

**Rules Governing the Real-Time Monitoring of Abnormal Trading of  
Stocks on the Science and Technology Innovation Board of Shanghai  
Stock Exchange  
(for Trial Implementation)**

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**Chapter I      General Provisions**

**Article 1**      These *Rules* are in accordance with the *Trading Rules of Shanghai Stock Exchange* (the “*Trading Rules*”), the *Special Rules Governing the Trading of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange* (the “*Special Trading Rules*”), the *Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange* (the “*Listing Rules*”), and other rules to maintain the orderly trading of stocks and depositary receipts on the Science and Technology Innovation Board (collectively the “*STAR stocks*”) of Shanghai Stock Exchange (the “*Exchange*”), protect the legitimate rights and interests of investors, and guard against trading risks.

**Article 2**      These *Rules* are applicable to the requirements for STAR stock trading orders, handling of abnormal fluctuations, monitoring and supervision of abnormal trading activities, and other matters. Matters not covered herein shall be governed by the *Rules Governing the Real-Time Monitoring of Abnormal Trading of Securities on Shanghai Stock Exchange* and other relevant regulations.

**Article 3**      Investors participating in the trading of STAR stocks shall abide by applicable laws and regulations, the business rules of the Exchange, and the agreement for securities trading with their carrying member, and shall not disrupt the orderly trading of STAR stocks by engaging in any abnormal trading activities.

**Article 4**      Members shall strictly manage their clients’ trading of STAR stocks by obtaining an ex-ante understanding of them, performing ongoing monitoring of their trading, and timely identifying, stopping and reporting their Abnormal trading activities to safeguard the trading order of the STAR market.

**Article 5**      The Exchange will exercise real-time monitoring and self-regulation of the trading of STAR stocks, take appropriate supervisory measures or disciplinary actions against investors and members who have violated these *Rules*, and legally report suspected insider

trading, market manipulation, and other violations of laws and regulations to the China Securities Regulatory Commission (the “CSRC”) for investigation.

## **Chapter II Requirements for Stock Trading Orders**

**Article 6** An order for STAR stocks shall contain a price consistent with rules on price limits and the requirements hereof, failing which the order shall be invalid.

**Article 7** Limit orders for STAR stocks during the continuous auction session shall meet the following requirements:

- (1) any bid price shall not be higher than 102% of the benchmark bid price;
- (2) any offer price shall not be lower than 98% of the benchmark offer price.

The benchmark bid (offer) price as mentioned in the preceding Paragraph refers to the lowest offer (highest bid) price disclosed in real time; the highest bid (lowest offer) price disclosed in real time in the absence of the lowest offer (highest bid) price disclosed in real time; the last execution price in the absence of the highest bid (lowest offer) price disclosed in real time; or the previous closing price in the absence of any trade on the current day.

Limit orders during an intraday temporary trading suspension shall not be subject to the preceding two requirements of this Article.

The Exchange may, based on market conditions, adjust the price range of valid orders for STAR stocks.

**Article 8** An investor’s market order for STAR stocks during the continuous auction session shall include the highest bid price (the “bid limit price”) or lowest offer price (the “offer limit price”) acceptable to the investor.

When the Exchange’s trading system processes market orders specified in the preceding Paragraph, the execution price of any buy order and the price of any buy order converted into a limit order shall not be higher than the bid limit price, and the execution price of any sell order and the price of any sell order converted into a limit order shall not be lower than the offer limit price.

### **Chapter III Abnormal Fluctuations in Stock Trading**

**Article 9** Any of the following circumstances during the auction trading of a STAR stock is considered an intraday abnormal fluctuation. The Exchange will impose intraday temporary trading suspension on such stock:

- (1) if the stock is not subject to price limits, its intraday trading price moves above or below its opening price on that day by 30% or more for the first time;
- (2) if the stock is not subject to price limits, its intraday trading price moves above or below its opening price on that day by 60% or more for the first time;
- (3) any other circumstance identified by the CSRC or the Exchange as an intraday abnormal fluctuation.

**Article 10** An intraday temporary trading suspension imposed on a STAR stock in accordance with the preceding Article shall be implemented as follows:

- (1) each such intraday temporary trading suspension shall continue for 10 minutes;
- (2) if such trading suspension goes beyond 2:57 p.m. of a trading day, the trading of such stock shall be resumed at 2:57 p.m. of that day;
- (3) orders may be placed or cancelled during such trading suspension, and the accepted orders will be matched by call auction upon resumption of the trading of such stock.

**Article 11** After imposing an intraday temporary trading suspension on a STAR stock, the Exchange will release an announcement thereon through its official website ([www.sse.com.cn](http://www.sse.com.cn)) and the satellite transmission system.

The specific time schedule for the suspension and resumption of trading of such stock shall be subject to the announcement of the Exchange.

