Annex 1

# Implementing Measures of the Shanghai Stock Exchange for the Shanghai-Hong Kong Stock Connect

(Implemented on September 26, 2014 and revised for the first time on July 18, 2016, for the second time on September 30, 2016, for the third time on August 6, 2018, for the fourth time on September 7, 2018, for the fifth time on October 28, 2019, for the sixth time on January 13, 2020, for the seventh time on March 13, 2020, for the eighth time on February 1, 2021, for the ninth time on June 24, 2022, for the tenth time on March 3, 2023, and for the eleventh time on June 14, 2024)

## Chapter I General Provisions

**Article 1** These *Implementing Measures* are formulated in accordance with the *Provisions on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets* (the “*Provisions*”) issued by the China Securities Regulatory Commission (“CSRC”), the *Trading Rules of the Shanghai Stock Exchange* (the “*Trading Rules*”), the *Member Management Rules of the Shanghai Stock Exchange* (the “*Member Management Rules*”), and other relevant rules of the Shanghai Stock Exchange (“SSE”) in order to regulate the implementation of the Shanghai-Hong Kong Stock Connect, control risk, and protect the legitimate rights and interests of investors.

**Article 2** When engaging in trading and related activities under the Shanghai-Hong Kong Stock Connect, investors, SSE members, the securities trading service company (“SEHK Securities Trading Service Company”) established in Shanghai by the Stock Exchange of Hong Kong (“SEHK”), the securities trading service company (“SSE Securities Trading Service Company”) established by SSE, and other market participants shall abide by these *Implementing Measures*.

Matters related to the Shanghai-Hong Kong Stock Connect Northbound Trading Link (“Northbound Trading Link”) (other than those related to investors’ securities trading orders), orders under the Shanghai-Hong Kong Stock Connect Southbound Trading Link (“Southbound Trading Link”), the client management of SSE members, and other matters not prescribed in these *Implementing Measures* shall be governed by the *Trading Rules*, the *Member Management Rules*, and other relevant business rules of SSE.

**Article 3** SSE will exercise self-regulation of trading and related activities under the Shanghai-Hong Kong Stock Connect.

## Chapter II Northbound Trading Link

### Section 1 SEHK Securities Trading Service Company’s Participation in theNorthbound Trading Link

**Article 4** To participate in the Northbound Trading Link, SEHK Securities Trading Service Company shall apply to become an SSE participant and obtain a Participant Business Unit (“PBU”), and shall comply with SSE’s rules for SSE participants.

SEHK Securities Trading Service Company is not a member of SSE and is not entitled to the SSE members’ rights under laws, administrative regulations, ministry-level regulations, normative documents, the *Constitution of Shanghai Stock Exchange,* and the *Member Management Rules*.

**Article 5** To apply to become an SSE participant, SEHK Securities Trading Service Company shall submit the following documents:

(1) an application form and letter of commitment;

(2) the approval documents issued by CSRC and the Hong Kong Securities and Futures Commission (“SFC”);

(3) its business license for incorporated enterprise;

(4) its articles of association/ incorporation;

(5) its management rules and technical arrangements for the Northbound Trading Link, and arrangement for authorizing SEHK to bear responsibilities in respect of the Northbound Trading Link;

(6) the profiles of its directors, supervisors and senior executives.

(7) its letter of undertaking, technical standards and other requirements for SEHK participants to participate in the Northbound Trading Link;

(8) its settlement agreement for the Northbound Trading Link with Hong Kong Securities Clearing Company Limited (“HKSCC”);

(9) the list of SEHK participants who plan to participate in the Northbound Trading Link, and the statements that the above participants satisfy the technical standards and other requirements;

(10) the fee structure and collection method for the Northbound Trading Link; and

(11) other documents required by SSE.

**Article 6** SEHK Securities Trading Service Company shall route to SSE the investors’ orders placed with SEHK participants and take responsibilities related to the Northbound Trading Link.

After orders under the Northbound Trading Link are executed on SSE, SEHK Securities Trading Service Company shall acknowledge the trading results, accept the execution reports and send the execution reports to relevant SEHK participants and HKSCC.

SEHK Securities Trading Service Company shall manage the trading activities of SEHK participants under the Northbound Trading Link and, as required by SSE, take necessary measures against any rule-breaking trading activities under the Northbound Trading Link.

**Article 7** SEHK Securities Trading Service Company may authorize SEHK to perform, on its behalf, relevant duties stipulated in these *Implementing Measures*, provided, however, that it shall remain responsible for the performance of such duties if SEHK fails to fully or appropriately fulfill such duties.

**Article 8** SEHK Securities Trading Service Company shall establish risk control measures for the Northbound Trading Link in order to enhance internal control and reduce business risks.

**Article 9** SEHK Securities Trading Service Company shall set the technical standards and other requirements for SEHK participants to participate in the Northbound Trading Link, and conduct testing and assessment of the technical systems of SEHK participants who plan to participate in the Northbound Trading Link.

**Article 10** SEHK Securities Trading Service Company shall require qualified SEHK participants to sign a letter of undertaking for the Northbound Trading Link. The letter of undertaking shall include, but not be limited to the undertakings to: comply with relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules of the Chinese Mainland and Hong Kong; accept and implement the relevant requirements set by SEHK Securities Trading Service Company based on the foregoing provisions and the agreements between the two parties, and require their clients to accept and implement relevant requirements through contracts or other arrangements; accept and require their clients to, through contracts or other arrangements, accept the relevant exemption of SSE’s liability stipulated in these *Implementing Measures* and SSE’s other business rules.

**Article 11** SEHK Securities Trading Service Company shall provide necessary assistance and guidance to Northbound Trading Link investors and SEHK participants in understanding applicable laws, administrative regulations, ministry-level regulations, normative documents, business rules, business processes, and fee structures and collection methods, and other information.

**Article 12** SEHK Securities Trading Service Company shall comply with relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules of the Chinese Mainland.

SEHK Securities Trading Service Company shall properly cause SEHK participants and require SEHK participants to cause their clients to comply with the provisions of relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules of the Chinese Mainland, and SSE’s business rules, and shall require SEHK participants to fully disclose to their clients risks in trading under the Northbound Trading Link and the risks of liability for violation of the foregoing provisions.

**Article 13** If there be any change to the contents of documents SEHK Securities Trading Service Company has submitted to SSE under Article 5 of these *Implementing Measures*, the company shall submit the updated documents to SSE within 3 Northbound Trading Days after such change.

SEHK Securities Trading Service Company shall provide reports on the operation of the Northbound Trading Link according to the requirements of SSE.

**Article 14** Upon the occurrence of any material event that affects or may affect the business operation of SEHK Securities Trading Service Company, the company shall immediately report to SSE and elaborate on the cause, current situation, possible consequences of and solutions for such event.

**Article 15** SEHK Securities Trading Service Company shall safe-keep documents and materials generated from its performance of duties stated in these *Implementing Measures* and properly require SEHK participants to safe-keep the materials and instruction and order records of their clients under the Northbound Trading Link for a minimum period of 20 years.

### Section 2 Northbound Securities

**Article 16** The following SSE-listed securities, upon meeting applicable requirements, can be eligible securities for the Northbound Trading Link (“Northbound Securities”):

(1) stocks; and

(2) stock ETFs.

**Article 17** An SSE-listed stock will be included in the Northbound Trading Link (“Northbound Stock”) if it is:

(1) a constituent of the SSE Composite Index that meets all of the following criteria in the six months prior to and including the Stock Adjustment Review Day (adjusted accordingly based on the actual date of listing if it has been listed on SSE for less than six months):

(i) The average daily market value is not less than RMB 5,000,000,000;

(ii) The average daily turnover is not less than RMB 30,000,000 (excluding days on which the constituent is suspended from trading for one day); and

(iii) The number of days on which the constituent is suspended from trading for one day accounts for less than 50% of the total number of trading days.

