

## Important Notice of Northbound Trading via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

### **What is Shanghai-Hong Kong Stock Connect?**

Shanghai-Hong Kong Stock Connect (“**Shanghai Connect**”) is a programme developed by Hong Kong Exchanges and Clearing Limited (“**HKEX**”), The Stock Exchange of Hong Kong Limited (“**SEHK**”), Shanghai Stock Exchange (“**SSE**”), China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) and Hong Kong Securities Clearing Company Limited (“**HKSCC**”) for establishing mutual stock market access between Shanghai and Hong Kong. Through Shanghai Connect, Hong Kong and overseas investors may trade selected SSE stocks (“**SSE Northbound Trading**”) while eligible Mainland investors will be accepted to trade SEHK stocks through SSE.

### **What is Shenzhen-Hong Kong Stock Connect?**

Following the successful launch of Shanghai Connect, Shenzhen-Hong Kong Stock Connect (“**Shenzhen Connect**”) is introduced by HKEX, SEHK, Shenzhen Stock Exchange (“**SZSE**”), ChinaClear and HKSCC for establishing mutual market access between Shenzhen and Hong Kong. Through Shenzhen Connect, Hong Kong and overseas investors may trade selected SZSE stocks (“**SZSE Northbound Trading**”), while eligible Mainland investors will be accepted to trade SEHK stocks through SZSE.

The Stock Connect services of The Bank of East Asia, Limited (“**BEA**”) allow customers to trade via SSE Northbound Trading and SZSE Northbound Trading (collectively, “**Northbound Trading**”). The purpose of this notice is to provide customers with an overview of Northbound Trading and to alert customers of the relevant laws, regulations and regulatory requirements applicable to the programmes as well as the key risks associated with them. **In particular, customers are reminded to familiarize themselves with and observe the applicable laws, rules and regulations in the Mainland concerning Northbound Trading.**

### **Eligible stocks and exchange traded funds (ETFs)**

Hong Kong and overseas investors can only trade eligible stocks and ETFs. The current scope is as follows:-

#### SSE Northbound Trading

Type	SSE Northbound Trading
Index constituent stocks	A constituent stock of the SSE A Share Index and its inclusion will be determined based on various factors such as daily average market capitalization, daily average turnover and number of suspended trading days in the last six months at any half-yearly review, monthly review or differentiated voting rights stock review by the relevant stock exchange
A+H shares	SSE-listed A-shares (not included as constituent stocks of the relevant indices) which have corresponding H shares listed on SEHK
Exchange traded funds	Inclusion will be determined based on various factors such as fund size and whether the index tracked by the fund mainly comprises stocks eligible for trading under Stock Connect
Excluding	SSE-listed shares which are not traded in RMB or which are included in the “risk alert board” under the SSE Listing Rules or under delisting arrangement

#### SZSE Northbound Trading

Type	SZSE Northbound Trading
Index constituent stocks	A constituent stock of the SZSE Composite Index and its inclusion will be determined based on various factors such as daily average market capitalization, daily average turnover and number of suspended trading days in the last six months at any half-yearly review, monthly review or differentiated voting rights stock review by the relevant stock exchange
Exchange traded funds	Inclusion will be determined based on various factors such as fund size and whether the index tracked by the fund mainly comprises stocks eligible for trading under Stock Connect
A+H shares	SZSE-listed A-shares (not included as constituent stocks of the relevant indices) which have corresponding H shares listed on SEHK
Excluding	SZSE-listed shares which are not traded in RMB or which are included in the “risk alert board” under the SZSE Listing Rules or under delisting arrangement

At the initial stage of Shenzhen Connect, investors eligible to trade shares that are listed on the ChiNext Board of SZSE under SZSE Northbound Trading will be limited to institutional professional investors (as defined under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, i.e. persons falling under paragraphs (a) to (i) of the definition of “professional investors” in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

Given the special investor eligibility requirements of the SSE’s Sci-Tech Innovation Board (STAR Market), STAR Market-listed shares will only be accessible via Northbound trading of Stock Connect by institutional professional investors.