**Article 12** Any of the following circumstances during the auction trading of a STAR stock is considered an abnormal fluctuation, the Exchange will disclose the names of the top 5 members' brokerage branches in terms of the total value of such stock purchased or sold during the abnormal fluctuation, as well as the value of such stock purchased or sold respectively by them:

- (1) the deviation for fluctuation in the daily closing price totals to  $\pm 30\%$  within 3 consecutive trading days;
- (2) any other circumstance identified by the CSRC or the Exchange as an abnormal fluctuation.

Indicators for abnormal fluctuations shall be recalculated from the date of the Exchange's announcement.

**Article 13** Any of the following circumstances during the auction trading of a STAR stock is considered a highly abnormal fluctuation. The Exchange will disclose the investor trading statistics by investor types during the highly abnormal fluctuation:

- (1) the same-direction abnormal fluctuation specified in Article 12 has occurred for 3 times within 10 consecutive trading days;
- (2) the deviation for fluctuation in the daily closing price totals to  $+100\%$  ( $-50\%$ ) within 10 consecutive trading days;
- (3) the deviation for fluctuation in the daily closing price totals to  $+200\%$  ( $-70\%$ ) within 30 consecutive trading days;
- (4) any other circumstance identified by the CSRC or the Exchange as a highly abnormal fluctuation.

Upon the occurrence of multiple highly abnormal fluctuation circumstances, the Exchange will disclose them together.

The indicators for highly abnormal fluctuations in the preceding circumstances of this article shall be reset as of the day the disclosure is made by the Exchange.

**Article 14** Upon a highly abnormal fluctuation in the trading of a STAR stock, its issuer shall, in accordance with the *Listing Rules*, timely verify whether any disclosable matters have not been disclosed, and take corresponding measures.

If the issuer finds upon verification that no disclosable matters have not been disclosed, and cannot provide a reasonable explanation for the cause of such abnormal fluctuation, in addition to taking actions in accordance with the Listing Rules, the Exchange may, based on market conditions, strengthen the monitoring of abnormal trading, and require members to take effective measures to disclose to their clients risks in the trading of such stock.

**Article 15** The deviation for fluctuation in the closing price refers to the difference between fluctuations in the price of a single STAR stock and in the corresponding benchmark index.

The benchmark index will be announced to the market by the Exchange.

STAR stocks not subject to price limits shall not be included into the calculation of indicators for abnormal fluctuations and highly abnormal fluctuations.

**Article 16** The Exchange may, based on market conditions, adjust the criteria for identifying abnormal fluctuations and highly abnormal fluctuations.

## **Chapter IV Abnormal Trading Activities of Investors**

### **Section 1 General**

**Article 17** The abnormal trading activities as mentioned herein shall include:

- (1) fictitious orders, inducing or misleading other investors in their trading decisions;
- (2) price pumping and dumping, resulting in a significant rise or decline in the trading price of the stock;
- (3) maintaining the trading price or volume of a stock;
- (4) wash trade, affecting the trading price or volume of a stock;
- (5) abnormal order placement rate for stocks with highly abnormal fluctuations;
- (6) other abnormal trading activities in violation of applicable laws and regulations or the business rules of the Exchange.

**Article 18** The Exchange will identify the abnormal trading activities of investors based on the types of abnormal trading activities specified herein as well as quantitative and qualitative analyses conducted by taking into account the size and frequency of orders, the trading volume of the stocks involved, their market share, price fluctuations, fundamentals of the stocks, important information of the listed companies involved, overall market trend, and other factors.

An investor's activity of trading STAR stocks may be identified by the Exchange as a

corresponding type of abnormal trading activity if such activity fails to reach but approaches the relevant monitoring threshold and is conducted repeatedly.

The Exchange may, based on market conditions, adjust the criteria for identifying and monitoring of abnormal stock trading activities on the Science and Technology Innovation Board.

**Article 19** For one or more ordinary securities accounts, margin-based securities accounts and other suspected affiliated securities accounts (groups) opened by an investor in its or his own name or under the *de facto* control of a single investor, the amount and size of orders, trading volume or its percentage in the total trading volume, etc. shall be aggregated.

**Article 20** If both buy and sell orders are placed or executed by an investor, the size and amount of relevant orders, trading volume, trading amount, and market-wide total size of orders shall be calculated on a buy or sell basis respectively.

## **Section 2 Fictitious Orders**

**Article 21** The term “fictitious orders” refers to an abnormal trading activity in which a large number of orders not intended to be executed are placed and cancelled to induce, mislead or influence other investors in their trading decision-making.

