



SHANGHAI – HONG KONG STOCK
CONNECT REVIEW AND UPDATE



Christopher Hui
Head of Project Management,
Market Development HKEX
22 April, 2016

Disclaimer

The information contained in this presentation is for general informational purposes only and does not constitute an offer, solicitation, invitation or recommendation to subscribe for or purchase any securities or other products or to provide any investment advice of any kind. This presentation is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hong Kong Exchanges and Clearing Limited (“HKEX”) to any registration requirement within such jurisdiction or country.

This presentation contains forward-looking statements which are based on the current expectations, estimates, projections, beliefs and assumptions of HKEX about the businesses and the markets in which it and its subsidiaries operate or aspires to operate in. These forward-looking statements are not guarantees of future performance and are subject to market risk, uncertainties and factors beyond the control of HKEX. Therefore, actual outcomes and returns may differ materially from the assumptions made and the statements contained in this presentation. The implementation of these initiatives is subject to a number of external factors, including government policy, regulatory approval, the behaviour of market participants, competitive developments and, where relevant, the identification of and successful entry into agreements with potential business partners. As such, there is no guarantee that the initiatives described herein will be implemented, or that they will be implemented in the form and timeframe described herein.

Although the information contained in this presentation is obtained or compiled from sources believed to be reliable, HKEX does not guarantee the accuracy, validity, timeliness or completeness of the information or data for any particular purpose, and shall not accept any responsibility for, or be liable for, errors, omissions or other inaccuracies in the information or for the consequences thereof. The information set out in this presentation is provided on an “as is” and “as available” basis and may be amended or changed. It is not a substitute for professional advice which takes account of your specific circumstances and nothing in this document constitutes legal advice. HKEX shall not be responsible or liable for any loss or damage, directly or indirectly, arising from the use of or reliance upon any information provided in this presentation.



Agenda

1

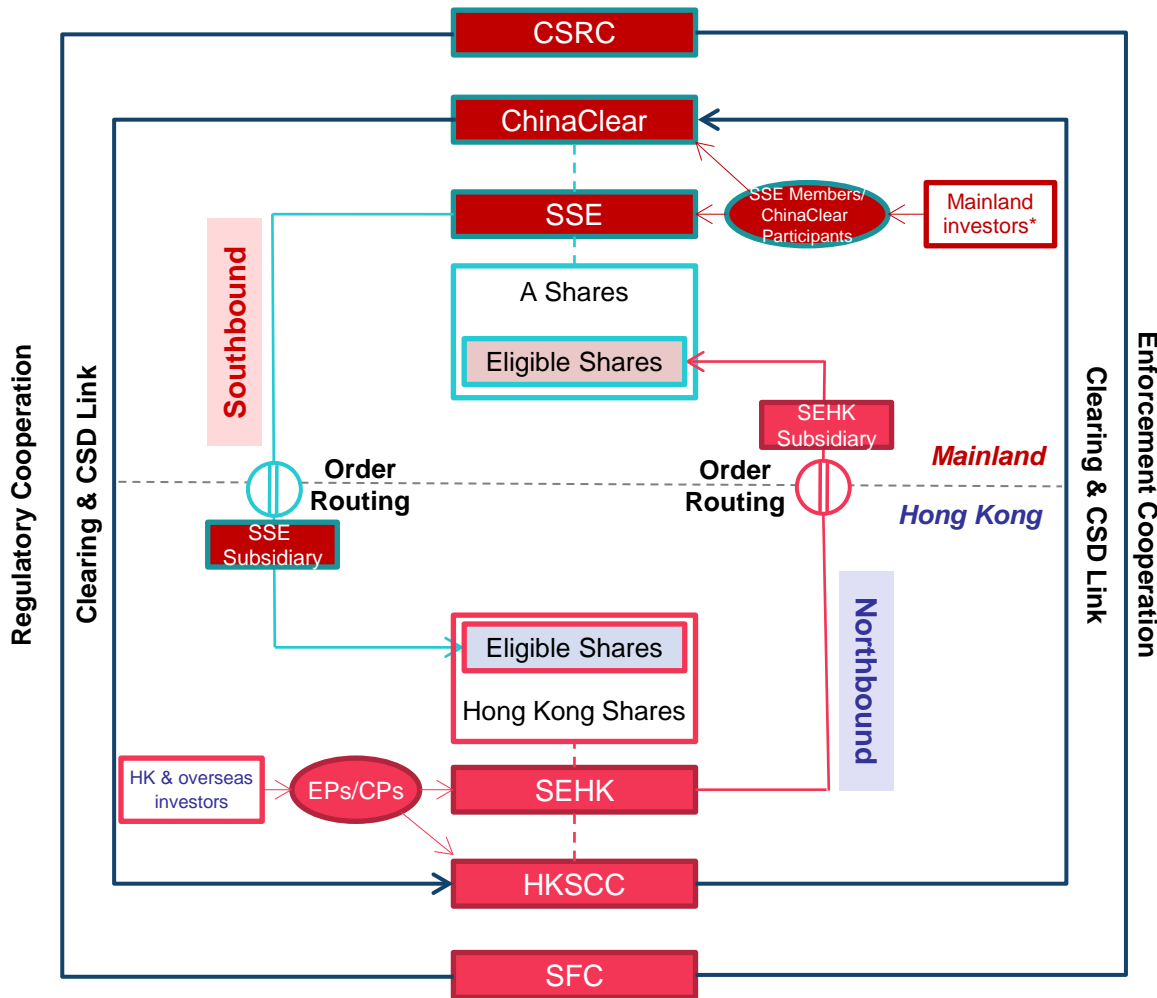
Shanghai – Hong Kong Stock Connect Review

