



Hong Kong Digital Asset EX Limited

Trading Rules

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CHAPTER 1. INTERPRETATION

TR 1.1. Unless the context requires otherwise:

- (a) headings in these Trading Rules (defined below) are for convenience only, and do not affect the interpretation of these Trading Rules;
- (b) words importing the singular include the plural and vice versa, and words importing the masculine, feminine or neuter gender include any gender;
- (c) a reference to these Trading Rules includes any document that is ancillary to these Trading Rules, or any agreement or other legally enforceable arrangement created by or under these Trading Rules;
- (d) a reference to these Trading Rules includes any consolidations, amendments, re-enactments or replacements thereof;
- (e) the meaning of general words is not limited by specific examples introduced by expressions such as, “including”, “for example”, “such as”, or other similar expressions, and the word “includes” or “including” as used in these Trading Rules shall be construed to mean “includes without limitation” or, as the case may be, “including without limitation”;
- (f) a reference to a “person” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority;
- (g) a reference to a particular person includes the person’s executors, administrators, successors, substitutes and assigns;
- (h) a reference to “law” includes common law, principles of equity and legislation (including ordinances, regulations, rules and by-laws) and includes any consolidations, amendments, re-enactments or replacements thereof;
- (i) a reference to “in writing” means in legible form capable of reproduction on paper, and includes electronic communication;
- (j) a reference to “material” includes the ability to affect the outcome of a decision or an application;
- (k) a reference to anything (including an amount) is a reference to the whole and each part of it;
- (l) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day; and
- (m) notwithstanding anything to the contrary, where any right of HKbitEX (defined below) is specified to be at its “discretion”, it shall be construed to refer to the “sole, unfettered and absolute discretion” of HKbitEX; any determination to be made by HKbitEX or any exercise by HKbitEX of any rights or entitlement may be made at the sole, unfettered and absolute discretion of HKbitEX.

CHAPTER 2. GENERAL

TR 2.1. Hong Kong Digital Asset Ex Limited (“HKbitEX”) operates a set of central limit order books that can be accessed by users (“Users”) of the Exchange (defined below) on the automated trading service exchange platform on its official website (“Exchange”), and the following trading rules (“Trading Rules”) govern the orders placed on the Exchange. Please read these Trading Rules together with the terms and conditions set out in Part 2.1 of the **User Terms and Conditions**.

TR 2.2 The terms and conditions applicable to the off-Exchange platform are set out in Part 2.2 of the **User Terms and Conditions**.

CHAPTER 3. TRADING RULES

TR 3.1. Trading hours

TR 3.1.1. The Exchange generally operates 24 hours a day, 7 days a week.

TR 3.1.2. There may be times and occasions where HKbitEX needs to undertake maintenance of the Exchange (including routine maintenance and scheduled maintenance), and in these and other similar circumstances when the marketplace and/or market conditions of particular virtual asset in concern are disrupted or become unusual, HKbitEX may in its sole discretion adjust the trading hours from time to time.

TR 3.2. Trading channels

TR 3.2.1. HKbitEX offers the following trading channels:

- (a) The Exchange, the online trading portal of HKbitEX; and
- (b) Application Programming Interface provided by HKbitEX.

TR 3.3. Trading pairs

TR 3.3.1. HKbitEX offers a spot market for the trading pairs on the Exchange. HKbitEX may add or remove a trading pair on the Exchange from time to time. Announcement would be made by email to the Users and/or system notification on the Exchange usually no later than thirty (30) days before a trading pair is removed and seven (7) days before a new trading pair is added.

TR 3.4. Order types

TR 3.4.1. HKbitEX offers the following order types (collectively, “Orders”):

- (a) Limit Order
 - (i) Definition – An Order in which the User can buy or sell a specified quantity of a virtual asset at a specified price and will only ever fill at the specified price or a better price.
 - (ii) Time limit – The time limit for a Limit Order is good-till-cancelled. It shall remain a pending Order until (a) cancelled by the User; or (b) cancelled by the Exchange. It may be executed at any time prior to such cancellation.
 - (iii) Fat finger control – The limit price specified by a User is subject to fat finger control. For a Limit Buy Order, the limit price must not be better (i.e. higher) than the prevailing best ask price by more than 30%. For a Limit Sell Order, the limit price must not be better (i.e. lower) than the prevailing best bid price by more than 30%. The system will reject the Order if the limit price specified by the User is beyond such limits.
- (b) Market Order
 - (i) Definition – An Order in which the User can buy or sell a specified quantity of a virtual asset at the prevailing bid/ask price. The final execution price may differ from the nominal price at the time of Order placement, especially for illiquid virtual assets.

- (ii) Time limit – The system will submit the Market Order with one try only by matching it within the range of 95% of the best bid price to 105% of the best ask price. Any unfilled quantity of the Market Order resulting from the above process will automatically be cancelled immediately. The User is advised to check the Order status to see whether the Market Order has been fully executed or cancelled.

