

香港聯合交易所有限公司  
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

Subject: **UPDATE ON SHENZHEN-HONG KONG STOCK CONNECT**

Enquiry: **Participant General Enquiry Hotline (Tel: 2840 3626; Email: trd@hkex.com.hk)**

With reference to the Exchange Circular (Ref: [CT/043/16](#)) dated 16 August 2016 on the establishment of Shenzhen-Hong Kong Stock Connect, Exchange Participants (“EPs”) are requested to note that:

### 1. Briefing Material on Shenzhen-Hong Kong Stock Connect

The briefing material on Shenzhen-Hong Kong Stock Connect has been posted on the HKEX website (<http://www.hkex.com.hk/mutualmarket>) under “Presentation Materials” section for information.

### 2. Bandwidth Requirements

EPs who wish to participate in Shenzhen-Hong Kong Stock Connect are reminded to review their bandwidth of Securities and Derivatives Network (SDNet) as soon as possible to prepare for Shenzhen-Hong Kong Stock Connect. Detailed requirements / specifications are available on [HKEX website](#).

### 3. End-to-end Test Result Submission

With reference to the Exchange Circular (Ref: [CT/030/16](#)) dated 21 June 2016, EPs are requested to submit the end-to-end test results by **Friday, 30 September 2016**.

### 4. Calculation of Market Capitalisation of Constituent Stocks of the Relevant Index

With reference to the [Joint Announcement](#) issued by the Securities and Futures Commission and the China Securities Regulatory Commission on 16 August 2016, the proposed methodology for the calculation of market capitalisation of a constituent stock of the relevant index for the purpose of determining its eligibility for trading under Shenzhen-Hong Kong Stock Connect (subject to regulatory approval) are set out in Appendix.

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## Appendix

**How is the market capitalisation of each constituent stock of the relevant index calculated to determine if the stock meets the minimum capitalisation requirement (RMB6B for Northbound and HK\$5B for Southbound) eligible for trading under Shenzhen-Hong Kong Stock Connect? (Subject to regulatory approval)**

The calculation of the market capitalisation of a constituent stock for the purpose of determining its eligibility for trading under Shenzhen-Hong Kong Stock Connect will generally follow the same methodology and review period adopted by the compiler of the relevant index.

### **Methodology**

#### ***Northbound Trading***

Each constituent stock of the SZSE Component Index and the SZSE Small/Mid Cap Innovation Index:-

- the average daily market capitalisation of the constituent stock in the 6 months prior to the periodic review of the relevant index; or
- if the stock is listed within the 6 months prior to the periodic review of the relevant index, its average daily market capitalisation in the period since it was listed.

#### ***Southbound Trading***

Each constituent stock of the Hang Seng Composite SmallCap Index:-

- the average month-end market capitalisation of the constituent stock in the 12 months prior to the periodic review of the index; or
- if the stock is listed within the 12 months prior to the periodic review of the index, its average month-end market capitalisation in the period since it was listed.

### **Review period applicable at launch of Shenzhen-Hong Kong Stock Connect**

The market capitalisation calculation that will be adopted for determining the securities eligible for trading at the launch of Shenzhen-Hong Kong Stock Connect will be based on the latest index review of the respective indices.

Assuming the launch is before the end of 2016, the applicable 6-month period for calculating the market capitalization of a constituent stock of the SZSE Component Index or the SZSE Small/Mid Cap Innovation Index for Northbound Trading is from 1 November 2015 to 30 April 2016, both days inclusive.

For Southbound Trading, the applicable 12-month period for calculating the market capitalisation of a constituent stock of the Hang Seng Composite SmallCap Index is from 1 July 2015 to 30 June 2016, both days inclusive.

**Review period applicable after launch of Shenzhen-Hong Kong Stock Connect**

For ongoing review subsequent to the launch of Shenzhen-Hong Kong Stock Connect, the market capitalisation calculation will follow the periodic review of the relevant indices. The SZSE Component Index and the SZSE Small/Mid Cap Innovation Index for Northbound Trading and the Hang Seng Composite SmallCap Index for Southbound Trading are all reviewed half-yearly.