The list of eligible stocks and ETFs for Northbound Trading is available on HKEX’s website.

If a stock or an ETF ceases to be an eligible stock or ETFs for SSE Northbound Trading or SZSE Northbound Trading (as the case may be) but continues to be listed on SSE or SZSE (as the case may be), Hong Kong and overseas investors will only be allowed to sell the share or ETFs but restricted from further buying the same.

### Investment Quota

SSE Northbound Trading and SZSE Northbound Trading will be respectively subject to a separate set of daily quota (“**Daily Quota**”). There is no aggregate cross-boundary investment quota for Shanghai Connect and Shenzhen Connect.

Investors should note that the Daily Quota is calculated on a “net buy” basis. Under this principle, investors will always be allowed to sell their SSE securities and SZSE securities regardless of the quota balance.

#### Daily Quota for Northbound Trading

	Daily Quota for SSE Northbound Trading	Daily Quota for SZSE Northbound Trading
<b>Purpose</b>	It limits the maximum net buy value of SSE stocks and ETFs each day.	It limits the maximum net buy value of SZSE stocks and ETFs each day.
<b>Quota</b>	RMB 52 billion	RMB 52 billion
<b>Operation</b>	<p>Daily Quota balance = Daily Quota – Buy orders + Sell trades + Adjustments</p> <p>SEHK will monitor the usage of the Daily Quota on a real time basis.</p> <p>Daily Quota will be refreshed and remain the same every day. Unused Daily Quota will not be carried over to next day’s Daily Quota.</p> <p>Once the Daily Quota balance drops to zero or the Daily Quota is exceeded during the <b>opening call auction session</b>, new buy orders will be rejected. If the Daily Quota balance resumes to a positive level before the end of the opening call session, SEHK will again accept buy orders.</p> <p>Once the Daily Quota balance drops to zero or the Daily Quota is exceeded during a <b>continuous auction session</b> (i.e. continuous trading), no further buy orders will be accepted for the remainder of the day. The same arrangement will apply to the <b>closing call auction</b>. Investors can still continue to sell SSE securities and SZSE securities.</p>	

The Northbound Quota information is available on HKEX’s website at <http://www.hkex.com.hk>.

### Settlement arrangement

Northbound trades will follow the settlement cycle of the A-share market, i.e. securities are settled on the trading day (“**T day**”) while money is settled on T+1 day.

### Trading hours and trading days

#### Trading hours

##### SSE Northbound Trading

SSE Northbound Trading will follow SSE’s trading hours.

SSE trading session	SSE trading hours
Opening call auction	09:15 – 09:25
Continuous auction (morning)	09:30 – 11:30
Continuous auction (afternoon)	13:00 – 14:57
Closing call auction	14:57 – 15:00

09:20-09:25, 14:57-15:00: SSE will not accept any order cancellation.

09:10-09:15; 09:25-09:30; 12:55-13:00: Orders and order cancellations can be accepted by SEHK but will not be processed by SSE until SSE’s market opens.

Orders that are not executed during the opening call auction session will automatically enter the continuous auction session. Orders that are not executed during the continuous auction session will automatically enter the closing call auction session. No closing call auction session for SSE-listed ETFs.

##### SZSE Northbound Trading

SZSE Northbound Trading will follow SZSE’s trading hours.

SZSE trading session	SZSE trading hours
Opening call auction	09:15 – 09:25
Continuous auction (morning)	09:30 – 11:30
Continuous auction (afternoon)	13:00 – 14:57
Closing call auction	14:57 – 15:00

09:20-09:25, 14:57-15:00: SZSE will not accept any order cancellation.

09:10-09:15; 09:25-09:30; 12:55-13:00: Orders and order cancellations can be accepted by SEHK but will not be processed by SZSE until SZSE’s market opens.

Orders that are not executed during the opening call auction session will automatically enter the continuous auction session. Orders that are not executed during the continuous auction session will automatically enter the closing call auction session.