(2) A-share stock of an SSE-listed company which is an A+H listed company.

A stock meeting the criteria of Item (1) or (2) of the preceding Paragraph will not be included in Northbound Stocks if it is:

(i) a stock placed under risk alert (i.e., an ST or \*ST stock);

(ii) a pre-delisting stock;

(iii) a stock quoted and traded in a foreign currency (i.e., a B-share stock); or

(iv) a stock involved in any other special circumstances as recognized by SSE.

**Article 18** The stock of a company with a differential voting right (“DVR”) arrangement (“DVR Stock”) that satisfies the criteria under Item (1) of the first Paragraph of Article 17 of these *Implementing Measures* but not those under Item (2) of the first Paragraph of Article 17 and under the second Paragraph of Article 17 shall additionally meet all of the following requirements at the initial inclusion into Northbound Stocks:

(1) it has been listed on SSE for 6 months and not less than 20 trading days thereafter;

(2) its average daily market value over the trading days within the 183 days prior to and including the DVR Stock Initial Inclusion Review Day is not less than RMB 20,000,000,000;

(3) the total turnover within the 183 days prior to and including the DVR Stock Initial Inclusion Review Day is not less than RMB 6,000,000,000;

(4) neither the issuer nor any of its stockholders with special voting rights has been publicly censured by SSE since listing for violating the business rules of SSE on corporate governance, information disclosure, investor protection measures, or other similar aspects of companies with a DVR arrangement; and

(5) other requirements recognized by SSE.

“DVR Stock Initial Inclusion Review Day” as used in the preceding Paragraph refers to the 19th trading day after the DVR Stock has been listed on SSE for six months or, if it fails to meet the inclusion criteria on the last trading day prescribed in Item (1) of the preceding Paragraph, the following semi-annual Stock Adjustment Review Day.

**Article 19** Any constituent of the SSE Composite Index that, on the semi-annual Stock Adjustment Review Day or on the monthly Stock Adjustment Review Day of the month it is included in the index, satisfies the criteria under Item (1) of the first Paragraph of Article 17 of these *Implementing Rules* but not those under Item (2) of the first Paragraph of Article 17 and under the second Paragraph of Article 17, and does not fall under the circumstance of the initial inclusion of a DVR Stock, will be included in Northbound Stocks on the Northbound Stock Periodic Adjustment Effective Day.

**Article 20** With respect to an H-share listed company that is listing A-shares on SSE, or an A-share company on SSE that is listing H-shares on SEHK, or a company that is listing A-shares and H-shares on SSE and SEHK on the same day, its A-shares will be included in Northbound Stocks after they have been listed for 10 trading days and the H-shares have passed the Price Stabilization Period.

Any A-share stock of an SSE-listed company which is an A+H listed company under risk alert will be included in Northbound Stocks after its risk alert status is removed.

**Article 21** At the initial inclusion of a DVR Stock in Northbound Stocks, if the DVR Stock falls under the scope of Article 18 of these *Implementing Measures* on the last trading day prescribed in Item (1) of the first Paragraph of Article 18, the inclusion will take place after such last trading day; if it does not meet the inclusion criteria on such last trading day but falls under the scope of Article 18 on the subsequent semi-annual Stock Adjustment Review Day, the inclusion will take place on the Northbound Stock Periodic Adjustment Effective Day.

**Article 22** A Northbound Stock that falls outside the scope of Item (2) of the first Paragraph of Article 17 and the second Paragraph of Article 17 of these *Implementing Measures* will be removed from Northbound Stocks on the Northbound Stock Periodic Adjustment Effective Day, if within the six months prior to and including the semi-annual Stock Adjustment Review Day:

(1) its average daily market value is less than RMB 4,000,000,000;

(2) its average daily turnover is less than RMB 20,000,000 (excluding days on which it is suspended from trading for one day); or

(3) the number of days on which it is suspended from trading for one day accounts for at least 50% of the total number of trading days.

The calculations above are adjusted accordingly based on the actual date of listing if the Northbound Stock has been listed on SSE for less than six months.

**Article 23** A Northbound Stock will be removed from Northbound Stocks if it is no longer a constituent of the SSE Composite Index and no longer falls under the scope of Item (2) of the first Paragraph of Article 17 of these *Implementing Rules*, or if it falls under the scope of the second Paragraph of Article 17 of these *Implementing Rules*, or if it is delisted due to termination of listing.

**Article 24** SEHK Securities Trading Service Company publishes the list of Northbound Stocks on the websites it designates. The periodic inclusions and removals are published on the second Friday of the month following the month of monthly or semi-annual Stock Adjustment Review Day (postponed to the following Hong Kong stocks trading day if it is not a Hong Kong stocks trading day) or, if such publication month contains the National Day, Chinese New Year, or Labor Day, on the Friday of the first complete week for the trading of SSE stocks in such publication month.

The inclusion or removal of Northbound Stocks takes effect at such time as announced by SEHK Securities Trading Service Company.

**Article 25** Only institutional professional investors are allowed to participate in the trading of STAR stocks of SSE through the Northbound Trading Link. The scope of institutional professional investors is as provided in the relevant rules of Hong Kong.

**Article 2****6** Any SSE-listed stock ETF that meets all of the following requirements as of the ETF Periodic Adjustment Review Day will be added to Northbound ETFs:

(1) the ETF is traded in RMB and has a daily average asset under management in the last 6 months of not less than RMB 500,000,000;

(2) the ETF has been listed for not less than 6 months;

(3) the benchmark index has been launched for not less than 12 months;

(4) the total weighting of stocks listed on SSE or on the Shenzhen Stock Exchange (“SZSE”) in the benchmark index is not less than 60% and the total weighting of Northbound Stocks and SZHSC Northbound Stocks in the benchmark index is not less than 60%;

(5) the benchmark index or its index methodology meets either of the following criteria: In the case of a broad-based index, a single constituent stock has a weighting of no more than 30%. In the case of a non-broad-based index, (i) the number of index constituent stocks is not less than 30; (ii) a single constituent security has a weighting of no more than 15% and the top 5 constituent securities have a combined weighting of no more than 60%; (iii) the constituent stocks comprising not less than 90% of the index’s weighting is the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months;

(6) other requirements recognized by SSE.

**Article 27** Any Northbound ETF that falls under any of the following circumstances as of the ETF Periodic Adjustment Review Day will be removed from Northbound ETFs:

(1) the ETF has a daily average asset under management in the last 6 months of below RMB 400,000,000;

(2) the total weighting of SSE-listed stocks and SZSE-listed stocks in the benchmark index is below 55% or the total weighting of Northbound Stocks and SZHSC Northbound Stocks in the benchmark index is below 55%;

(3) the ETF no longer meets the requirements under Article 26(5) of these *Implementing Measures*; or

(4) any other circumstances recognized by SSE.

**Article 2****8** An SSE-listed stock ETF meeting the requirements under Article 26 of these *Implementing Measures* or a Northbound ETF falling under a circumstance under Article 27 of these *Implementing Measures*, will be added to or removed from Northbound ETFs on the fifth Monday following the ETF Periodic Adjustment Review Day or, if such date is not a Northbound Trading Day, on the next Northbound Trading Day thereafter.

SEHK Securities Trading Service Company will publish the list of Northbound ETFs on its designated website on the second Friday before the effective date for addition or removal set out in the preceding Paragraph or, if such second Friday is not a Hong Kong stocks trading day, on its immediately preceding Hong Kong stocks trading day.

**Article** **29** Any Northbound ETF that is terminated from listing will be removed from Northbound ETFs on the date of the termination.

