Other types of orders.

**3.6.6** An intent order for negotiated block trades shall include such information as securities account number, securities code, buy or sell, and trading unit code of the party who places such order. An intent order entails no execution obligations and may be cancelled.

An execution order for negotiated block trades shall include such information as securities account number, securities code, buy or sell, price, quantity, trading unit code of the counterparty, and agreed execution code. An execution order must include specific price and quantity. An execution order may be cancelled, unless the counterparty has placed a matching order. The Exchange trading system confirms execution of the execution orders that entirely match each other in terms of agreed code, securities code, buy or sell, price, quantity, etc.

A pricing order for negotiated block trades shall include such information as securities account number, securities code, buy or sell, price, quantity, and trading unit code of the party who places such order. All the market participants may place execution orders, which will be executed entirely or partially with pricing orders at the designated price. The Exchange trading system confirms execution on the principle of time priority. The unexecuted remainder of a pricing order may be cancelled. The trading volume and trading value of each pricing order shall meet the thresholds for block trades.

**3.6.7** Execution of negotiated block trades of equity shares will be confirmed between 15:00-15:30, while execution of negotiated block trades of bonds will be confirmed between 9:15-11:30 and 13:00-15:30.

**3.6.8** An after-hours pricing block trading order shall include such information as securities account number, securities code, trading unit code, brokerage branch identification number, buy or sell, quantity and price type.

The price types of after-hours pricing block trades include:

- (1) The closing price of the securities on the day of trading; and
- (2) The trading volume-weighted average price of the securities on the day of trading.

Any unexecuted order may be cancelled during the period when the Exchange trading system accepts orders.

**3.6.9** During trading hours, the Exchange will release the following real-time transaction information through the trading system or on its website:

- (1) Quotation information on negotiated block trades of bonds, including: securities code, securities short name, order type, buy or sell, quantity, price, etc.; execution information on negotiated block trades of bonds, including: securities code, securities short name, last traded price, highest intraday price, lowest intraday price, total trading volume, total trading value, total number of executed trades, etc.; and
- (2) Transaction information on after-hours pricing block trades, including: securities code, securities short name, price, accumulated trading volume, accumulated trading value as well as the volume of real-time buy or sell orders, etc.

**3.6.10** At the end of each trading day, the Exchange will release the following transaction information on its website:

- (1) Execution information on each negotiated block trade, including: securities code, securities short name, trading volume, execution price, as well as the names of the buyer and seller's brokerage branches or of their trading units;
- (2) The accumulated trading volume and trading value of after-hours pricing block trades of a single security, as well as the names of the top five brokerage branches or trading units in terms of intra-day purchase value and sale value of such security, and their respective purchase values and sale values;
- (3) The accumulated trading volume and trading value of block trades of a single security, as well as the names of the top five brokerage branches or trading units in terms of intra-day purchase value and sale value of such security, and their respective purchase values and sale values.

**3.6.11** Block trades are not included in the Exchange's real-time quotations and index calculation. Upon the completion of block trades, their trading volumes are added to the total turnover of relevant securities on the day of trading.

**3.6.12** A member shall ensure that block trading participants must have the relevant securities or cash for execution of its orders.

## **Section 7 Margin Trading and Securities Lending**

**3.7.1** Margin trading and securities lending refers to the practice that an investor purchases securities with borrowed money from a member, or sells securities borrowed from a member, by providing collateral to the member.

**3.7.2** In order to participate in margin trading and securities lending, a member shall apply to the Exchange for the trading access to margin trading and Securities Lending. It shall conduct margin trading and securities through the special trading unit.

**3.7.3** In order to conduct margin trading and securities lending, an investor shall open a credit securities account pursuant to relevant regulations. The opening and closing of the credit securities account shall be governed by the relevant regulations of the member and the registration and clearing institution designated by the Exchange.

**3.7.4** The Exchange will formulate regulations on the following matters in respect of margin trading and Securities Lending:

- (1) Trading process;
- (2) Securities that may be purchased with borrowed money and may be borrowed for sale;
- (3) Types of securities that may be used as margin and the highest conversion ratio;
- (4) Maximum term of margin trading or Securities Lending;
- (5) Initial margin percentage and minimum maintenance collateral percentage;
- (6) Information disclosure and reporting system;
- (7) Market risk control measures; and
- (8) Other matters.