2

What's next after Shanghai – Hong Kong Stock Connect?



Stock Connect - A Quick Recap



- *“Home Market” rules*
- *Leverages existing infrastructure*
- *Gross order routing*
- *RMB*
- *Super-clearer model*
- *Regulatory cooperation*

Stock Connect brings together two different market structures to facilitate seamless cross-border trading

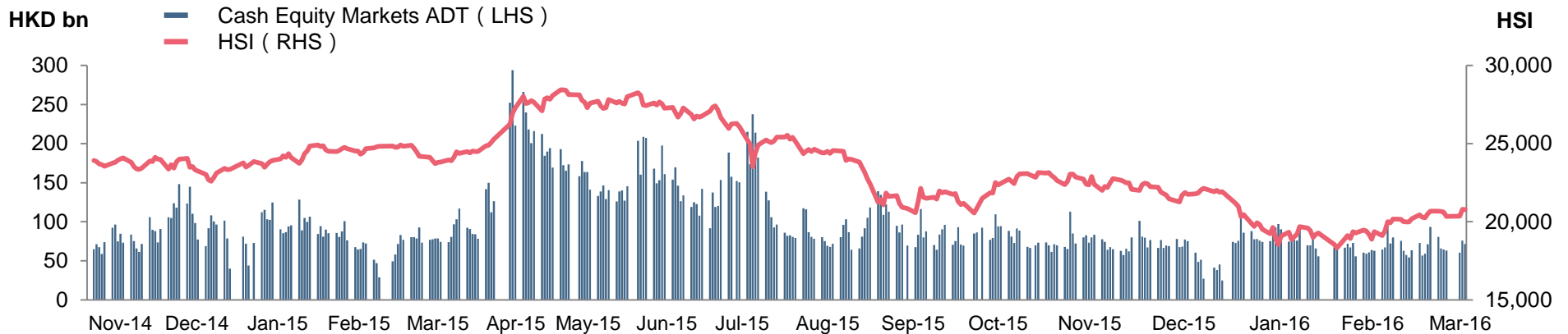


* Note: Only eligible Mainland investors can participate in Southbound trading

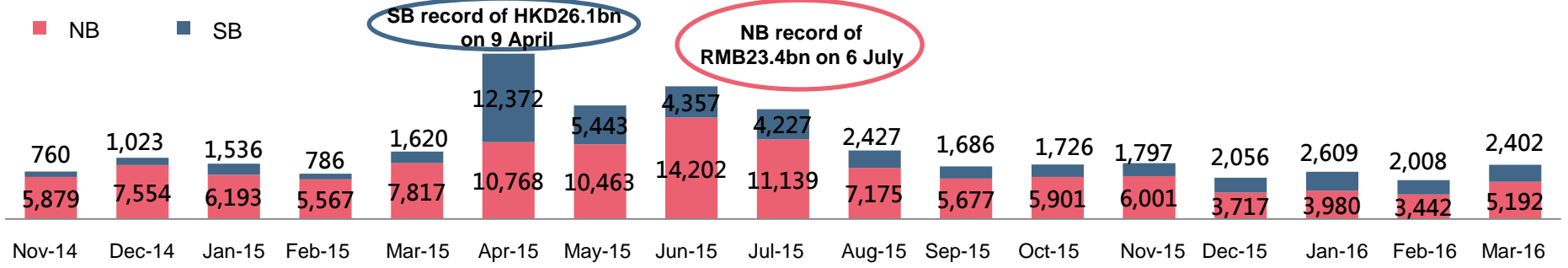
Stock Connect - Trading Trends

Stock Connect has seen ADT pick up since April last year. However, the volume started to trend down due to the increasing volatility in the Chinese equity markets

Cash Equity Markets ADT (HKD bn) and Hang Seng Index



Stock Connect Average Daily Trading Volume (HKD m)