**Article 30** If SSE cannot obtain through reasonable means an index’s data set out under Article 26(3) to (5) of these *Implementing Measures*, any SSE-listed stock ETFs tracking such index will not be added to Northbound ETFs. Any Northbound ETF that falls under the foregoing circumstance will be removed from Northbound ETFs at the time of removal set out in Article 28.

**Article 31** Subject to the final approval of regulatory authorities, SSE may adjust the scope of Northbound Securities.

### Section 3 Special Trading Matters

**Article 32** All Northbound Securities are quoted and traded in RMB.

**Article 33** The trading days and trading hours under the Northbound Trading Link shall be published on the website designated by SEHK Securities Trading Service Company.

**Article 34** Northbound Securities are traded by auction, unless otherwise prescribed by SSE.

Orders under the Northbound Trading Link shall be limit orders, unless otherwise prescribed by SSE.

A limit order under the Northbound Trading Link shall specify the securities account, broker code, broker-to-client assigned number (BCAN), securities code, trading direction, number of shares, price, and other pertinent information.

**Article 35** Trade-at-close orders are available to any Northbound Securities listed on the STAR Market.

A trade-at-close order under the Northbound Trading Link shall specify the securities account, broker code, BCAN, securities code, trading direction, number of shares, limit price, and other pertinent information.

**Article 36** SSE may, if necessary for supervisory purposes, require SEHK Securities Trading Service Company to provide information on investor involved in its order, or obtain from China Securities Depository and Clearing Corporation Limited (CSDC) information on investors involved in a BCAN.

**Article 37** Securities which are removed from Northbound Securities under Article 22, Article 23, Article 27, or Article 30 of these *Implementing Measures* but still listed on SSE may be sold, but not bought, through the Northbound Trading Link.

**Article 38** The eligible securities for margin trading and covered short selling under the Northbound Trading Link shall be among the eligible securities for margin trading and short selling in the SSE market.

**Article 39** SEHK Securities Trading Service Company shall specifically identify covered short selling orders for Northbound Securities.

The price of a covered short selling order for a Northbound Security shall not be lower than the latest execution price of such security or, if the security has not been executed on a trading day, the closing price of such security on the previous trading day.

SEHK Securities Trading Service Company shall ensure that SEHK participants require their clients to, before returning securities borrowed for covered short selling, sell such securities, within the quantity of those which have not been returned, at an order price subject to the requirements in the Paragraph above.

Covered short selling of Northbound ETFs is not subject to the restrictions of the second and third Paragraphs of this Article.

**Article 40** The covered short selling ratio of a single Northbound Security on a single Northbound Trading Day shall not exceed 1%; the total covered short selling ratio of a single Northbound Security for 10 consecutive Northbound Trading Days shall not exceed 5%. SEHK Securities Trading Service Company shall perform pre-trade control according to the foregoing requirements.

SEHK Securities Trading Service Company shall disclose the covered short selling ratio of Northbound Securities on the websites designated by the Company at the end of each Northbound Trading Day.

According to the market situation, SSE may adjust the covered short selling ratio limits set in this Article or suspend the acceptance of covered short selling orders for Northbound Securities.

**Article 41** If SSE suspends the margin trading of a single Northbound Security when the monitoring indicator for margin trading of such security reaches the prescribed proportion, SSE may require SEHK Securities Trading Service Company to suspend routing orders for margin trading of such security. If SSE resumes the margin trading of such security when the monitoring indicator for the margin trading of such security falls below the prescribed proportion, SSE can inform SEHK Securities Trading Service Company to resume routing orders for the margin trading of such security.

If SSE suspends the short selling of a single Northbound Security when the balance of borrowed securities for the short selling of such security reaches the prescribed proportion, SSE may require SEHK Securities Trading Service Company to suspend routing orders for the covered short selling of such security. If SSE resumes the short selling of such security when the balance of borrowed securities for the short selling of such security falls below the prescribed proportion, SSE may inform SEHK Securities Trading Service Company to resume routing orders for the covered short selling of such security.

**Article 42** Non-trading transfer of Northbound Securities shall not be conducted unless for the following purposes:

(1) the lending of Northbound Securities for covered short selling with a term of less than one month;

(2) the lending of Northbound Securities within the scope of securities held by an investor with a non-extendable term of one day only to meet the requirements for securities holding examination;

(3) the transfer of Northbound Securities between an SEHK participant and its clients to deal with erroneous trading;

(4) the allocation of Northbound Securities, bought by a fund manager through the omnibus account, to different fund accounts under its management; or

(5) any other purposes prescribed by SSE or CSDC.

**Article** **43** SEHK Securities Trading Service Company shall properly require SEHK participants to ensure that there will be adequate securities available in their clients’ accounts when accepting the clients’ sell orders and shall not accept sell orders from clients who do not have adequate securities available in their accounts.

**Article 44** Northbound Trading Link investors do not include Mainland investors.

SEHK Securities Trading Service Company shall take appropriate actions to require SEHK participants to comply with, and cause their clients to comply with, the foregoing Paragraph.

**Article 45** Securities bought under the Northbound Trading Link shall not be sold before being settled.

**Article 46** SEHK Securities Trading Service Company and SEHK participants shall not directly match investors’ buy and sell orders for Northbound Securities and shall not, in any other forms, provide transfer services for Northbound Securities in any venue outside SSE, unless otherwise prescribed by CSRC.

**Article 47** Securities trading information disclosed in respect of trades under the Northbound Trading Link conducted through SEHK Securities Trading Service Company shall be labeled as “Only for the Northbound Trading Link”.

**Article 48** Without the consent of SSE, SEHK Securities Trading Service Company shall not provide trading information which SSE has licensed the company to use to any organization or individual other than SEHK participants and their clients for use or dissemination, or use such trading information to develop indices or other products.

SEHK Securities Trading Service Company shall properly require SEHK participants and cause them to require their clients to comply with the provisions of the preceding Paragraph.

**Article 49** SEHK Securities Trading Service Company shall, according to the fee structure of SSE, pay relevant fees, including transaction fees for the Northbound Trading Link.

SEHK Securities Trading Service Company shall enter into an agreement with HKSCC to authorize HKSCC to conduct clearing and settlement and pay transaction fees and other relevant fees for trading under the Northbound Trading Link.

**Article 50** SSE-listed securities that are not Northbound Securities but are obtained through the dividend distribution, conversion, or acquisition of Northbound Securities or any abnormal circumstances can be sold, but not bought, through the Northbound Trading Link, unless otherwise prescribed by SSE.

Non-SSE-listed securities obtained through the dividend distribution, conversion, or acquisition of Northbound Securities or other situations may not be sold or bought through the Northbound Trading Link.

**Article 51** SSE may, if necessary for the market, adjust its rules regarding trading methods, types, contents and forms of orders, business scope and trading limits, etc. under the Northbound Trading Link.

### Section 4 Quota Control

**Article 52** SEHK Securities Trading Service Company shall monitor the balance of the daily quota for the Northbound Trading Link on a real time basis and publish the remaining balance of such quota on the designated website.

**Article 53** The formula for calculating the daily quota balance for the Northbound Trading Link: Daily quota balance = Daily quota **-** Buy orders + Sell trades + Buy orders cancelled by relevant participants or rejected by SSE + Difference between the execution prices and declared prices of buy orders.

**Article 54** Once the daily quota for the Northbound Trading Link is used up during the opening auction session, no further buy orders will be accepted for the remainder of the session, but sell orders will be accepted. Thereafter, before the continuous call auction session, once the daily quota balance for the Northbound Trading Link returns to a positive level due to cancellation or rejection by SSE of buy orders or execution of sell orders, SEHK Securities Trading Service Company will again accept buy orders.