**3.7.5** Prior to loaning money or securities to an investor, a member shall enter into a

contract on margin trading and securities lending with the investor, explain the rules governing margin trading and securities lending and the contents of the contract to the investor, and require the investor to sign a risk disclosure statement.

**3.7.6** Upon the occurrence of any unusual situation in margin trading and securities lending which has endangered or is likely to endanger market stability, the Exchange may suspend all or part of margin trading and securities lending activities when it deems necessary and make relevant announcements.

**3.7.7** The specific regulations on margin trading and securities lending will be formulated by the Exchange separately and will come into effect upon the approval of the CSRC.

## **Section 8 Bond Repo Trading**

**3.8.1** Bond repo trading may be in the form of pledge-style repos or in other forms.

A pledge-style bond repo trade refers to a bond trade in which at the time the bond holder pledges its bonds as collateral in exchange for a cash loan that is equivalent to the standard securities converted from such bonds at a conversion ratio, the two parties agree to return the cash and release the bonds pledged as collateral at the maturity of the repo. In a pledge-style repo trade, the trading participant that pledges its bonds as collateral in exchange for a cash loan is called “the cash borrower” and its counterparty is called “the cash lender”.

**3.8.2** A member shall enter into a broker-client agreement on bond repo trading with investors participating in pledge-style bond repo trading and establish subsidiary accounts for standard securities.

Standard securities refer to the virtual securities converted at a conversion ratio from bond collateral to determine the amount of funds to be borrowed through pledge-style repos. The conversion ratio of standard securities refers to the ratio of standard securities to be converted from bonds to the amount of par value of the latter.

The specific regulations on standard securities and conversion ratios shall be formulated by the registration and clearing institution designated by the Exchange.

**3.8.3** The cash borrower in a bond repo trade shall place a buy order while the cash lender shall place a sell order.

**3.8.4** The Exchange will design various bond repo products with different maturity terms and make corresponding announcements.

**3.8.5** Pledge-style bond repo trades are executed once but settled twice. After a bond repo trade is entered into, the initial settlement price is RMB 100. At the expiry of the repo, the second settlement price is the repurchase price, which is the sum of the principal of each RMB 100 plus the interest thereon.

The specific calculation method for the repurchase price will be formulated by the Exchange separately.

## **Chapter IV Other Trading-related Matters**

### **Section 1 Transfer of Custody**

**4.1.1** Investors may purchase securities at the different securities brokerage branches of one or more members using one single securities account.

**4.1.2** Investors may resell securities through the trading unit through which they have purchased such securities. They may also give an instruction to such trading unit for transferring the custody of their securities to another trading unit and, upon completion of the transfer, resell the securities through the new trading unit.

The specific regulations on custody transfer will be formulated by the registration and clearing institution designated by the Exchange.

## **Section 2 Opening Price and Closing Price**

**4.2.1** The opening price of a security is the first execution price of such security on a particular trading day.

**4.2.2** The opening price of a security is generated from a call auction. In case that no opening price is generated therefrom, the opening price will be generated from the continuous auction.

**4.2.3** The closing price of a security is generated from a call auction. In case that no closing price is generated therefrom, or in the absence of any closing call auction, the trading volume-weighted average price of all the trades of such security during the one minute before the last trade (including the last trade) on that day is taken as the closing price.

In the absence of any trade on that day, the previous closing price is taken as the closing price of that day.

## **Section 3 Listing, Delisting, Trade Suspension and Resumption**

**4.3.1** Securities are traded after listing on the Exchange.

**4.3.2** Upon expiry of the listing term of any security or when any security no longer meets listing criteria, the Exchange will terminate trading in such security and delist it from the market.

**4.3.3** Upon the occurrence of unusual trading activities or circumstances in the trading of securities as enumerated in Section 6.1, the Exchange may, in accordance with specific

circumstances, suspend trading in relevant securities, make an announcement, and when necessary, publicize statistic data on the relevant trades, shares and fund units. The party with disclosure obligation shall make an announcement in a timely manner as required by the Exchange.

The specific timing of trade suspension and resumption will be announced by the Exchange.

**4.3.4** The Exchange may impose an intra-day temporary trade suspension on the shares that are subject to no daily price limit if any of the following applies:

- (1) Where the intra-day execution price rises or falls 10% or more from the opening price of the same day for the first time, the relevant shares will be suspended from trading for one hour;
- (2) Where the intra-day execution price rises or falls 20% or more from the opening price of the same day for the first time, the relevant shares will be suspended from trading till 14:57;
- (3) Where the intra-day turnover rate reaches or exceeds 50%, the relevant shares will be suspended for one hour.