### Trading days

Hong Kong and overseas investors will be allowed to trade on SSE and SZSE on days where the Hong Kong and Mainland markets are both open for trading. The following table illustrates the trading arrangement of Northbound Trading:

	Mainland	Hong Kong	Northbound Trading	Remarks
Day 1	Business Day	Business Day	Available	-
Day 2	Business Day	Business Day	Available	-
Day 3	Business Day	Public Holiday	Not available	Hong Kong market closes.
Day 4	Public Holiday	Business Day	Not available	Mainland market closes.

Please refer to the HKEX's website for the details of the Northbound Trading calendar.

Subject to the above, if a trading day is a half trading day in Hong Kong market, Northbound Trading will continue until the respective Mainland market closes.

### Trading arrangement

The following table summarizes the trading arrangements under Northbound Trading:-

<b>Stock code</b>	6 digits		
<b>Trading board lot size</b>	100 shares per lot (for buy orders)		
<b>Tick size</b>	RMB 0.01 (for shares) / RMB 0.001 (for ETFs)		
<b>Order type</b>	Only limit orders will be accepted throughout the day.  Please note that SSE and SZSE limit orders can be matched at the specified price or a better price.		
<b>Price limit</b>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%; vertical-align: top;"> <p><i>SSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p><b>All orders input for SSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SSE. The upper and lower price limit will remain the same intraday.</b></p> </td> <td style="width: 50%; vertical-align: top;"> <p><i>SZSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p>Stocks traded on ChiNext Market: ± 10% based on previous closing price</p> <p><b>All orders input for SZSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SZSE. The upper and lower price limit will remain the same intra-day.</b></p> </td> </tr> </table>	<p><i>SSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p><b>All orders input for SSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SSE. The upper and lower price limit will remain the same intraday.</b></p>	<p><i>SZSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p>Stocks traded on ChiNext Market: ± 10% based on previous closing price</p> <p><b>All orders input for SZSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SZSE. The upper and lower price limit will remain the same intra-day.</b></p>
<p><i>SSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p><b>All orders input for SSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SSE. The upper and lower price limit will remain the same intraday.</b></p>	<p><i>SZSE Northbound Trading:</i></p> <p>±10% (and ±5% for stocks under special treatment (i.e. ST and *ST stocks) in the risk alert board) based on previous closing price</p> <p>Stocks traded on ChiNext Market: ± 10% based on previous closing price</p> <p><b>All orders input for SZSE securities must be at or within the price limit. Any orders with price beyond the price limit will be rejected by SZSE. The upper and lower price limit will remain the same intra-day.</b></p>		
<b>Maximum order size</b>	1 million shares		
<b>Trading and settlement currency</b>	RMB <b>Investors should ensure that they have sufficient RMB to settle SSE securities and SZSE securities trades.</b>		
<b>Day (turnaround) trading</b>	Day trading is not allowed. Hence, investors buying SSE securities and SZSE securities on T day can only sell the securities on and after T+1 day.		
<b>Odd lot trading</b>	Only available for sell orders. Board lot buy/sell order and odd lot sell order are both matched on the same platform on SSE, and subject to the same share price. Similarly, board lot buy/sell order and odd lot sell order are both matched on the same platform on SZSE, and subject to the same share price. Therefore, the matched quantity of a board lot buy/sell order may eventually include odd lot.		
<b>Order amendment</b>	Not available. Investor who wishes to amend an order needs to cancel the outstanding order and input a new one, subject to the quota balance.		
<b>Block trades</b>	Not available		
<b>Over-the-counter or manual trades</b>	Not available		
<b>Short selling</b>	Investors are prohibited from naked short selling for Northbound Trading. Covered short selling is allowed subject to the requirements set by SSE and SZSE respectively. For the avoidance of doubt, BEA does not offer any short selling service under Northbound Trading.		