Once the daily quota for the Northbound Trading Link is used up during the continuous auction session, closing call auction session, or trade-at-close session, no further buy orders will be accepted for the remainder of the day, but sell orders will be accepted. In such case, SEHK Securities Trading Service Company will not resume accepting buy orders for the remainder of the day, unless otherwise prescribed by SSE.

**Article 55** SEHK shall properly require SEHK participants and cause them to require their clients to not viciously use the quota for the Northbound Trading Link by such ways placing large buy orders at low prices when participating in trading under the Northbound Trading Link.

### Section 5 Shareholding Percentage Limits

**Article 56** Investors participating in trading under the Northbound Trading Link shall follow the shareholding percentage limits prescribed in the *Provisions*.

**Article 57** SEHK Securities Trading Service Company shall properly require SEHK participants to reject investors’ orders or close out their positions if those investors violate the shareholding percentage limits when trading Northbound Stocks, or take any other effective measures to curb and correct such violations.

**Article 58** When an investor fulfills its/his information disclosure obligations according to relevant rules, the domestically and overseas listed stocks of a listed company held by the investor through the Northbound Trading Link or other channels shall be aggregated.

**Article 59** If, after the end of a trading day, the stocks of a listed company held by a single foreign investor through the Northbound Trading Link and other channels, in aggregate, exceed the shareholding limit, the investor shall close out its/his holdings in excess of the shareholding limit and fulfill the information disclosure obligations within 5 Northbound Trading Days.

**Article 60** If, after the end of a trading day, the stocks of a listed company held by all foreign investors through the Northbound Trading Link and other channels, in aggregate, exceed the shareholding limit, SSE will, on a last-in, first-out basis, sends a close-out notice to SEHK Securities Trading Service Company and other foreign investors. SEHK Securities Trading Service Company shall timely send a notice to SEHK participants and require them to send a notice to their investors. Investors shall close out their holdings in excess of the shareholding limit within 5 Northbound Trading Days after receiving such notice.

Once the aggregated shareholdings fall below the shareholding limit within 5 Northbound Trading Days under the Northbound Trading Link due to other foreign investors’ voluntary reduction of holdings, SEHK Securities Trading Service Company may, at its own discretion or upon any request submitted, through SEHK participants, by investors who are notified to reduce their shareholdings, ask SSE to allow the original shareholders to maintain their shareholdings.

**Article 61** In case that Northbound Trading Link investors fail to dispose of their holdings in excess of the shareholding limit as required, SEHK Securities Trading Service Company shall require SEHK participants to close out their holdings.

## Chapter III Southbound Trading Link

### Section 1 SSE members’ Participation in the Southbound Trading Link

**Article 62** SSE members participating in the Southbound Trading Link shall meet the technical standards and other requirements set by SSE Securities Trading Service Company.

**Article 63** SSE members participating in the Southbound Trading Link shall sign a Southbound Trading Link service contract with SSE Securities Trading Service Company to define their respective rights and obligations.

**Article 64** Rules governing the management of clients’ trading activities by SSE members are applicable to SSE members participating in the Southbound Trading Link.

**Article 65** SSE members shall fully inform their clients of investment risks under the Southbound Trading Link and cause the clients to comply with relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules of the Chinese Mainland and Hong Kong and to accept the supervision by SSE.

**Article 66** SSE members may terminate their Southbound Trading Link service contract with SSE Securities Trading Service Company as agreed, provided, however, that they shall make proper arrangements for their clients.

**Article 67** SSE Securities Trading Service Company may agree with an SSE member that SSE Securities Trading Service Company shall have the right to suspend the provision of Southbound Trading Link services or terminate the Southbound Trading Link service contract if any of the following circumstances occurs:

(1) the SSE member violates relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules of the Chinese Mainland and Hong Kong;

(2) the SSE member fails to cooperate with SSE’s inspection, investigations, evidence collection or other supervisory efforts with respect to the Southbound Trading Link;

(3) the SSE member is unable to provide its clients with Southbound Trading Link services due to major failures in relevant business or technical systems; or

(4) any other circumstance as stipulated in the contract.

**Article 68** SSE Securities Trading Service Company may authorize SSE to perform relevant duties stipulated in these *Implementing Measures*, provided, however, that it shall remain responsible for the performance of such duties if SSE fails to fully or appropriately fulfill such duties.

### Section 2 Southbound Securities

**Article 69** The following SEHK-listed securities, upon meeting applicable requirements, can be eligible securities for the Southbound Trading Link (“Southbound Securities”):

(1) stocks; and

(2) stock ETFs.

**Article 70** An SEHK-listed stock will be included in the Southbound Trading Link (“Southbound Stock”) if it is:

(1) a constituent of the Hang Seng Composite LargeCap Index;

(2) a constituent of the Hang Seng Composite MidCap Index;

(3) a constituent of the Hang Seng Composite SmallCap Index with an average month-end market value of not less than HKD 5,000,000,000 in the 12 months prior to and including the Stock Adjustment Review Day, adjusted accordingly based on the actual date of listing if it has been listed for less than 12 months; or

(4) the H-share stocks of A+H listed companies.

Notwithstanding the provisions of Items (1) through (4) of the preceding Paragraph, the following stocks are excluded from Southbound Stocks:

(1) the H-share stocks of A+H listed companies whose A-share stocks listed on SSE or SZSE have been placed under risk alert or are pre-delisting stocks;

(2) SEHK-listed stocks which are quoted and traded in currencies other than HKD; or

(3) stocks falling under any other circumstances recognized by SSE.

**Article 71** The stock of a company with a weighted voting right (WVR) arrangement (“WVR Stock”) that satisfies the criteria under Items (1), (2), or (3) of the first Paragraph of Article 70 of these *Implementing Measures* but not those under Item (4) of the first Paragraph of Article 70 and under the second Paragraph of Article 70 shall additionally meet all of the following requirements at the initial inclusion into Southbound Stocks:

(1) it has been listed on SEHK for 6 months and not less than 20 Hong Kong stocks trading days thereafter;

(2) its average daily market value over the Hong Kong stocks trading days within the 183 days prior to and including the WVR Stock Initial Inclusion Review Day is not less than HKD 20,000,000,000;

(3) the total turnover of its Hong Kong shares over the 183 days prior to and including the WVR Stock Initial Inclusion Review Day is not less than HKD 6,000,000,000;

(4) since the listing of the stocks, the issuer or WVR beneficiaries has not been subject to a public censure or any other public sanction by SEHK, or triggered the termination of the WVR for any violation of SEHK’s rules governing corporate governance, information disclosure, investor protection measures, and other aspects of companies with a WVR structure; and

(5) the stocks meet any other requirements as recognized by SSE.

“WVR Stock Initial Inclusion Review Day” as used in the preceding Paragraph refers to the 19th Hong Kong stocks trading day after the WVR Stock has been listed on SEHK for six months or, if it fails to meet the inclusion criteria on the last Hong Kong stocks trading day prescribed in Item (1) of the preceding Paragraph, the following 2nd Hong Kong stocks trading day immediately preceding the effective date of the periodic adjustment to the constituents of the Hang Seng Composite Index.

**Article 72** Any stock that is not already a Southbound Stock but, due to an adjustment of the constituents of the relevant index or other reasons, meets the criteria under the first Paragraph of Article 70 or under Article 71 of these *Implementing Measures*, but not those under the second Paragraph of Article 70, will be included in the Southbound Stocks.

With respect to an A-share company on SSE or SZSE that is listing H-shares on SEHK, or an H-share company on SEHK that is listing A-shares on SSE or SZSE, or a company that is listing H-shares on SEHK and A-shares on the same day, its H-shares will be included in Southbound Stocks after they have passed the Price Stabilization Period and the corresponding A-shares have been listed for ten trading days.