The specific timing of intra-day temporary trade suspension will be announced by the Exchange. In case that any trade suspension crosses 14:57, trading in the relevant shares will be resumed at 14:57. At the time of trade resumption, a call auction is conducted for all the accepted orders. After that, the closing call auction is conducted.

The Exchange may, depending on market conditions, adjust the relevant indicator thresholds, or take further measures to control market risk.

**4.3.5** The quotations disseminated by the Exchange cover the securities suspended from trading but exclude the securities suspended from listing or delisted from the Exchange.

**4.3.6** Where securities are suspended from trading before 9:25, at the time of trade resumption, the opening call auction will be conducted for all the accepted orders. After trade resumption, trading continues.

Where securities are suspended from trading at 9:30 or some time later, at the time of trade resumption, an intra-day call auction will be conducted for all the accepted orders. After trade resumption, trading continues.

During trade suspension, orders may be routed or cancelled.

During trade suspension, the reference price, matched volume and unmatched volume of the call auction will not be disclosed.

**4.3.7** The listing, delisting, and trade suspension and resumption of securities will be announced by the Exchange or the securities issuer.

**4.3.8** Other matters in relation to the listing, delisting, trade suspension and trade resumption of securities shall be governed by the listing rules and other rules of the Exchange.

## **Section 4 Ex-right and Ex-dividend**

**4.4.1** In case of interest distribution, transfer of reserves into share capital and share allotment, the Exchange will make ex-right and ex-dividend adjustment to relevant securities on the trading day following the interest record date (or the last trading day in the case of B-shares), except as otherwise specified by the Exchange.

**4.4.2** The ex-right (ex-dividend) reference price shall be calculated as follows:

ex-right (ex-dividend) reference price = [(previous closing price – cash dividend) + rights issue price × percentage of change in shares] ÷ (1+ percentage of change in shares)

When the securities issuer believes that it is necessary to adjust the above calculation formula, it may file an application with the Exchange for adjustment and state therein the reason therefor. Upon the approval of the Exchange, the securities issuer shall publish the

calculation formula for the ex-right (ex-dividend) reference price.

**4.4.3** Unless otherwise specified by the Exchange, on the ex-right (ex-dividend) date, the ex-right (ex-dividend) reference price shall be used as the basis for calculation of price up/down limit.

## **Section 5 Trading-related Matters during Delisting Preparatory Period**

**4.5.1** During the delisting preparatory period, the shares of a listed company will be traded on the delisting preparatory board and the prices of such shares will not be included in the quotations of the Main Board, the SME Board or the ChiNext Market.

When the shares of a listed company enter the delisting preparatory board for trading, the convertible bonds, warrants and other derivatives of the listed company may also enter the delisting preparatory board for trading and the relevant trading-related matters will be formulated by the Exchange subject to the approval of the CSRC.

**4.5.2** The Exchange imposes a daily price up/down limit of 10% on the trading of shares during the delisting preparatory period.

Upon the approval of the CSRC, the Exchange may adjust the daily price up/down limit on the trading of shares during the delisting preparatory period.

**4.5.3** During the delisting preparatory period, the Exchange will disclose the names of the top five brokerage branches in terms of intra-day purchase value and sale value, and their respective purchase values and sale values

**4.5.4** Trades executed during the delisting preparatory period are not disclosed as public securities information specified in Chapter V of these Rules, nor are they included in the calculation of unusual movement indicators.

**4.5.5** Trades executed during the delisting preparatory period are not included in the

calculation of the Exchange's indices, whereas the trading volume is added to the total volume of the market on the day of trading.

## **Section 6 Circuit Breakers<sup>1</sup>**

**4.6.1** The Exchange may halt auction trading in relevant securities (hereinafter, circuit breaker) on the current trading day if any of the following circumstances apply to CSI 300 Index:

- (1) Where CSI 300 Index rises or falls 5% or more but less than 7% from its previous close for the first time, trading will be halted for 15 minutes. In case that the 15-minute halt crosses 11:30, the halt will continue at 13:00. Where the 15-minute halt crosses 14:57, trading will be resumed at 14:57 with a closing call auction. However, if a circuit breaker is triggered at or after 14:45, trading will be halted till 15:00 and will not be resumed on the current trading day;
- (2) Where CSI 300 Index rises or falls 7% or more from the previous close, trading will be halted till 15:00 and will not be resumed on the current trading day.