<b>Margin trading in SSE securities and SZSE securities</b>	Participation in the Margin Trading and Securities Lending Programme (融資融券) provided by SSE and SZSE is not allowed, but margin trading in SSE securities and SZSE securities may be conducted in limited circumstances. For the avoidance of doubt, BEA does not offer any margin trading service under Northbound Trading.
<b>Stock borrowing and lending</b>	Allowed in limited circumstances, but BEA currently does not offer such service.
<b>Subscription of new stock issues</b>	Initially, Hong Kong and overseas investors can participate in rights issue/open offer subscription of SSE-listed issuers and SZSE-listed issuers but <b>NOT</b> initial public offering of SSE securities and SZSE securities.
<b>Physical deposits and withdrawals</b>	Not available
<b>Trading fees</b>	<p>Handling fee, securities management fee, transfer fee, portfolio fee, certain Central Clearing and Settlement System ("CCASS") fees, stamp duty and tax on cash dividends and/or bonus shares (For details, please refer to the related information published on HKEX's China Stock Markets Web).</p> <p>At present, Hong Kong and overseas investors are exempted from paying the Mainland capital gains tax and business tax when trading SSE securities via Shanghai Connect or when trading SZSE securities via Shenzhen Connect.</p>
<b>Investor Compensation Fund and Investor Compensation Levy</b>	<p>Investors should note that in the event of a default committed by a licensed intermediary or authorised financial institution in relation to China Connect Securities or exchange-traded products in Hong Kong, clients of the intermediary are entitled to claim against the Investor Compensation Fund established under the Securities and Futures Ordinance for pecuniary loss suffered to the extent provided for in the Securities and Futures Ordinance.</p> <p>Investor Compensation Regime has been expanded to cover every purchase or sale of China Connect Securities or Special China Connect Securities through Northbound Trading. Consequently, such purchases and sales may be subject to an Investor Compensation Levy, similar to all trading activities conducted in Hong Kong securities market.</p> <p>For further information on Hong Kong's Investor Compensation Fund and Investor Compensation Levy, investors should refer to the website of Investor Compensation Company Limited. For information on licensees and registered institutions under the SFC, investors should consult the Public Register of Licensed Persons &amp; Registered Institutions in the SFC website.</p>
<b>Issuing of corporate announcements</b>	<p>Through SSE website or SZSE website (as the case may be), four officially appointed newspapers (namely, Shanghai Securities News, Securities Times, China Securities Journal and Securities Daily), and www.cninfo.com.cn. Investors are reminded that issuers listed on the SZSE ChiNext Market are required to publish certain corporate announcements on their corporate websites and the officially appointed websites only.</p> <p>Investors can also visit HKEX website's China Stock Markets Web for the company announcements of SSE securities and SZSE securities issued on the previous trading day.</p>
<b>Language of corporate announcements</b>	Simplified Chinese
<b>Order cancellation and rejection</b>	<p>Investors should note that:-</p> <ul style="list-style-type: none"> <li>(i) their orders may be cancelled in case of contingency;</li> <li>(ii) their order cancellation requests may not be processed in case of contingency and in such event they shall bear the settlement obligations;</li> <li>(iii) their orders may be rejected upon request of SSE, SZSE or SEHK.</li> </ul>

### Severe weather conditions

Initially, the trading arrangement under severe weather conditions for Northbound Trading will be as follows:-

<b>Scenario</b>	<b>Northbound Trading</b>
SSE or SZSE is suspended due to bad weather.	SSE Northbound Trading or SZSE Northbound Trading (as the case may be) would not open.
T8 or above/Black rainstorm warning issued before HK market opens (i.e. 9:00 a.m.) and cancelled after 12:00 noon	Not open
T8 or above issued after HK market opens but before SSE market or SZSE market opens (i.e. 9:00 a.m. – 9:15 a.m.)	Not open