TR 3.5. Order placement

- TR 3.5.1. A User can trade a virtual asset only if the risk tolerance level of the User, as assessed by the results of the risk profiling questionnaire, matches the product risk rating of the relevant virtual asset. If a virtual asset is rated to be of high risk, only Users being classified as having a risk tolerance level of “High” are permitted to trade the virtual asset on the Exchange.
- TR 3.5.2. A User must have sufficient available balance of the relevant virtual asset or fiat currency in his Exchange account to cover the total value of the Order before an Order is accepted.
- TR 3.5.3. A User is permitted to buy virtual assets on the Exchange when the proportion of total investment in virtual assets including the buy Order to be executed does not exceed the Position Limit. Position Limit refers to a percentage limit assigned by HKbitEX on all Users that caps the maximum proportion of a User’s declared net worth to be held in virtual assets on the Exchange. The current percentage limit is set at 30%. The percentage limit may be revised by HKbitEX from time to time and any such revision will be announced to all Users in advance by email and system notification on the Exchange.

A User is required to make a self-declaration to confirm the proportion of total investment in virtual assets including the buy Order to be executed does not exceed the Position Limit before the buy Order can be placed. The buy Order will be rejected if the system detects that the Position Limit has been breached. There is no Position Limit for sell Orders.
- TR 3.5.4. All Orders on the Exchange are subject to the minimum and maximum limits in quantity, price and value as set out on the website. HKbitEX will periodically update the minimum and maximum limit requirements to reflect the current state of the marketplace.
- TR 3.5.5. Users are not permitted to place any Order that would result in self-execution, that is where the same User would act as both sides of the trade, or a trade with no change of beneficial ownership.

If two Orders from the same User (or beneficial owner) would result in self-execution, irrespective of full execution or partial execution, the Taker Order (defined in TR 3.9) would not be accepted and it would be cancelled automatically by the system. The original Maker Order will remain open.

TR 3.6. Order priority

- TR 3.6.1. The Orders shall be executed according to the following price-time priority:
 - (a) Price – The Exchange shall first execute the buy Order with the highest bid price and the Sell Order with the lowest ask price.
 - (b) Time – If Orders are placed at the same price, the Exchange shall first execute the Order with the earlier timestamp.

TR 3.7. Deposit limits and fees

- TR 3.7.1. The minimum and maximum deposit limits for virtual asset and fiat currency are set out in the **Fee Schedule** and may be revised from time to time.
- TR 3.7.2. There are no fees for virtual asset or fiat currency deposit.

TR 3.8. Withdrawal limits and fees

- TR 3.8.1. The minimum and maximum withdrawal limits for virtual asset and fiat currency are set out in the **Fee Schedule** and may be revised from time to time.
- TR 3.8.2. The fees for virtual asset or fiat currency withdrawal are set out in the **Fee Schedule**.

TR 3.9. Exchange trading fees

- TR 3.9.1. A Maker Order refers to an Order that is not matched immediately against an Order already on the order book, and which adds liquidity.
- TR 3.9.2. A Taker Order refers to an Order that is matched immediately against an Order already on the order book, and which removes liquidity.
- TR 3.9.3. The fees are calculated as a percentage of the Order amount, and if the Order is:
- (a) A buy Order, the fees are charged on the base asset (e.g., if you are buying BTC with USD, the fees are charged on the amount of BTC being bought);
 - (b) A sell Order, the fees are charged on the quote asset (e.g., if you are selling BTC for USD, the fees are charged on the amount of USD being received); and
 - (c) An Order partially filled as a Taker Order and partially as a Maker Order, a Taker Fee is charged for the part immediately traded whereas a Maker Fee will be charged when the waiting part is filled.
- TR 3.9.4. The Maker Fee and Taker Fee are set out in the **Fee Schedule** that may be revised from time to time.

TR 3.10. Order Confirmation

- TR 3.10.1. Users must check the Order details before posting the Order to the Exchange. Once the Order is executed, it is final and irrevocable.
- TR 3.10.2. Users may cancel an Order at any time before the execution of the Order. Users cannot modify the Order after the placement of such Order.

TR 3.11. Trade confirmation

- TR 3.11.1. Once the Order is executed, whether partially or fully, the Exchange shall settle the trade immediately by debiting and crediting the relevant amount of virtual asset or fiat currency in the Users' Exchange account.
- TR 3.11.2. HKbitEX will promptly issue a written confirmation by email to the User with the following information of the said Order:
- (a) Name of the virtual asset;
 - (b) Amount or value of the Order; and
 - (c) Fees, charges and exchange rate for the Order borne by the User.

TR 3.12. Application Programming Interface (API)

- TR 3.12.1. The terms and conditions applicable to API are set out in Part 3 of the **User Terms and Conditions**.