**Article 73** A Southbound Stock that, due to an adjustment of the constituents of the relevant index or other reasons, is no longer a constituent of the Hang Seng Composite Index and falls outside the scope of Item (4) of the first Paragraph of Article 70 of these *Implementing Measures*, or falls within the scope of the second Paragraph of Article 70, will be removed from Southbound Stocks.

Any Southbound Stock that is a constituent of the Hang Seng Composite SmallCap Index with an average month-end market value of less than HKD 4,000,000,000 in the 12 months prior to and including the Stock Adjustment Review Day (adjusted accordingly based on the actual date of listing if it has been listed for less than 12 months) and falls outside the scope of Item (4) of the first Paragraph of Article 70 of these *Implementing Measures*, will be removed from Southbound Stocks.

**Article 74** The market value standards for Hong Kong stocks in Item (3) of the first Paragraph of Article 70 and in the second Paragraph of Article 73 of these *Implementing Measures* apply only during the periodic adjustment of the constituents of the Hang Seng Composite SmallCap Index. The relevant stocks will be included in or removed from Southbound Stocks on the effective date of the periodic adjustment to the constituents of the Hang Seng Composite Index.

**Article 75** SSE Securities Trading Service Company publishes the list of Southbound Stocks on the websites it designates, and the inclusion or removal of Southbound Stocks takes effect at such time as announced by SSE Securities Trading Service Company.

**Article 76** Any SEHK-listed stock ETF that meets all of the following requirements as of the ETF Periodic Adjustment Review Day will be added to Southbound ETFs:

(1) the ETF is mainly regulated by the SFC;

(2) the ETF is traded in HKD and has a daily average asset under management in the last 6 months of not less than HKD 550,000,000;

(3) the ETF has been listed for not less than 6 months;

(4) the benchmark index has been launched for not less than 12 months;

(5) the total weighting of SEHK-listed stocks in the benchmark index is not less than 60% and the total weighting of Southbound Stocks in the benchmark index is not less than 60%;

(6) the benchmark index or its index methodology meets either of the following criteria: In the case of a broad-based index, a single constituent stock has a weighting of no more than 30%. In the case of a non-broad-based index:

(i) the number of index constituent stocks is not less than 30;

(ii) a single constituent security has a weighting of no more than 15% and the top 5 constituent securities have a combined weighting of no more than 60%;

(iii) the constituent stocks comprising not less than 90% of the index’s weighting is the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months.

(7) the ETF is not a synthetic ETF or a leveraged and inverse product; and

(8) other requirements recognized by SSE.

**Article 77** Any Southbound ETF that falls under any of the following circumstances as of the ETF Periodic Adjustment Review Day will be removed from Southbound ETFs:

(1) the ETF has a daily average asset under management in the last 6 months of below HKD 450,000,000;

(2) the total weighting of SEHK-listed stocks in the benchmark index is below 55%, or the total weighting of Southbound Stocks in the benchmark index is below 55%;

(3) the ETF no longer meets the requirements under Article 76(6) or (7) of these *Implementing Measures*; or

(4) any other circumstances recognized by SSE.

**Article 78** An SEHK-listed stock ETF meeting the requirements under Article 76 of these *Implementing Measures* or a Southbound ETF falling under a circumstance under Article 77 of these *Implementing Measures*, will be added to or removed from Southbound ETFs on the first Southbound Trading Day following the first Friday of the second month (i.e., May or November) after the ETF Periodic Adjustment Review Day.

SSE Securities Trading Service Company will publish the list of Southbound ETFs on its designated website on the second Friday before the effective date for addition or removal set out in the preceding Paragraph or, if such second Friday is not a trading day, on its immediately preceding trading day.

**Article 79** Any Southbound ETF that is terminated from listing will be removed from Southbound ETFs on the Southbound Trading Day immediately following the last trading day of such ETF on SEHK.

**Article 80** If SEHK cannot obtain through reasonable means an index’s data set out under Article 76(4) through (6) of these *Implementing Measures*, any SEHK-listed stock ETFs tracking such index will not be added to Southbound ETFs. Any Southbound ETF that falls under the foregoing circumstance will be removed from Southbound ETFs at the time of removal set out in Article 78.

**Article 81** Subject to the final approval of regulatory authorities, SSE may adjust the scope of Southbound Securities.

### Section 3 Special Trading Issues

**Article 82** Investors shall participate in trading under the Southbound Trading Link through their SSE RMB common stock accounts.

**Article 83** Trading under the Southbound Trading Link is quoted in HKD and settled in RMB.

**Article 84** The trading days and trading hours under the Southbound Trading Link shall be published on the website designated by SSE Securities Trading Service Company. The trading hours on each Southbound Trading Day include pre-opening session, continuous trading session, and closing auction trading session, subject to SEHK’s rules.

Where any special circumstance recognized by SSE Securities Trading Service Company leads to or may lead to suspension of trading under the Southbound Trading Link, SSE Securities Trading Service Company may adjust the trading days and trading hours under the Southbound Trading Link and will make a public announcement thereon to the market.

**Article 85** Trading under the Southbound Trading Link is conducted through SEHK’s Automatic Order Matching System, but odd lots held by investors can only be sold through SEHK’s Semi-Automatic Order Matching System for Odd Lots.

When trading through SEHK’s Automatic Order Matching System, investors shall place at-auction limit orders during SEHK’s pre-opening session and closing auction trading session and enhanced limit orders during SEHK’s continuous auction session.

**Article 86** The size of orders under the Southbound Trading Link shall be subject to SEHK’s rules.

**Article 87** Securities which are removed from Southbound Securities under Article 73, Article 77, or Article 80 of these *Implementing Measures* but still listed on SEHK may be sold, but not bought, through the Southbound Trading Link.

**Article 88** A Southbound Security bought by an investor on a trading day can, once the trade is confirmed, be sold before the stock is settled on that day.

**Article 89** Trading under the Southbound Trading Link follows a comprehensive designated trading system, and is subject to SSE’s rules about designated trading.

Investors initiating or changing designated trading cannot start trading under the Southbound Trading Link till the next Southbound Trading Day.

**Article 90** Third-party deposit of clients’ settlement funds is applied to trading under the Southbound Trading Link and is subject to rules governing the trading of A-share stocks.

**Article 91** SSE members shall ensure that clients have adequate RMB funds or securities available in their accounts before accepting clients’ orders under the Southbound Trading Link. SSE members are prohibited from accepting orders to directly buy or sell securities in the market from clients whose funds or securities are not sufficiently available in the accounts.

**Article** **92** SSE Securities Trading Service Company and SSE members shall not directly match investors’ buy and sell orders for Southbound Securities and shall not, in any other forms, provide transfer services for Southbound Securities in any venue outside SEHK, unless otherwise prescribed by CSRC.

**Article 93** Once orders for Southbound Securities are placed, their price or size cannot be changed. However, during the order cancellation period allowed by SEHK, orders that are not executed may be withdrawn.

**Article 94** To participate in the Southbound Trading Link, SSE members shall submit orders to SEHK through SSE Securities Trading Service Company.

After receiving trading results and other records from SEHK, SSE Securities Trading Service Company will send those results and records to SSE members who will send the above information to their clients.

**Article 95** All information about the Southbound Trading Link, including real-time quotation of securities, will be released by SEHK.

Without the consent of SEHK, any SSE member or other organization recognized by SSE shall not provide trading information SEHK has licensed it to use to any organization or individual other than their clients for use or dissemination, or use such trading information to develop indices or other products.

**Article 96** SSE members shall safe-keep materials including instruction and order records according to relevant rules.

**Article 97** To participate in trading under the Southbound Trading Link, investors shall pay commission to their carrying SSE members and bear relevant fees according to SEHK’s applicable rules.

