

# Trading Rules

## 1. General Principles & Purpose

Unless the context otherwise requires, words or expressions defined in the terms and conditions (“T&C”) shall have the same meanings in this Trading Rules.

The Trading Rules set out rules and requirements governing the operation of HKBGE’s trading platform in order to ensure the platform is fair to users/clients and maintain an orderly and integrity market.

Neither HKBGE nor any corporation within the same group of companies as HKBGE should conduct any offering, trading or dealing activities of virtual asset futures contracts or related derivatives.

Neither HKBGE nor any corporation within the same group of companies as HKBGE will provide any financial accommodation for HKBGE’s clients to trade on HKBGE’s platform.

Only orders received from the trading platform ([www.bg.exchange](http://www.bg.exchange)) and API are accepted by HKBGE.

## 2. Operating Hours

Under normal market conditions, HKBGE’s automatic trading system operates continuously 24 hours a day, 7 days a week to accept orders from the client. The maintenance periods will be published on the Website from time to time.

Trading might be suspended for specific maintenance occasionally. In this case, all such maintenance period will be published on Website ahead of the maintenance commences.

## 3. Order Book Arrangement

The order book will run on a continuous basis. There will be two types of orders, market orders and limit orders. The orders will be sent based on price time priority for fair dealing purposes.

## 4. Order Types

### 4.1 Limit Order

A limit order is an order to buy or sell a specified quantity of any Virtual Asset at a specified price (the “Limit Order”).

A limit order will only fill at the specified price or a better price.

A limit order will be immediately posted to the order book and can result in a maker order or a taker order, or an order that is partially a maker order and partially a taker order.

The order will all remain on the order book all the way until cancelled by the client.

#### **4.2 Market Order**

A market order is an order to buy or sell a specified quantity of any Virtual Asset at the best available price of existing orders on the order book (the "Market Order").

There is no guarantee that a market order will fill at the price specified. A market order may fill at a number of different prices, based on the quantity of the market order and the quantities of the existing orders on the order book at that time.

A valid market order will be immediately posted to the order book. A market order is always a taker order.

Depending on the volume and prices of orders on the order book at the time when a market order is posted, the market order may fill at a price less favourable than the most recent trade price, in some cases significantly so. This is commonly referred to as "slippage".

### **5. Execution Methodology**

#### **5.1 Matching Engine and Order Priority**

Orders are delivered to HKBGE's automatic matching engine either for execution or pending for execution by waiting at price queues.

#### **5.2 Price-Time Priority**

The principle of **Price-Time Priority** refers to how orders are prioritized for execution.

(a) Orders are first ranked according to their prices.

(b) Orders of the same price are then ranked under first come first served basis.

Time is based on the actual timestamp our platform received from our client. It is not based on the time when clients initiate orders at their end.

All clients accessing HKBGE's platform are subject to the same Price-Time Priority.

#### **5.3 Maker Order**

**Maker order** is an incoming order that is entered into the order book of the platform in accordance with the Price-Time Priority Rule.

#### **5.4 Taker Order**

**Taker order** is an incoming order that results in an order being immediately filled, whether partially or in full. The remaining unfilled portion is entered into the order book as a maker order.

HKBGE platform matches taker orders with open maker orders on each order book based on Price-Time Priority.

All clients on accessing HKBGE platform are subject to the same Price-Time Priority.

Any order is irrevocable once accepted and filled, clients may only cancel an order at any time before it is filled.

## **6. Trading Fees**

HKBGE charges a maker fee for each maker order and a taker fee for each taker order that is posted to the order book. The fee is charged in the quote Virtual Asset and is calculated as a percentage of the order amount.

A fee is charged by debiting the client's available balance for the amount of the fee at the time that the order is executed.

If an order is posted to the order book partially as a maker order and partially as a taker order, a maker fee applies to the portion posted as a maker order and a taker fee applies to the portion posted as a taker order.

Our fees and charges can be found under "Rate Center" on our platform:

<https://www.bg.exchange/hk/en-US/fee>

## **7. Surveillance & Controls**

In order to ensure the fair and orderly market in HKBGE's trading platform:

### **7.1 Pre-Trades Controls**

To place a buy/sell order on the Exchange, the client must have an available balance of the relevant asset in their Account which is sufficient to cover the total value of the order plus any applicable fees.

When the client places an order, that quantity of the relevant asset would be on hold waiting for execution. An order confirmation page will pop up and ask client for double confirming the order.

Any order is irrevocable once accepted and filled, clients may only cancel an order at any time before it is filled. No fees are charged for successfully cancelled orders.

After the client enters order details and clicks "submit", there will be a double confirmation pop up box to confirm client again for the following before the order sent out to the auto-matching engine of the platform.

- (a) name of the virtual asset in the proposed transaction;
- (b) quantity of the virtual assets in the proposed transaction;
- (c) amount or value of the proposed transaction;
- (d) fees and charges to be borne by the client including applicable exchange rates; and
- (e) a warning that once executed the transaction may not be undone.
- (f) a slippage warning applied to a market order in case if the order would completely or partially fill at a price more than 2% away from the last traded price.

## **7.2 Order Minimum**

The minimum order size for an order shall be greater than 10 USD in value (for the purpose of calculation, USDC is deemed 1:1 with USD) applicable to both market order and limit order.

## **7.3 Order Maximum**

There is no enforced maximum order amount for a limit order. For a market order, the enforced maximum order amount on each order is USD 100K.