Upon the occurrence of any of the above circumstances before 9:30, trading will be halted from 9:30. Trading will not be halted between 14:57-15:00.

The specific timing to implement trading halts is subject to announcement by the Exchange.

**4.6.2** Where the trading day of the Exchange coincides with the delivery day of share index futures contracts, if circuit breaker halt crosses 11:30, trading will be resumed at 13:00; trading will not be halted between 13:00-15:00 of the trading day.

The delivery day as referred to in this Section 4.6.2 means the delivery day of the SSE 50 Index Futures contract, the CSI 300 Index Futures contract and the CSI 500 Index Futures contract which are listed on China Financial Futures Exchange as well as other

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<sup>1</sup> In order to maintain the market stability, upon the approval of the CSRC, the SZSE has suspended the implementation of circuit breaker since 8 January 2016.

share index futures contracts as specified by the Exchange.

**4.6.3** Circuit breakers are applicable to shares, relevant mutual funds, convertible bonds, exchangeable bonds and other securities instruments recognized by the Exchange. The specific securities instruments to which circuit breakers apply will be announced by the Exchange.

**4.6.4** During the circuit breaker halt, investors may place or cancel orders.

At the time of trade resumption, the Exchange will conduct a call auction for all the accepted orders and then trading continues.

During the trading halt and the call auction for trade resumption, the virtual reference price, matched volume and unmatched volume will not be disclosed.

**4.6.5** Where a security is scheduled to resume trading from a temporary suspension during a circuit breaker halt, trade resumption shall not be implemented until the end of circuit breaker halt.

**4.6.6** In the case that trading halts until 15:00, the trading volume-weighted average price of all the trades of the relevant security during the one minute before the last trade (including the last trade) on that day is taken as the closing price of such security. In the absence of any trade on that day, the previous closing price is taken as the closing price of that day.

**4.6.7** In the case that trading halts until 15:00, no block trade will be executed on the same day for the securities involved.

## **Chapter V Transaction Information**

## **Section 1 General Rules**

**5.1.1** The Exchange will disseminate real-time quotations, indices, public information and other transaction information in respect of securities trading on each trading day.

**5.1.2** The Exchange will timely prepare and disseminate various daily, weekly, monthly and yearly reports and release the same on its website or other media.

**5.1.3** The transaction information from the Exchange belongs to the Exchange. Without authorization from the Exchange, no entity or individual may use or disseminate such information.

In spite of authorization from the Exchange to use the transaction information, no entity or individual may provide such information to other entities or individuals for use or dissemination without the permission of the Exchange.

The specific rules governing the administration of the securities transaction information shall be formulated by the Exchange separately.

## **Section 2 Real-time Quotations**

**5.2.1** The real-time quotations during the opening and closing call auctions include securities code, securities short name, call auction reference price, matched volume, unmatched volume, etc.

**5.2.2** The real-time quotations during the continuous auction include securities code, securities short name, previous closing price, last traded price, highest price, lowest price, accumulated trading volume and trading value, the five real-time highest bid prices and their quantities, the five real-time lowest offer prices and their quantities, etc.

**5.2.3** The previous closing price displayed in the real-time quotations is the closing price

of the relevant securities on the previous trading day, except in the following circumstances:

- (1) On the first trading day of IPO shares or listed bonds, the previous closing price displayed in the real-time quotations is the issuance price;
- (2) On the first trading day upon trade resumption, the previous closing price displayed in the real-time quotations is the closing price of the last trading day before the suspension, or the latest further issue price;
- (3) On the first trading day of mutual funds, the previous closing price displayed in the real-time quotations is the fund unit NAV of the previous trading day (rounded to the nearest RMB 0.001), except as otherwise specified by the Exchange;
- (4) On the ex-right (ex-dividend) date of relevant securities, the previous closing price displayed in the real-time quotations is the ex-right (ex-dividend) reference price of the securities;
- (5) Other circumstances as specified by the Exchange.

**5.2.4** The real-time quotations are transmitted via the communication system licensed by the Exchange. Trading participants shall use the real-time quotations within the scope of license granted by the Exchange.

**5.2.5** The Exchange may adjust the dissemination means and the contents of real-time quotations in line with the market development.