**Article 98** Investors that participate in trading under the Southbound Trading Link are deemed to have agreed that SSE or SSE Securities Trading Service Company may provide their information and related documents to SFC and SEHK in accordance with the applicable laws, administrative regulations, ministry-level regulations, normative documents, and rules of the Chinese Mainland and Hong Kong as well as the regulatory cooperation arrangements between the Chinese Mainland and Hong Kong.

**Article 99** SEHK-listed securities that are not Southbound Securities but are obtained through the dividend distribution, conversion, or acquisition of Southbound Securities or any abnormal circumstances can be sold, but not bought, through the Southbound Trading Link, unless otherwise prescribed by SSE.

If warrants overlying SEHK-listed stocks obtained through Southbound Stock issuers’ rights issue, or dividend distribution or conversion of Southbound Stocks are listed on SEHK, such warrants may be sold, but not be bought, through the Southbound Trading Link and shall be exercised in accordance with CSRC and CSDC’s relevant regulations.

Non-SEHK-listed securities obtained through the dividend distribution, conversion, or acquisition of Southbound Securities or other situations may not be sold or bought through the Southbound Trading Link.

**Article 100** SSE may, if necessary for the market, adjust its rules regarding trading methods, order types, business scope, trading limits, etc., under the Southbound Trading Link.

### Section 4 Quota Control

**Article 101** SSE Securities Trading Service Company shall monitor the balance of the daily quota for the Southbound Trading Link on a real time basis and publish the remaining balance of such quota on the designated website.

**Article 102** The formula for calculating the daily quota balance for the Southbound Trading Link: Daily quota balance = Daily quota - Buy orders + Sell trades + Buy orders cancelled by relevant participants or rejected by SEHK + Difference between the execution prices and declared prices of buy orders. Buy orders, sell trades, buy orders cancelled by relevant participants or rejected by SEHK, and difference between the execution prices and declared prices of buy orders as mentioned above shall be converted into RMB from HKD according to the reference exchange rate provided by CSDC before trading starts on each trading day.

**Article 103** Once the daily quota for the Southbound Trading Link is used up during the pre-opening session, no further buy orders will be accepted for the remainder of the session and will not be resumed before the end of the above session, but sell orders will be accepted. Once the daily quota balance for the Southbound Trading Link returns to a positive level due to cancellation or rejection by SEHK of buy orders or execution of sell orders, SSE Securities Trading Service Company will, when SEHK’s continuous auction session starts, accept buy orders again.

Once the daily quota for the Southbound Trading Link is used up during the continuous auction session or the closing auction trading session, no further buy orders will be accepted for the remainder of the day, but sell orders will be accepted. In such case, SSE Securities Trading Service Company will not resume accepting buy orders for the remainder of the day, unless otherwise prescribed by SSE.

**Article 104** Investors shall refrain from viciously using the quota for the Southbound Trading Link by such ways as placing large buy orders at low prices when participating in trading under the Southbound Trading Link.

### Section 5 Investor Suitability

**Article 105** Institutional investors participating in trading under the Southbound Trading Link shall abide by relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules.

**Article 106** To participate in trading under the Southbound Trading Link, an individual investor shall at least satisfy the following requirements:

(1) the combined value of assets in his or her securities and cash accounts shall be not less than RMB 500,000;

(2) he or she has no significantly bad credit record;

(3) he or she is not prohibited or restricted from participating in trading under the Southbound Trading by any relevant laws, administrative regulations, ministry-level regulations, normative documents, and business rules.

SSE may, according to market conditions, adjust the requirements specified in the preceding Paragraph.

**Article 107** Investors participating in trading under the Southbound Trading Link shall be familiar with relevant rules of Hong Kong stock market, understand business rules and procedures for trading under the Southbound Trading Link, set out investment targets according to their risk preferences, and impersonally evaluate their own risk tolerance.

**Article 108** SSE members shall, for the Southbound Trading Link, put in place investor suitability standards, procedures and methods as well as safeguards for enforcement of the investor suitability rules. Such investor suitability standards shall include, but not be limited to, requirements for investor’s asset condition, educational background, and risk tolerance.

**Article 109** SSE members shall give to their clients a complete and impersonal description of the laws, regulations, and features of the Hong Kong stock market as well as the business rules and procedures for the Southbound Trading Link.

**Article 110** SSE members shall sign a brokerage agreement with their clients who intend to participate in trading under the Southbound Trading Link, which agreement shall stipulate the rights and obligations of the two parties.

Prior to the signing of the brokerage agreement, SSE members shall fully disclose to their clients risks in trading under the Southbound Trading Link and require their clients to sign a risk disclosure statement.

The essential clauses for the brokerage agreement and the risk disclosure statement will be separately prescribed by SSE.

## Chapter IV Handling of Unusual Trading

**Article 111** In the event of unusual trading, recognized by SSE, which causes or may cause the partial or full interruption of trading under the Northbound Trading Link, SSE may decide to take such measures as suspend the trading of the Northbound Securities involved, suspend accepting all or part of orders under the Northbound Trading Link, temporarily closing SSE’s market, and will make a public announcement thereon.

In the event of unusual trading, recognized by SSE Securities Trading Service Company, which causes or may cause the partial or full interruption of trading under the Southbound Trading Link, SSE Securities Trading Service Company may decide to suspend, in whole or in part, the provision of the Southbound Trading Link services and will make a public announcement thereon.

After the elimination of the reason for SSE’s trading suspension, temporary closure of the SSE market or suspension of Southbound Trading Link services by SSE Securities Trading Service Company, SSE may decide to resume the trading of the Northbound Securities involved or its market trading and will make a public announcement thereon, or SSE Securities Trading Service Company may decide to resume the provision of Southbound Trading Link services and will make a public announcement thereon.

**Article 112** In case where Northbound Securities bought or sold within a short period of time exceed a certain value, which constitutes unusual trading as defined in SSE’s business rules, SSE may, in accordance with applicable rules, adopt responsive measures to deal with the matter.

**Article 113** If, upon the occurrence of unusual trading, recognized by SEHK, which causes or may cause the partial or full interruption of trading under the Southbound Trading Link, SEHK decides to temporarily close the SEHK market and then resume its market trading or take any other measures, SSE will, upon receiving a notice from SEHK, forward SEHK’s announcement thereon.

In the event of unusual trading, recognized by SEHK Trading Service Company, which causes or may cause the partial or full interruption of trading under the Northbound Trading Link, SEHK Securities Trading Service Company may decide to suspend the provision of Northbound Trading Link services and will make a public announcement thereon. After the elimination of such unusual trading, SEHK Securities Trading Service Company may decide to resume the provision of Northbound Trading Link services and will make a public announcement thereon.

**Article 114** SSE and SSE Securities Trading Service Company shall not be civilly liable for any loss caused by trading abnormality or any actions they take in response unless they are materially at fault.

## Chapter V Self-Regulation

**Article 115** SSE and SEHK will, through cross-border supervisory cooperation, enhance the supervision and administration of trading under the Shanghai-Hong Kong Stock Connect and disclosure of information related thereto.

**Article 116** SSE will, pursuant to the *Trading Rules* and its other business rules, focus on monitoring unusual trading activities under the Northbound Trading Link.

**Article 117** When SEHK Securities Trading Service Company detects an SEHK participant’s commission or possible commission of any of unusual trading activities under the Northbound Trading Link as defined in the *Trading Rules*, it shall timely notify SSE thereof, admonish the SEHK participant and require the SEHK participant to admonish its client thereof, and, if appropriate, take such measures as refusing to provide Northbound Trading Link services for the SEHK participant.

SEHK Securities Trading Service Company shall properly require an SEHK participant to admonish its client who has committed or may commit any unusual trading activity under the Northbound Trading Link as defined in the *Trading Rules* and other business rules of SSE, and, if appropriate, reject the client’s subsequent orders under the Northbound Trading Link.