T8 or above issued after SSE market or SZSE market opens (i.e. 9:15 a.m.)	Trading will continue for 15 minutes after issuance of T8 or above, thereafter, only order cancellation is allowed till SSE market or SZSE market (as the case may be) closes.
Black rainstorm warning issued after HK market opens (i.e. 9:00 a.m.)	Trading continues as normal
T8/Black rainstorm cancelled at or before 12:00 noon	Trading resumes after 2 hours
T8/Black rainstorm cancelled after 12:00 noon	Not open

### Pre-trade checking

According to Mainland regulations, before an investor sells any share and ETFs, there should be sufficient shares and ETFs in the account at the end of the previous day, otherwise SSE or SZSE (as the case may be) will reject the sell order concerned. Therefore, investors should ensure that they have sufficient shares and ETFs in their accounts prior to placing sell orders.

### Dynamic price checking

Dynamic price checking for buy orders would be in place to prevent mischievous behavior towards the use of the Northbound Trading quota. Buy orders with input prices lower than the current best bid (or last traded price in the absence of current best bid, or previous closing price in the absence of both current best bid and last traded price) beyond a prescribed percentage will be rejected by China Stock Connect System. The percentage has been set at 3% during the initial phase and it may be adjusted from time to time subject to market conditions. Dynamic price checking is not applicable to ETFs in Stock Connect services.

### Nominee services and corporate action

Hong Kong and overseas investors are holding SSE securities traded via Shanghai Connect and SZSE securities traded via Shenzhen Connect through their brokers or custodians while HKSCC, being the nominee holder of such SSE securities and SZSE securities, is providing the brokers and custodians nominee services such as collection and distribution of cash dividends, distribution of shareholders' meeting notices, consolidation and submission of voting instructions. Accordingly, Hong Kong and overseas investors are to exercise their shareholder rights in relation to the SSE securities and SZSE securities through HKSCC in accordance with the CCASS Rules and CCASS Operational Procedures. However, it should be noted that, under the CCASS Rules, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities and SZSE securities in Mainland or elsewhere.

Investors for northbound trading via Shanghai Connect and Shenzhen Connect will not be able to attend general meetings in person or by means of proxy, as opposed to what they can do in Hong Kong if they hold Hong Kong stocks. Where the articles of association of a listed company do not prohibit the appointment of proxy/multiple proxies by its shareholder, HKSCC will make arrangements to appoint investor(s) as its proxies or representatives to attend shareholders' meetings when instructed.

### Foreign shareholding restrictions

Under the current regulatory regime in the Mainland, Hong Kong and overseas investors holding shares in a listed company are subject to the following shareholding restrictions:

- (a) Single foreign investor's shareholding by any Hong Kong or overseas investor in a listed company must not exceed 10% of the listed company's total issued shares; and
- (b) Aggregate foreign investors' shareholding by all Hong Kong and overseas investors in the A-shares of a listed company must not exceed 30% of the listed company's total issued shares.

Should the aggregate foreign shareholding of an individual A-share exceeds the aggregate foreign shareholding limit, the investors concerned may be required to unwind their position on the excessive shareholding according to a last-in-first-out basis within a specific period in compliance with the applicable forced-sale procedures. SEHK and SSE and/or SZSE (as the case may be) will also issue warnings and/or not accept further buy orders for the related A-shares if the percentage of aggregate foreign shareholding is approaching the upper limit.

If an investor's shareholding in a listed company exceeds the single shareholding limit, the investor will be subject to forced-sale arrangement as well.

If a customer of BEA is subject to forced-sale arrangement but fails to sell the relevant shares within the stipulated timeframe, BEA shall take appropriate action on behalf of the customer to ensure compliance and BEA is hereby irrevocably authorized by the customer to do so.

### Disclosure obligation and compliance with the applicable laws in the Mainland

Under the current regulatory regime in the Mainland, when an investor holds or controls 5% or more of the issued shares of a listed company, the investor is required to report in writing to China Securities Regulatory Commission ("CSRC") and SSE/SZSE, and inform the listed company of his interest within three working days in the Mainland. Such investor may not buy or sell the shares in the listed company within the three-day period.