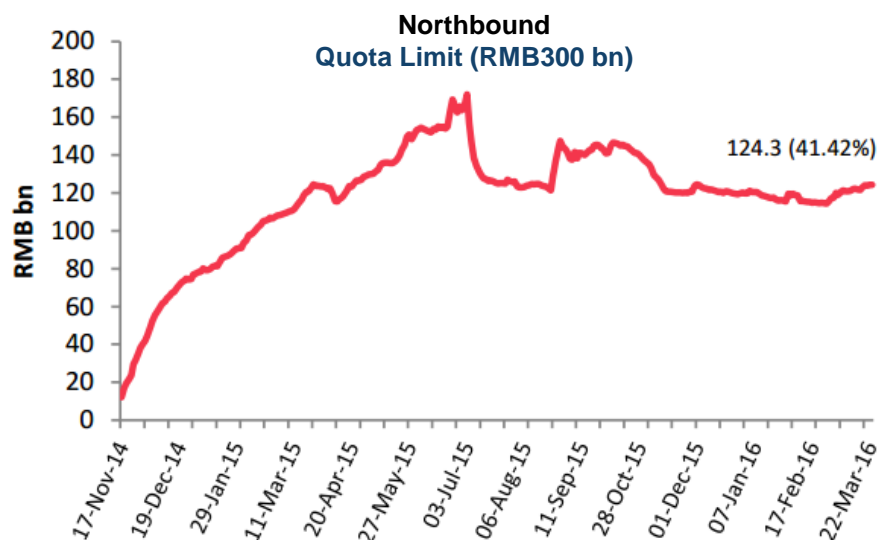
Source: HKEX data as of 31 March, 2016



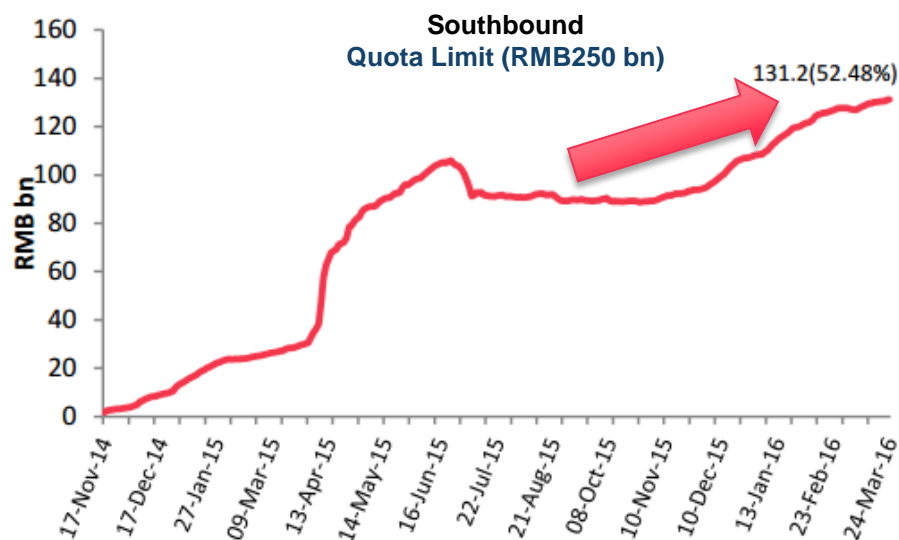
Northbound & Southbound Aggregate Quota Usage

While Northbound aggregate quota stabilizes since its high in July last year, Southbound aggregate quota starts to increase from last November

Northbound (Aggregate Quota Usage Since Launch)



Southbound (Aggregate Quota Usage Since Launch)



NB

- Average Daily Trading Volume: RMB5.8bn (0.6% of SSE Total)
- Aggregate Quota Used: RMB124.3bn (41% of Aggregate Quota)

SB

- Average Daily Trading Volume: HKD3.0bn (1.3% of SEHK Equity Total)
- Aggregate Quota Used: RMB131.2bn (53% of Aggregate Quota)



Top 10 Most-traded Stocks

The top 10 most-traded stocks in both Northbound and Southbound are dominated by the Financial Services Sector

Northbound

Rank	Stock Name	ADT (RMB m)	%	A+H
1	Citic Securities	209.5	5.0%	Y
2	Ping An Insurance	169.9	4.1%	Y
3	Kweichow Moutai	161.5	3.9%	
4	Zhejiang China Commodities	144.8	3.5%	
5	Industrial Bank	118.0	2.8%	
6	Minsheng Bank	113.4	2.7%	Y