## **7.4 Self Trade Prevention**

Platform clients are not allowed to place an order which would result in self-execution. Self-execution refers to the situation where both the maker and the taker of a trade are originated from the same account of a single client or different accounts with the same beneficiary owner.

If the system detected those two orders would result in self-execution, the incoming order shall be rejected where the prior order shall remain on the queue pending for further executions.

## **7.5 Employees' Orders**

All employees' orders will not be given priority over client orders and they are subject to prior approval from the compliance department before they can be delivered to the HKBGE's trading platform.

## **7.6 Market Manipulation & Abusive Activities Prohibited**

Clients are prohibited from engaging in any form of market manipulation & abusive or any related illegal activities. Market Manipulation is defined as actions taken by any market participant or a person acting in concert with a participant which are intended to:

- (a) Deceive or mislead other clients;
- (b) Artificially control or manipulate the price or trading volume of any Virtual Asset; or
- (c) Aid, abet, enable, finance, support, or endorse either of the above. This may include actions on and/or outside of the Exchange.

Market Manipulation specifically includes not exhaustively: front-running, wash trading, spoofing, layering, churning, "pump-and-dump", quote stuffing and other market manipulation aimed at creating a false representation of price and/or quantity.

Our system will identify and detect any abusive activities including reviewing periodic reports of suspicious price spikes, will monitor and prevent any potential use of abusive trading strategies.

HKBGE might take immediate steps to restrict or suspend trading by temporarily freezing relevant any Accounts upon the discovery of manipulative and abusive activities.

## **7.7 Arrangement during Trading Suspension, Outages and Business Resumption**

HKBGE may suspend the Automated Trading Services ("ATS") in specific instruments or the entire system, for regulatory compliance reasons, technology-related reasons, network events, or where HKBGE believes that suspension is necessary to ensure market integrity or otherwise protect the interests of users. Circuit breakers will not be applied on HKBGE's platform in all circumstances.

In case of the followings:

- a market suspension, or
- technical reasons that:  
prevent or degrade users' ability to place or cancel orders, or prevent or degrade access to platform user Interfaces, or affect the operation of the order books or matching engines,

then HKBGE may, in its discretion, take one or more of the following actions in respect of one or more order books:

- temporarily disable depositing or withdrawing of virtual assets;
- cancel open orders;
- disable sign-in;
- disable API connectivity;
- disable access to the platform user Interface;
- disable the ability to place new orders (Cancel-Only Mode);

If the ATS service is in Cancel-Only mode, it will be restored to fully operational only after access through the Platform User Interface becomes available for at least 5 minutes and HKBGE deems it safe to restore the platforms to fully operational;

HKBGE will notify users of the move to or from Cancel-Only Mode via the ATS Status Page or notification via email.

These actions may be taken to protect clients, and the ATS from anomalous external price movements; this would be to prevent a disorderly market arising upon reopening the ATS.

From time to time, HKBGE's trading platform may suspend trading temporarily for maintenance or upgrades. HKBGE will follow the following process for closing and re-opening for trading:

Step 1: Announce scheduled downtime via the website of HKBGE or our official social media accounts or through emails to all customers.

Step 2: Scheduled downtime commences.

Step 3: Immediately after scheduled downtime is finished, relevant announcement will be made via the website of HKBGE or our official social media accounts or through emails to all customers.

No new orders will be accepted ('Cancel-only Mode') to ensure a fair and orderly marketplace, HKBGE platform may in its sole discretion cancel all pending orders in any order book before restoring HKBGE's platform to a full-trading mode.

Step 4: 15 minutes or longer, if necessary, after Step 3, announcement made via the website of HKBGE or our official social media accounts or through emails to all customers that HKBGE's platform resume full-trading Mode.

HKBGE's Platform will be restored to full-trading Mode only after system recovery is complete and HKBGE deems it safe to restore its platform to be fully operational.

## **8. Clearing and Settlement**

Settlement is done every 24 hours (currently at around 3:00 pm).

HKBGE settles all filled orders automatically, by debiting and crediting the relevant balances of virtual assets and fiat currencies in both users' accounts.

During settlement, all the client trades and assets will be verified and a settlement report will be generated.

There will be daily statements and monthly statements provided to a client in order to show any executed trades, current position and fiat/virtual assets transfer in and out during the period.

## **9. Voting Rights Entitlement**

HKBGE does not support our clients to any voting rights entitlement. If our clients need to be entitled to the relevant rights, they might consider withdrawing the relevant virtual asset back to their own wallets in order to be entitled to it subsequently.

## **10. Miscellaneous**

HKBGE may publish such update to the Trading Rules, requirements, decisions, direction, notices, circulars on its website as it considers necessary. It is the responsibility of users/clients to make themselves aware of any revision of this Trading Rules each time when they use the Exchange or any Services.

Any amendments, rules, requirements, decisions, direction, notices, circulars or similar instrument published and mentioned above will be effective from the date of publication, or such later date as may be specified at the time of publication.

Whereas any details of the rules are inconsistent with any specific agreement between HKBGE and a client, the terms of the specific agreement shall prevail over the Trading Rules. Clients must read the rules in conjunction with the Agreements which have been agreed between a user and HKBGE.

The laws of the Hong Kong Special Administrative Region ("HKSAR") shall govern HKBGE's all affairs. This Trading Rules are not intended to operate in a way which is inconsistent with the provision of any overseas legislations or regulations, and in the event of any inconsistency, the laws of the HKSAR shall prevail.