### **Section 3 Securities Indices**

**5.3.1** The Exchange compiles composite index, component index, sector indices and other securities indices to track the price movement and trends of the overall securities market or of a particular type of securities, and disseminate the same along with the real-time quotations.

**5.3.2** The methods of establishment and compilation of securities indices shall be formulated by the Exchange separately.

## Section 4 Public Information on Securities Trades

**5.4.1** Upon the occurrence of any the following circumstances in the trading of the shares or closed-end funds that are subject to a daily price limit, the Exchange will disclose the names of the top five brokerage branches or trading units in terms of intra-day purchase value and sale value, and their respective purchase values and sale values:

- (1) Top five securities whose closing price deviation reaches  $\pm 7\%$ ;

The closing price deviation is calculated as follows:

closing price deviation = change in price of a single security – change in corresponding sector index

Where the security reaches its daily up/down price limit, calculation shall be conducted on the basis of the corresponding up/down price limit.

- (2) Top five securities whose intra-day price amplitude reaches 15 %;

The price amplitude is calculated as follows:

price amplitude = (intra-day highest price – intra-day lowest price) / intra-day lowest price  $\times 100\%$

- (3) Top five securities whose turnover rate reaches 20%;

The turnover rate is calculated as follows:

turnover rate = trading volume / non-restricted share volume  $\times 100\%$

In case that the closing price deviation, price amplitude or turnover rate is identical, trading value and trading volume shall be considered in sequence.

The sector indices of the Main Board A-shares, SME Board shares, ChiNext shares, B-shares and open-end funds are SZSE A-share Index, SZSE SME Composite Index, ChiNext Composite Index, SZSE B-share Index and SZSE Fund Index, respectively, and all these indices are compiled by the Exchange.

**5.4.2** With respect to the shares as enumerated in Section 3.3.17 that are subject to no daily price limit, the Exchange will disclose the names of the top five brokerage branches or trading units in terms of intra-day purchase value and sale value, and their respective purchase values and sale values.

**5.4.3** The occurrence of any of the following circumstances in the auction trading of shares or closed-end funds is deemed as unusual movement. Under any of such circumstances, the Exchange will disclose the names of the top five brokerage branches or trading units in terms of total purchase value and sale value of relevant securities during the unusual movement period, and their respective purchase values and sale values:

- (1) The accumulated closing price deviation over three consecutive trading days reaches  $\pm 20\%$ ;
- (2) The accumulated closing price deviation of any ST share or \*ST share over three consecutive trading days reaches  $\pm 12\%$ ;
- (3) The average daily turnover rate of three consecutive trading days reaches 30 times the average daily turnover rate of the previous five consecutive trading days, and the accumulated turnover rate of the relevant share or closed-end fund over the afore-mentioned three consecutive trading days reaches 20%; or
- (4) Other circumstances deemed as unusual movement by the CSRC or the Exchange.

The indicators of unusual movement shall be recalculated as from the day on which the relevant person with disclosure obligations announces the unusual movement or as from the day of trade resumption.

The shares and closed-end funds as enumerated in Section 3.4.17 that are subject to no daily price limit shall be excluded from calculation of unusual movement.

**5.4.4** Where the public information on securities trades involves special trading units for institutions, the name to be published will be “Institutional Special”.

## **Chapter VI Supervision of Securities Trading**

**6.1** The Exchange will exercise intense monitoring on the following matters with respect to the trading of securities:

- (1) Irregular activities such as suspected insider trading and market manipulation;

- (2) Circumstances where the time, quantity or means for securities trading are restricted by laws, administrative regulations, government department rules, regulatory documents or the rules of the Exchange;
- (3) Unusual trading activities that are likely to affect the price or trading volume of securities;
- (4) Obvious unusual trading prices or trading volume of securities; and
- (5) Other matters that need to be put under intense monitoring as recognized by the Exchange.