For such investor, every time when there is an increase or decrease by 5% in his shareholding or the shareholding controlled by him, the investor is required to make a disclosure within three working days in the Mainland. From the day the disclosure obligation arises to two working days after the disclosure is made, the investor may not buy or sell the shares in the listed company.

If a change in shareholding of the investor or the shareholding controlled by him is less than 5% but results in the shares held or controlled by the investor falling below 5% of the issued shares in the listed company, the investor is required to disclose the information within three working days in the Mainland.

Besides, under Mainland Securities Law, where a director, supervisor or member of the senior management of a listed company, or any shareholder holding more than 5% of the issued shares of the listed company makes a profit on a sale or purchase of the company's shares within a prescribed period (currently 6 months of the acquisition or sale of the relevant shares), such person shall return the profit to the company.

Investors should further note that their identity may be forwarded to SEHK and on-forwarded to SSE and SZSE (as the case may be) for surveillance and investigation purpose. If the applicable rules of exchange are breached, or that the disclosure and other obligations referred to therein are breached, SSE and/or SZSE (as the case may be) has/have the power to carry out an investigation, and may, through SEHK, require the parties concerned to provide relevant information and materials to assist in the investigation. Further, each of SSE and SZSE may request SEHK to require BEA to issue warning statements to customers and not to extend Northbound Trading services to them.

### Trade suspension mechanism for A-shares

#### SSE

According to the Rules of the Shanghai Stock Exchange on the Real-time Monitoring of Unusual Securities Transactions 《上海證券交易所證券異常交易實時監控細則》 as promulgated by the SSE, trading may be suspended temporarily during a trading day to suit market needs should there be unusual fluctuations during the trading of A-shares. Examples of unusual fluctuations include:

- (a) During the trading of a stock which is not subject to daily price limit, the price has risen or fallen by more than 10% over the opening price; or has risen or fallen by more than 20% in a single auction.
- (b) The turnover rate (trading volume ÷ actual floating volume on that day x 100%) of a stock which is not subject to daily price limit has exceeded 80%.
- (c) The turnover rate of a risk alert stock which is subject to daily price limit has exceeded 30%.
- (d) Where there are trading activities suspected of violating laws and rules and may affect the trading price substantially or mislead other investors significantly.
- (e) Other circumstances considered by either CSRC or SSE to justify temporary suspension of trading during a trading day.

SSE will make announcements of temporary suspension and resumption of trading through its Market Trading Reminder webpage (市場交易提示) and through its satellite communications system.

#### SZSE

According to the Implementing Measures of the Shenzhen Stock Exchange for the Shenzhen-Hong Kong Stock Connect 《深圳證券交易所深港通業務實施辦法》 as promulgated by the SZSE, should there be unusual trading circumstances which are determined by the SZSE and which prevent or may prevent certain or all SZSE securities from being traded normally via SZSE Northbound Trading, measures that SZSE may decide to take would include suspension of the trading of the relevant SZSE securities, suspension of the acceptance of all or part of the orders in respect of SZSE Northbound Trading or temporary closure of the SZSE, and SZSE shall make announcements accordingly.

Further, if the amount bought or sold via SZSE Northbound Trading within a short period of time exceeds a certain amount and this constitutes an unusual trading situation under the rules of the SZSE, SZSE may implement measures to handle the situation accordingly.

### Circuit Breaker Mechanism

According to the Trading Rules of SSE and the Trading Rules of SZSE respectively, trading of A-shares on SSE and/or SZSE shall be suspended where the CSI 300 Index increases or decreases by a specified percentage compared to its close on the previous trading day.

Imposition of circuit breaker in SSE and/or SZSE would result in the suspension of the execution of trades through the SSE and/or SZSE market systems (as the case may be) for such period(s) as set out in the relevant provisions of the relevant Trading Rules. Further, the lifting of circuit breaker during a continuous auction session may result in trades being executed through call auction.

The implementation of such circuit breaker mechanism in the SSE and SZSE has been suspended. Investors are advised to visit SSE's website and SZSE's website for the latest information.