**Article 22** Upon the concurrence of the following circumstances during the opening call auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) buy or sell orders are placed at a price deviating from the previous closing price by more than 5%;
- (2) the total size or amount of orders placed is large;
- (3) the aggregate size of orders placed represents a large percentage of the market-wide total size of the same-direction orders;
- (4) the aggregate size of orders cancelled accounts for more than 50 per cent of the aggregate size of orders placed;
- (5) a sale is made at a price lower than the bid price, or a purchase is made at a price higher than the offer price;

(6) the virtual reference price during the opening call auction session increase (decrease) by more than 5%.

**Article 23** If the following circumstances occur repeatedly, and the aggregate size of orders cancelled accounts for more than 50 per cent of the aggregate size of orders placed during the continuous auction session, the Exchange will monitor the trading activities as a top priority:

- (1) buy or sell orders are placed at the five best prices;
- (2) after a single order is placed, the aggregate size or amount of the remaining valid orders placed at the real-time five best prices is enormous, and accounts for a large percentage of the market-wide total remaining same-direction valid orders placed at the five best prices;
- (3) orders are placed and then cancelled.

**Article 24** If the trading price of a STAR stock is at the price limit, and the following circumstances occur for more than twice during the continuous auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) after a single order is placed at the upper or lower limit price, the size or amount of the remaining valid orders placed at such price is enormous, and accounts for a large percentage of the total size of the market-wide remaining valid orders placed at such price;
- (2) after a single order is cancelled at the upper or lower limit price, the aggregate size of orders cancelled at such price accounts for more than 50% of the aggregate size of orders placed at such price.

### **Section 3 Price Pumping and Dumping**

**Article 25** The term “price pumping and dumping” refers to an abnormal trading activity in which orders are massively, continuously or intensively placed, or executed at a price obviously deviating from the last execution price, resulting in a significant rise or decline in the trading price of the stock.

**Article 26** Upon the concurrence of the following circumstances to a STAR stock subject to price limits during the opening call auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) the trading volume or amount of the stock is large;

- (2) the trading volume of the stock accounts for a large percentage of the market-wide total trading volume during such session;
- (3) the opening price of the stock increase (decrease) by more than 5%.

**Article 27** Upon the concurrence of the following circumstances to a STAR stock within any 3 minutes during the continuous auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) the buy execution price shows an upward trend or the sell execution price a downward trend;
- (2) the trading volume or amount of the stock is large;
- (3) the trading volume of the stock accounts for a large percentage of the market-wide total trading volume during such period;
- (4) the trading price of the stock increase (decrease) by more than 4%.

**Article 28** Upon the concurrence of the following circumstances to a STAR stock during the closing call auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) the trading volume or amount of the stock is large;
- (2) the trading volume of the stock accounts for a large percentage of the market-wide total trading volume during such session;
- (3) the trading price of the stock increase (decrease) by more than 3%.

#### **Section 4 Maintaining the Upper or Lower Limit Price**

**Article 29** The term “maintaining the upper or lower limit price” refers to an abnormal trading activity in which massively, continuously or intensively placed in order to maintain the trading price of a stock at the upper or lower limit price.

**Article 30** Upon the concurrence of the following circumstances to a STAR stock during the continuous auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) the trading price of the stock is at the upper or lower limit price;
- (2) after a single order is placed at the upper or lower limit price, the size or amount of the remaining valid orders placed at such price is enormous, and accounts for a large percentage of the total size of the market-wide remaining valid orders placed at such price for more than 10 minutes.

**Article 31** Upon the concurrence of the following circumstances to a STAR stock during the closing call auction session, the Exchange will monitor the trading activities involved as a top priority:

- (1) the trading price of the stock is at the upper or lower limit price at the end of the continuous auction;
- (2) the size or amount of the market-wide remaining valid orders at the upper or lower limit price is enormous at the end of the continuous auction and the closing call auction;
- (3) the size or amount of the remaining valid orders placed at the upper or lower limit price which are added during the closing call auction is enormous;
- (4) the size of the remaining valid orders placed at the upper or lower limit price accounts for a large percentage of the market-wide total remaining valid orders placed at such price at the end of the closing call auction.

## **Section 5 Wash Trade**

**Article 32** The term “wash trade” refers to an abnormal trading activity in which an investor trades stocks between the accounts under its or his *de facto* control or between affiliated accounts in order to affect the trading price or volume of a stock.

**Article 33** Upon the concurrence of the following circumstances to the trading of a STAR stock, the Exchange will monitor the trading activities involved as a top priority:

- (1) trades are frequently and massively conducted between the accounts under the *de facto* control of an investor;
- (2) the volume of such trades accounts for more than 10% of the total trading volume of the stock during the whole day, or the volume of such trades during the closing call auction session accounts for more than 30% of the market-wide total trading volume during such session.

**Article 34** Upon the concurrence of the following circumstances to the trading of a STAR stock, the Exchange will monitor the trading activities involved as a top priority:

- (1) trades are frequently or massively conducted between/among two or more suspected affiliated securities accounts;
- (2) The volume of such trades accounts for more than 10% of the total trading volume of the stock during the whole day, or the volume of such trades during the closing call auction session accounts for more than 30% of the market-wide total trading volume during such session.