**6.2** Unusual trading activities that are likely to affect the price or trading volume of securities include:

- (1) Large or successive purchases or sales of securities before disclosure of any information that may significantly affect the price of relevant securities;
- (2) Large or frequent reverse trades under a single account or between more than two fixed securities accounts or suspected associated securities accounts;
- (3) Huge orders, successive orders, concentrated orders, or orders whose quotation price clearly deviates from the last traded price disclosed in the securities quotations, under individual or more than two fixed securities accounts or suspected associated securities accounts;
- (4) Large or successive orders placed independently or in collusion with others, with the quotation price set at the daily price limit, and as a result, the trading price of securities reaches or is maintained at the daily up/down price limit;
- (5) Frequent input and cancellation of orders, or input and cancellation of large orders, for the purpose of influencing the price of securities or misleading other investors;
- (6) Placing a buy order at a price obviously higher than the previous closing price, then cancelling such order, and after that, placing a sell order for the same securities; or placing a sell order at a price obviously lower than the previous closing price, then cancelling such order, and after that, placing a buy order for the same securities;
- (7) Large and successive trades of a single security during a specified period of time;
- (8) Large or frequent intra-day turn-around trades under the same securities account, or by the same member or by clients of the same brokerage branch;
- (9) Large or frequent “buy high, sell low” trades;

- (10) Influencing the trading price, settlement price or reference value of relevant securities or derivatives thereon by placing unusual orders during the securities price sensitive period;
- (11) Independently or in collusion with others, purchasing or selling securities before releasing relevant investment analysis, forecast or advice, or trading securities contrary to their publicly released investment analysis, forecast or advice;
- (12) Placing false orders on the block-trade platform for negotiated trades or other orders that disrupt the orderly market; and
- (13) Other unusual trading activities that need to be put under intense monitoring as recognized by the Exchange.

**6.3** Obvious unusual trading prices or trading volume of securities include the following circumstances:

- (1) Concentrated purchase or sale of the same security in large quantities by the same brokerage branch or the brokerage branches in the same region;
- (2) Continuous sharp rises or declines of securities prices which obviously deviate from the rises or declines of relevant indices, while the relevant listed company does not release any statement of significant events; and
- (3) Other circumstances that need to be put under intense monitoring as recognized by the Exchange.

**6.4** The Exchange may investigate the circumstances specified in (10) of Section 6.2 in collaboration with other securities and futures exchanges in line with market conditions.

**6.5** Where a member discovers any of the matters as enumerated in Section 6.1 that need to be put intense monitoring and believes that such activity may seriously affect the order of the securities market, it shall issue an alert and report to the Exchange in a timely manner.

**6.6** The Exchange may conduct on-site or off-site investigations of the matters that occur in the trading of securities and need to be put under intense monitoring. Members, their brokerage branches, other trading participants and investors shall coordinate with the Exchange in the latter's investigations.

**6.7** During on-site or off-site investigations, the Exchange may require the relevant members, their brokerage branches, other trading participants and investors to provide the following documents and information timely, accurately and completely as it deems necessary:

- (1) Investors' account opening information, letter of authorization, capital account information, as well as the transaction information with respect of the relevant securities accounts;
- (2) Information on the de facto controller or operator of the relevant securities accounts or capital accounts, source of funds and an explanation on whether the relevant accounts are associated;
- (3) Explanations on the matters that are put under intense monitoring during securities trading; and
- (4) Other information related to the matters under intense monitoring of the Exchange.

**6.8** In case that any of the matters enumerated in Section 6.1 is serious, the Exchange may take the following measures in accordance with specific circumstances:

- (1) Oral or written warning;
- (2) Summoning the parties involved for a talk;
- (3) Requiring relevant investors to provide a written commitment;
- (4) Restricting trading under relevant securities accounts;
- (5) Reporting the matter to the CSRC.

Any person objecting to the foregoing measure (4) may apply with the Exchange for a review within 15 days of receiving the enforcement notice of relevant measure. Enforcement of the said measure shall not be suspended during the review period.

## **Chapter VII   Handling of Extraordinary Circumstances**

**7.1** Upon the occurrence of any of the following extraordinary circumstances that disable

part or all of the trading activities, the Exchange will have the discretion to impose such measures as temporary suspension of settlement, technical suspension of trading or temporary closure of the market either exclusively or concurrently:

- (1) *Force majeure*;
- (2) Unexpected event;
- (3) Technical failure; or
- (4) Other extraordinary circumstances as recognized by the Exchange.

**7.2** In case that orders cannot be input or market quotation transmission is interrupted, the relevant member shall report to the Exchange in a timely manner. In case that such situation occurs in more than 10% of brokerage branches, it will be deemed as an extraordinary circumstance and the Exchange may effect temporary closure of the market.

**7.3** Where the Exchange believes that any of the extraordinary circumstances as enumerated in Section 7.1 and Section 7.2 is likely to occur and may have serious effect on the well functioning of the market, the Exchange has the discretion to impose a technical suspension or temporary closure of the market.