**Article 118** In the event of a violation of these *Implementing Measures* or other relevant rules of SSE, or a violation or possible violation of information disclosure and other requirements as prescribed in the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange* and SSE’s other business rules, SSE may investigate such violation and require SEHK Securities Trading Service Company to provide materials related thereto; and may also request SEHK to appropriately investigate the SEHK participant involved.

**Article 119** In the event of a serious violation of these *Implementing Measures* or SSE’s other relevant rules under the Northbound Trading Link, SSE may request SEHK to impose relevant supervisory measures or disciplinary sanctions against SEHK participant involved, or request SEHK to require the SEHK participant to issue a verbal or written warning to the investor concerned or refuse to accept the investor’s orders under the Northbound Trading Link.

**Article 120** If any unusual trading activity under the Northbound Trading Link severely disrupts the orderly SSE market, SSE may suspend or restrict the trading rights of SEHK Securities Trading Service Company, or refuse to accept trading orders from the investor concerned submitted by SEHK Securities Trading Service Company.

After the elimination of the impact by such unusual trading activity, SSE may decide to restore the trading rights of SEHK Securities Trading Service Company or resume accepting relevant trading orders.

**Article 121** If a Northbound Trading Link investor violates information disclosure requirements stipulated in the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other business rules of SSE when buying or selling Northbound Stocks, SSE may take supervisory measures or impose disciplinary sanctions against the investor pursuant to applicable rules.

**Article 122** Southbound Trading Link investors and SSE members participating in trading under the Southbound Trading Link shall not violate these *Implementing Measures* or engage in any market misconduct.

**Article 123** Upon detecting an investor’s commission or possible commission of market misconduct during its/his trading under the Southbound Trading Link, an SSE member shall admonish the investor thereof and may refuse to accept orders from the investor. The SSE member shall timely report information related thereto to SSE.

**Article 124** Upon the request of SEHK or when SSE considers it necessary to do so, SSE may conduct on-site or off-site investigations into market misconduct or any other rule-breaching activity of any SSE member and its client during its/his trading under the Southbound Trading Link, require materials related thereto from the SSE member and its client, and provide information related thereto to SEHK.

**Article 125** If any SSE member or its client commits a serious market misconduct during its/his trading under the Southbound Trading Link, upon the request of SEHK, SSE may take supervisory measures or impose disciplinary sanctions against the SSE member or the client, including requiring the SSE member not to accept the client’s orders under the Southbound Trading Link.

**Article 126** SSE may, when necessary, conduct inspection of the risk management measures, safe operation of technical systems, and implementation of SSE’s relevant business rules, and other aspects of SEHK Securities Trading Service Company.

**Article 127** If SEHK Securities Trading Service Company violates these *Implementing Measures* or SSE’s other relevant rules, SSE may take supervisory measures or impose disciplinary sanctions against it, such as giving a verbal or written warning, conducting a regulatory talk, circulating a notice of criticism, or delivering a public censure.

**Article 128** If any SSE member or its client violates these *Implementing Measures* or SSE’s other relevant rules, SSE may take supervisory measures or impose disciplinary sanctions against SSE member or the client, such as giving a verbal or written warning, conducting a regulatory talk, circulating a notice of criticism, or delivering a public censure.

**Article 129** If a Northbound Trading Link investor, a Southbound Trading Link investor, SEHK Securities Trading Service Company or an SSE member, when participating in trading under the Shanghai-Hong Kong Stock Connect, commits a serious violation of relevant laws, administrative regulations, ministry-level regulations, normative documents or SSE’s business rules, SSE may refer such violation to CSRC for investigation and punishment.

**Article 130** SSE may suspend, in whole or in part, trading under the Shanghai-Hong Kong Stock Connect in accordance with relevant laws, administrative regulations, ministry-level regulations, normative documents, SSE’s business rules, or the requirements of the regulatory authorities.

**Article 131** SSE shall not be liable for any loss incurred due to such reasons as SSE’s development or revision of business rules or performance of self-regulatory duties pursuant to its business rules.

SSE members and Southbound Trading Link investors shall understand and acknowledge the provisions of SEHK’s business rules regarding the exemption of SEHK’s liability.

## Chapter VI Supplementary Provisions

**Article 132** For the purposes of these *Implementing Measures*, the following terms shall have the meanings given below:

(1) Shanghai-Hong Kong Stock Connect: refers to a mutual market access mechanism between Shanghai and Hong Kong stock markets which enables investors in the Chinese Mainland and Hong Kong to instruct SSE members or SEHK participants to trade SSE or SEHK-listed stocks and stock ETFs within the prescribed scope through a securities trading service company established by SSE in Hong Kong or SEHK in the Chinese Mainland. The Shanghai-Hong Kong Stock Connect includes the Northbound Trading Link and the Southbound Trading Link.

(2) Northbound Trading Link: refers to a component of the Shanghai-Hong Kong Stock Connect where investors instruct SEHK participants to trade SSE-listed stocks and stock ETFs within the prescribed scope by routing orders to SSE via SEHK Securities Trading Service Company.

(3) Southbound Trading Link: refers to a component of the Shanghai-Hong Kong Stock Connect where investors instruct SSE members to trade SEHK-listed stocks and stock ETFs within the prescribed scope by routing orders to SEHK via SSE Securities Trading Service Company.

(4) SZHSC Northbound Trading Link: refers to a component of the Shenzhen-Hong Kong Stock Connect where investors instruct SEHK participants to trade SZSE-listed stocks and stock ETFs within the prescribed scope by routing orders to SZSE via SEHK Securities Trading Service Company.

(5) Northbound Security: refers to any SSE-listed stock and stock ETF within the prescribed scope that can be traded by investors through the Northbound Trading Link.

(6) Southbound Security: refers to any SEHK-listed stock and stock ETF within the prescribed scope that can be traded by investors through the Southbound Trading Link.

(7) ETF: refers to an exchange-traded fund in the Chinese Mainland or Hong Kong.

(8) Northbound Stock: refers to any SSE-listed stock within the prescribed scope that can be traded by investors through the Northbound Trading Link.

(9) Southbound Stock: refers to any SEHK-listed stock within the prescribed scope that can be traded by investors through the Southbound Trading Link.

(10) Northbound ETF: refers to any SSE-listed ETF within the prescribed scope that can be traded by investors through the Northbound Trading Link.

(11) Southbound ETF: refers to any SEHK-listed stock ETF within the prescribed scope that can be traded by investors through the Southbound Trading Link.

(12) Northbound Trading Link investor: refers to any investor who trades Northbound Securities via SEHK participants or directly through the Northbound Trading Link.

(13) Southbound Trading Link investor: refers to any investor who trades Southbound Securities via SSE members or directly through the Southbound Trading Link.

(14) Mainland investor: refers to any Chinese citizen holding a Chinese Mainland identity certificate or any legal person or unincorporated organization registered in the Chinese Mainland, not including any Chinese citizen holding a foreign permanent residence certificate. Chinese Mainland identity certificates include Mainland resident registers, resident cards, passports of the People’s Republic of China, Exit-Entry Permits for Travelling to and from Hong Kong and Macao. Foreign permanent residence certificates include but are not limited to permanent resident cards and permanent resident visas issued by foreign countries and regions.

(15) Trading day: refers to any trading day of the SSE market.

(16) Northbound Trading Day: refers to any trading day under the North Trading Link as announced by SEHK Securities Trading Service Company.

(17) Southbound Trading Day: refers to any trading day under the Southbound Trading Link as announced by SSE Securities Trading Service Company.

(18) SSE member: refers to any securities company that has been admitted to the SSE as a general member.

(19) SEHK participant: refers to any exchange participants (EP) as defined in SEHK’s rules.