## **Section 6 Abnormal Order Placement Rate for Stocks with Highly Abnormal Fluctuations**

**Article 35** the term “abnormal order placement rate for stocks with highly abnormal fluctuations” refers to an abnormal trading activity in which an investor, acting against the principle of prudence, leverages its or his capital or shareholding strengths, within 10 trading days upon the occurrence of a highly abnormal fluctuation in the trading of a stock, to intensively place orders in a short period of time so as to aggravate the abnormal fluctuation in the price of such stock.

**Article 36** If, within 10 trading days upon the occurrence of a highly abnormal fluctuation in the trading of a stock, the amount of buy or sell orders for that stock within one minute during the continuous auction session exceeds RMB 10 million, the Exchange will monitor the trading activities involved as a top priority.

## **Chapter V Supervision of Abnormal Trading Activities of Investors**

**Article 37** If an investor engages in any abnormal trading activity during the trading of STAR stocks, the Exchange may take any of the following supervisory measures or disciplinary actions against it or him:

- (1) giving an oral warning;
- (2) giving a written warning;
- (3) monitoring its or his account as a top priority;
- (4) requiring the investor to submit an undertaking for compliance of trading;

- (5) suspending the execution of trading through the investor's account;
- (6) restricting the execution of trading through the investor's account;
- (7) identifying the investor as an unqualified investor;
- (8) any other supervisory measures or disciplinary actions as required by the Exchange.

If the Exchange intends to take any supervisory measures or disciplinary actions against the investor, the Exchange shall do so in accordance with the *Trading Rules*, the *Special Trading Rules* and the *Measures of Shanghai Stock Exchange for the Implementation of Disciplinary Actions and Supervisory Measures*.

**Article 38** If an abnormal trading activity committed by an investor is involved in any of the following circumstances, the Exchange shall take a heavier supervisory measure or disciplinary action against the investor;

- (1) the abnormal trading activity is conducted repeatedly and continuously within a certain period of time;
- (2) the abnormal trading activity involves any stock with a highly abnormal fluctuation;
- (3) the abnormal trading activity is accompanied by reversal trading;
- (4) the abnormal trading activity is suspected to constitute market manipulation;
- (5) the investor has been subject to disciplinary actions by the Exchange for abnormal trading activities, or administrative penalty or criminal sanctions for violations of securities laws and regulations such as insider trading and market manipulation;
- (6) other circumstances as identified by the Exchange.

**Article 39** If a member and its relevant personnel fail to properly perform their duties of managing its clients' trading activities in violation of these *Rules*, the Exchange may take any of the following supervisory measures or disciplinary actions against them:

- (1) giving an oral warning;
- (2) giving a written warning;
- (3) conducting an interview for supervision purpose;

- (4) requiring corrections within a specified period;
- (5) suspending the acceptance or handling of relevant business;
- (6) circulating a notice of criticism;
- (7) giving a public censure;
- (8) charging a punitive penalty;
- (9) suspending or restricting the member's trading privileges;
- (10) cancelling the member's trading privileges;
- (11) revoking its membership;
- (12) other supervisory measures or disciplinary actions as prescribed by the Exchange.

If the Exchange intends to take any supervisory measures or disciplinary actions against the member and its relevant personnel, the Exchange shall do so in accordance with the *Member Management Rules of Shanghai Stock Exchange*, the Rules for the Management of Clients' Securities Trading by Members of Shanghai Stock Exchange, and the *Measures of Shanghai Stock Exchange for the Implementation of Disciplinary Actions and Supervisory Measures*.

## **Chapter VI Supplementary Provisions**

**Article 40** The following terms and expressions herein shall have the following meanings assigned to them:

- (1) The expression "the size or amount is large" refers to a size of more than 300,000 stocks or an amount of more than RMB 3 million;
- (2) The expression "the size or amount is enormous" refers to a size of more than 1 million stocks or an amount of more than RMB 10 million;
- (3) The expression "a large percentage" refers to a percentage of more than 30%;
- (4) The term "repeatedly" refers to more than 3 times;
- (5) The terms "more than", "less than" or "within" include the given figure, whereas the terms "higher than" and "lower than" do not include the given figure;

(6) The term “*de facto* control” means directly or indirectly having the right to make or cause to be made decisions on the trading activities of an account through equity, agreement, authorization or other means;

(7) The term “suspected affiliated” means the affiliation or possible affiliation of multiple securities accounts with each other in terms of account opening information, trading terminal information, convergence of trading activities or sources of trading funds, etc.

**Article 41** The Exchange shall reserve the right to interpret these *Rules*.

**Article 42** These *Rules* shall be come into force from the date of issuance.