At the request of the CSRC, the Exchange will implement temporary closure of the market.

**7.4** The Exchange shall make an announcement of the settlement suspension, technical trade suspension or temporary market closure.

After the cause of the technical trade suspension or temporary market closure no longer exists, the Exchange may resume trading and make an announcement.

**7.5** The Exchange shall not be liable for any losses arising from extraordinary circumstances or from corresponding measures imposed by the Exchange.

**7.6** The specific regulations on handling extraordinary circumstances will be formulated

by the Exchange separately.

## **Chapter VIII Trading Disputes**

**8.1** In case that trading disputes arise between trading participants, between members and their clients, relevant members and other trading participants shall record particulars of the disputes for the Exchange's inspection. In case that the trading disputes affect normal trading, the members shall report to the Exchange in a timely manner.

**8.2** When disputes arise between trading participants, between members or between members and their clients, the Exchange may provide necessary trading data pursuant to relevant regulations.

**8.3** Members are under a duty to coordinate with any investor who has a doubt about a trade.

## **Chapter IX Trading Fees**

**9.1** Investors shall pay commissions to members for completed securities trades pursuant to relevant regulations.

**9.2** Trading participants shall pay handling fees and other relevant charges pursuant to applicable regulations. In addition, members shall pay membership management fees to the Exchange pursuant to applicable regulations.

**9.3** The charging items and fee standards for securities trading and the administration thereof shall be governed by relevant regulations.

## **Chapter X Supplementary Rules**

**10.1** Where a member violates these Rules, the Exchange will impose disciplinary sanctions on the trading participant in accordance with the *Membership Management Rules of Shenzhen Stock Exchange*.

**10.2** Securities offerings, subscriptions, purchases, redemptions and exercise through the Exchange trading system shall be conducted by applying *mutatis mutandis* these Rules. Where the CSRC has other regulations, such regulations shall prevail.

**10.3** Upon the consent of the Exchange, members may input orders through their traders dispatched to the trading floor.

Only the following persons are admitted to the trading floor:

- (1) Registered traders;
- (2) Floor supervisors; and
- (3) Other persons specially permitted by the Exchange.

**10.4** Upon the approval of the CSRC, special trading products may be traded on a negotiated basis on the Exchange's block-trade platform for negotiated trades. The specific regulations on the trading of such products will be formulated by the Exchange separately.

**10.5** The time as mentioned in these Rules refers to the time of the Exchange trading system.

**10.6** The following terms in these Rules shall have the meanings given below:

- (1) **Market:** the securities trading market established by the Exchange.
- (2) **Instruction:** an investor authorizes a member to buy or sell securities.
- (3) **Order Routing:** a trading participant inputs a securities trading order into the Exchange trading system.
- (4) **Central Order Book:** all the unexecuted valid buy or sell orders that line up in the Exchange trading system at a certain point in time based on price/time priority.
- (5) **Opposite Side (Same Side) Best Price:** the buyer's highest bid price or the seller's lowest offer price in the central order book.
- (6) **Call Auction Reference Price:** the virtual execution price that is generated during call auction by all the orders in the central order book under call auction rules at the

time of disclosure.

- (7) **Matched Volume:** the virtually executed volume generated by all the orders in the central order book under call auction rules at the time of disclosure.
- (8) **Unmatched Volume:** the remainder of buy or sell orders in the central order book that can not be virtually executed at the call auction reference price under call auction rules at the time of disclosure.
- (9) **Securities Price Sensitive Period:** a particular period of time for calculating the trading price, settlement price or reference price of relevant securities and derivatives, including the period for calculating the revision of the conversion price of convertible bonds, the period for calculating the issue price of further securities offerings, the period for calculating the unit NAV of securities, the period for calculating the settlement price of derivatives, etc.

**10.7** The terms not defined in these Rules shall have the meanings ascribed to them in applicable laws, administrative regulations, government department rules, regulatory documents and the relevant rules of the Exchange.

**10.8** The terms “more than”, “exceed” and “less than” in these Rules do not include the given figures, whereas the term “reach”, “more than” and “lower than” include the given figures.

**10.9** These Rules and any amendment hereto shall come into force after being adopted by the board of directors of the Exchange and approved by the CSRC.

**10.10** The power to interpret these Rules shall rest with the Exchange.

**10.11** These Rules shall be implemented as of January 1, 2016.