CHAPTER 4. UNAVAILABILITY OF SERVICE

TR 4.1. Routine maintenance and scheduled maintenance

- TR 4.1.1. HKbitEX will temporarily halt or suspend virtual asset service to Users due to routine maintenance of the Exchange. Routine maintenance is scheduled usually from 8.00 am to 12.00 pm Hong Kong time on the second Tuesday of each month or any other time announced by HKbitEX.
- TR 4.1.2. HKbitEX may temporarily halt or suspend virtual asset service to Users due to other reasons that HKbitEX, at its sole discretion, considers a temporarily halt or suspension to be necessary.
- TR 4.1.3. HKbitEX will notify all Users through email to the Users and/or system notification on the Exchange at least three (3) days in advance of the scheduled downtime. The notification will include the details of (i) halt or suspension start and end time; (ii) affected virtual assets; (iii) affected service and (iv) treatment of outstanding Orders on the Exchange and other instructions (if applicable).
- TR 4.1.4. Unless otherwise specified, all outstanding Orders on the Exchange (i.e. Orders placed but not being executed before the commencement of the scheduled downtime) will be cancelled by us immediately after the commencement of the scheduled downtime.
- TR 4.1.5. If the end time of the scheduled downtime cannot be reasonably estimated by HKbitEX, the Users will be notified as soon as practicable by email and/or system notification on the Exchange upon resumption of service.

TR 4.2. Unscheduled events

- TR 4.2.1. HKbitEX may not be able to provide virtual asset service to Users due to unexpected, emergency events or any other events that is not objectively reasonably foreseeable by and not within the control of HKbitEX, including but not limited to a Force Majeure Event.
- TR 4.2.2. In case of an unscheduled halt or suspension of virtual asset service:
- (a) HKbitEX will issue an announcement as soon as practicable upon the halt or suspension through email to the Users, system notification on the Exchange or other communication channels, e.g. social media channels of HKbitEX;
 - (b) Announcement will be made as soon as practicable upon resumption of service through email to the Users, system notification on the Exchange or other communication channels, e.g. social media channels of HKbitEX; and
 - (c) Notification that includes the details of (i) halt or suspension start and end time; (ii) affected virtual assets; (iii) affected service and (iv) treatment of outstanding Orders and other instructions (if applicable) will be sent to all Users by email and/or system notification on the Exchange.
- TR 4.2.3. Unless otherwise specified, all outstanding Orders on the Exchange (i.e. Orders placed but not being executed before the halt or suspension start time) will be cancelled by us before the resumption of service.

CHAPTER 5. INFORMATION DISCLOSURE

- TR 5.1. Apart from those disclosed in the Risk Disclosure Statement in Part 4 of the **User Terms and Conditions**, Users are also advised of the following risks:
- (a) Virtual assets are highly risky and you should exercise caution in relation to such products;

- (b) Virtual assets may or may not be considered as “property” under the law, and such legal uncertainty may affect the nature and enforceability of your interest in such virtual assets;
- (c) The offering documents or product information provided by the issuer may not have been subject to scrutiny by any regulatory body;
- (d) The protection offered by the Investor Compensation Fund of Hong Kong does not apply to transactions involving virtual assets (irrespective of the nature of the virtual assets);
- (e) Virtual assets are not legal tender, i.e. they are not backed by the government or authorities;
- (f) Transactions involving virtual assets may be irreversible and losses due to fraudulent or accidental transactions could be irrecoverable;
- (g) The value of a virtual asset may be derived from the continued willingness of market participants to exchange fiat currency for the virtual asset. This means the value of a particular virtual asset may be completely and permanently lost if the market for that virtual asset vanishes. There is no assurance that a person who accepts a virtual asset as payment today will continue to do so in the future;
- (h) Volatility and unpredictability of the price of a virtual asset relative to fiat currencies are high. This could result in significant losses over a short period of time;
- (i) Legislative and regulatory changes may adversely affect the use, transfer, exchange and value of virtual assets;
- (j) Some virtual asset transactions may be deemed to be executed only when recorded and confirmed by the Exchange, which may not necessarily be the time at which the User initiates the transaction;
- (k) The nature of virtual assets exposes them to an increased risk of fraud or cyberattack; and
- (l) The nature of virtual assets means that any technological difficulties experienced by HKbitEX may prevent Users from accessing their virtual assets.

CHAPTER 6. ACCOUNT MANAGEMENT AND MAINTENANCE

TR 6.1. Please refer to Section 8 of Part 1 of the **User Terms and Conditions**.

CHAPTER 7. MARKET MAKERS

TR 7.1. Scope of service - Market Maker may enter Market Making Orders and conclude trades on the Exchange for its own account to improve the liquidity and spread in a virtual asset subject to market making.

TR 7.2. Eligibility and due diligence – A registered User who has a track record of virtual asset trading may apply to HKbitEX to be a Market Maker. HKbitEX will assess the suitability of such candidate, including but not limited to reviewing the trading record. If HKbitEX is satisfied with the due diligence result, it will grant the permission to such candidate to be a Market Maker.

TR 7.3. Obligations of Market Makers - Market Makers shall be obliged to (a) enter two-sided Market Making Orders into the Exchange in no less than the minimum quote size and each within the maximum spread; and (b) maintain such Orders for a minimum period of time as specified by HKbitEX in an agreement with the Market Maker.

TR 7.4. Order priority – Market Maker Orders and Orders placed by any User shall be executed according to the same priority as in TR3.6.