(20) Stock Adjustment Review Day: In the case of a Northbound Stock, its semi-annual Stock Adjustment Review Day (May 31 and November 30 each year), monthly Stock Adjustment Review Day (last day of each month except May and November), and DVR Stock Initial Inclusion Review Day; in the case of a Southbound Stock, the data cut-off date for periodic review as defined in the methodology of the Hang Seng Composite Index.

(21) Northbound Stock Periodic Adjustment Effective Day: The first Northbound Trading Day after the Friday immediately following the announcement day for the periodic inclusions or removals of Northbound Stocks.

(22) A-share stocks: refer to any SSE or SZSE-listed common stocks denominated in RMB.

(23) H-share stocks: refers to any stocks offered by a company registered in the Chinese Mainland and listed on the Main Board of SEHK.

(24) A+H listed company: refers to any company registered in the Chinese Mainland whose stocks are listed on both SSE and the Main Board of SEHK or both SZSE and the Main Board of SEHK.

(25) Pre-delisting stocks: refers to any stocks which SSE has decided to terminate from listing by SSE, but have not yet been delisted.

(26) ETF Periodic Adjustment Review Day: refers to the effective date of the semi-annual adjustment to the samples of the SSE 180 Index in the case of Northbound ETFs, or the last Hong Kong stocks trading day in the effective month of the semi-annual adjustment to the Hang Seng Index in the case of Southbound ETFs.

(27) Broad-based stock index: refers to any index which selects samples not limited to a specific industry or investment theme and reflects the performance of a particular market or stocks with a certain market cap.

(28) Synthetic ETF: refers to any ETF which adopts a synthetic simulation strategy, i.e., simulating the performance of an index through the use of swaps, performance-linked structured products, and other financial derivatives issued by counterparties.

(29) Leveraged and inverse product: refers to any ETF which adopts a leveraged investment strategy to obtain a daily return that is a multiple of the underlying index return or of the inverse underlying index return, for the purpose of delivering short-term investment results or a hedge.

(30) At-auction limit order: refers to any at-auction limit order under Southbound Trading Link, as defined in SEHK’s rules, which an SSE member is instructed to place.

(31) Enhanced limit order: refers to any enhanced limit order under the Southbound Trading Link, as defined in SEHK’s rules, which an SSE member is instructed to place.

(32) Odd lots: refers to the quantity of securities that is less than one trading unit.

(33) Price Stabilization Period: refers to the price stabilization period for a certain stock as specified in its prospectus.

(34) Margin trading of Northbound Securities: refers to the purchase of Northbound Securities by investors through securities margin financing in the Hong Kong stock market.

(35) Covered short selling of Northbound Securities: refers to the selling of Northbound Securities by Northbound Trading Link investors through the Northbound Trading Link after borrowing such Northbound Securities through securities lending in the Hong Kong stock market.

(36) Lending of Northbound Securities: refers to the lending of Northbound Securities by SEHK participants to their clients or other SEHK participants, or the lending of Northbound Securities by eligible institutions to SEHK participants in the Hong Kong stock market.

(37) Covered short selling ratio of a Northbound Security: refers to the proportion of covered short selling volume of a single Northbound Security within a Northbound Trading Day in the total number of such security held by HKSCC as a nominee in the previous Northbound Trading Day.

(38) Non-trade transfer of Northbound Securities: refers to the change of the beneficial ownership of Northbound Securities through any means other than trading on SSE market.

(39) Rights issue: refers to the offer of a subscription entitlement certificate by an SEHK-listed company to its existing shareholders to enable them to subscribe for its stocks in proportion to their holdings. The subscription entitlement certificate is transferrable on the secondary market.

(40) Open offer: refers to the offer of open offer entitlements by an SEHK-listed company to its existing shareholders to enable them to subscribe for its stocks. However, the open offer entitlements are not transferrable.

(41) Market misconduct: refers to misconduct prescribed by Hong Kong laws, SFC or SEHK, etc., including insider trading, bogus transaction, price manipulation, disclosure of confidential trading information, disclosure of false or misleading information to induce trading, stock market manipulation and other market misconduct.

(42) The broker-to-client assigned number (BCAN): refers to a unique personally identifiable digital number that an SEHK Participant assigns to its client.

**Article 133** Institutions that lease Participant Business Unit from SSE members to participate in trading under the Southbound Trading Link shall enter into a Southbound Trading Link service contract with SSE Securities Trading Service Company and shall be governed by relevant rules applicable to SSE members participating in trading under the Southbound Trading Link, other than those applicable to SSE members’ brokerage business.

SSE members participating in trading under the Southbound Trading Link for non-brokerage business such as proprietary and asset management business, and institutions identified in the above Paragraph participating in trading under the Southbound Trading Link shall abide by the rules of the relevant regulatory authorities.

**Article 134** Information disclosure and other activities of individuals with disclosure obligations in relation to Northbound Securities or Southbound Securities shall be regulated by the local exchange where such securities are listed and governed by relevant laws, administrative regulations, ministry-level regulations, normative documents and business rules of the exchange where the securities are listed.

**Article 135** When Northbound Stocks held by HKSCC as a nominee reach the equity change threshold for listed companies, HKSCC shall not be subject to SSE rules on disclosure of equity change for listed companies.

**Article 136** Northbound Trading Link investors can refer to SSE’s website, the website designated by CSRC, and any media outlet which meets the requirements specified by CSRC, for information disclosed by individuals with disclosure obligations in relation to Northbound Securities.

**Article 137** Southbound Trading Link investors can refer to the relevant website of SEHK and the websites of stock issuers or ETF managers for information disclosed by individuals with disclosure obligations in relation to Southbound Securities.

**Article** **138** HKSCC shall, in its own name, exercise rights as the holder of Northbound Securities in accordance with instructions from Northbound Trading Link investors.

Specific matters related to HKSCC’s participation in online voting at shareholders’ meetings of SSE-listed companies as a nominee shall be prescribed separately by SSE.

HKSCC’s participation in the meetings of fund unit holders and exercise of voting rights as a nominee shall be governed by the *Measures for the Administration of Operations of Publicly Offered Securities Investment Funds*.

**Article 139** When SSE-listed companies make a rights issue to Northbound Trading Link investors with the approval of the regulatory authorities, HKSCC will participate in the subscription as a nominee, and the specific arrangements shall be subject to SSE’s rules on stock issuance and subscription.

When SEHK listed companies make a rights issue or open offer to Southbound Trading Link investors with the approval of the regulatory authorities, the specific arrangements for Southbound Trading Link investors to participate in the subscription shall be subject to the applicable rules of CSRC and CSDC.

**Article 140** Matters related to margin trading and securities lending service provided by SSE members for trading under the Southbound Trading Link shall be prescribed separately by SSE.

**Article 141** If the relevant regulatory authority has set regulations regarding settlement currencies under the Shanghai-Hong Kong Stock Connect, the regulations shall apply.

**Article 142** Matters concerning trading, shareholding limit, exercise of shareholder’s rights, and information disclosure of securities that shall only be sold but not bought under the Shanghai-Hong Kong Stock Connect shall be subject to the provisions of these *Implementing Measures* governing Northbound Securities and Southbound Securities.

**Article 143** In these *Implementing Measures*, the term “exceed”, “higher than”, “lower than”, “less than”, and “below” shall exclude the given figure; “reach”, “or less”, and “not less than” shall include the given figure.

Any reference to “prior to and including the review date” in these *Implementing Measures* is inclusive of the review date.

**Article 144** These *Implementing Measures* and any amendments hereto shall be adopted by SSE’s Board of Governors and approved by CSRC, ditto for the revision thereof.

**Article 145** SSE reserves the right to interpret these *Implementing Measures*.

**Article 146** These *Implementing Measures* shall be implemented on June 14, 2024.