### Northbound Investor ID Model("the Investor ID Model")

In providing the Stock Connect services, BEA will be required to:

- (i) tag each of the orders of an investor submitted to the China Stock Connect System ("CSC") with a Broker-to-Client Assigned Number ("BCAN") that is unique to the relevant investor; and
- (ii) provide to SEHK the assigned BCAN of the investor and such identification information ("Client Identification Data" or "CID") relating to the investor as SEHK may request from time to time under the Rules of the Stock Exchange.

Following the implementation of the Investor ID model, trades could be rejected if CID information is not provided or updated in time. All trades relating to the same BCAN could be rejected if there is abnormal trading activity relating to such BCAN.

There is risk of trade failure due to lack of or incorrect BCAN-CID mapping data or BCAN trade-tagging.

By submitting an order, an investor represents the accuracy of the CID information provided. The investor also undertakes to promptly notify BEA of any change in CID information, and not to trade until such information is updated.

### **Processing of Personal Data under the Investor ID Model**

Without limitation to any notification BEA has given to investors or consent BEA has obtained from investors in respect of the processing of their personal data in connection with their accounts and BEA services to them, BEA may collect, store, use, disclose and transfer personal data relating to investors as required as part of BEA's Stock Connect services, including as follows:

- (a) to disclose and transfer an investor's BCAN and CID to SEHK and the relevant SEHK subsidiaries from time to time, including by indicating his/her BCAN when inputting a China Connect Order into the CSC, which will be further routed to the relevant China Connect Market Operator on a real-time basis;
- (b) to allow each of SEHK and the relevant SEHK Subsidiaries to: (i) collect, use and store in investor's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by the relevant China Connect Clearing House (in the case of storage, by any of them or via HKEX) for market surveillance and monitoring purposes and enforcement of the Rules of the Exchange; (ii) transfer such information to the relevant China Connect Market Operator (directly or through the relevant China Connect Clearing House) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
- (c) to allow the relevant China Connect Clearing House to: (i) collect, use and store an investor's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to the relevant China Connect Market Operator, SEHK and the relevant SEHK Subsidiary; (ii) use the investor's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
- (d) to allow the relevant China Connect Market Operator to: (i) collect, use and store an investor's BCAN and CID to facilitate their surveillance and monitoring of securities trading on the relevant China Connect Market through the use of the China Connect Service and enforcement of the rules of the relevant China Connect Market Operator; and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets.

By instructing BEA in respect of any transaction relating to China Connect Securities, the relevant investor acknowledges and confirms that BEA may use his/her personal data for the purposes of complying with the requirements of SEHK and its rules as in force from time to time in connection with the Stock Connect Northbound Trading. The investor also acknowledges that despite any subsequent purported withdrawal of consent by him/her, his/her personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent.

### **Consequences of failure to provide Personal Data or Consent**

Failure by an investor to provide BEA with his/her personal data or consent as described above may mean that BEA will not, or will no longer be able, as the case may be, to carry out his/her trading instructions or provide him/her with the Stock Connect services.

### **Rules and Regulations**

This notice is prepared based on the prevailing information available to BEA. The information and materials contained herein are subject to further changes as implementation of Shanghai Connect and Shenzhen Connect and promulgation of the relevant rules, regulations, agreements and other documentation progress, and they may not be updated to reflect material developments which may occur after its distribution.

This notice does not purport to be comprehensive or to cover all aspects of Shanghai Connect and Shenzhen Connect. It is not designed to provide legal, financial, investment or any other form of advice and should not be relied on as such. Investors are strongly encouraged to seek independent professional advice with regards to his specific circumstances prior to engaging in trades through Shanghai Connect and/or Shenzhen Connect.

BEA shall not be responsible or liable for any direct, consequential, incidental, indirect or special loss or damage, howsoever caused, of any kind, arising from the use of or reliance upon any information or materials provided in this notice, or for any errors, omissions or inaccurate information contained herein.



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**Issue Date: 24 April 2023**