7	Zhongjin Gold Corp	91.8	2.2%	
8	Haitong Securities	91.3	2.2%	Y
9	Aluminum Corp of China	83.5	2.0%	Y
10	China Merchants Bank	77.8	1.9%	Y

Southbound

Rank	Stock Name	ADT (HKD m)	%	A+H
1	ICBC	114.3	4.8%	Y
2	HSBC	96.8	4.0%	
3	China Merchants Bank	73.5	3.1%	Y
4	ABC	51.3	2.1%	Y
5	Digital China	47.7	2.0%	
6	Citic Bank	42.5	1.8%	Y
7	CCB	38.3	1.6%	Y
8	Tencent	38.1	1.6%	
9	China Oilfield	35.8	1.5%	Y
10	HKEX	35.3	1.5%	

Source: HKEX & SSE data for March 2016. % represents the share of both NB and SB total turnover



What Enhancements were made to Stock Connect Since Launch?

Key Achievements

- ✓ 2 December 2014: Luxembourg UCITS approval
- ✓ 2 March 2015: Covered short-selling of SSE securities started
- ✓ 20 April 2015: Special Segregated Accounts (SPSA) solution launched – zero failure to date
- ✓ 15 May 2015: Beneficial Ownership – CSRC published FAQ / Amended HKSCC Rules
- ✓ 15 July 2015: Dublin UCITS approval
- ✓ 1 August 2015: Exchange Fee changes – Handling and Transfer Fees lowered
- ✓ **18 April 2016: DvP Enhancement**



Agenda

1

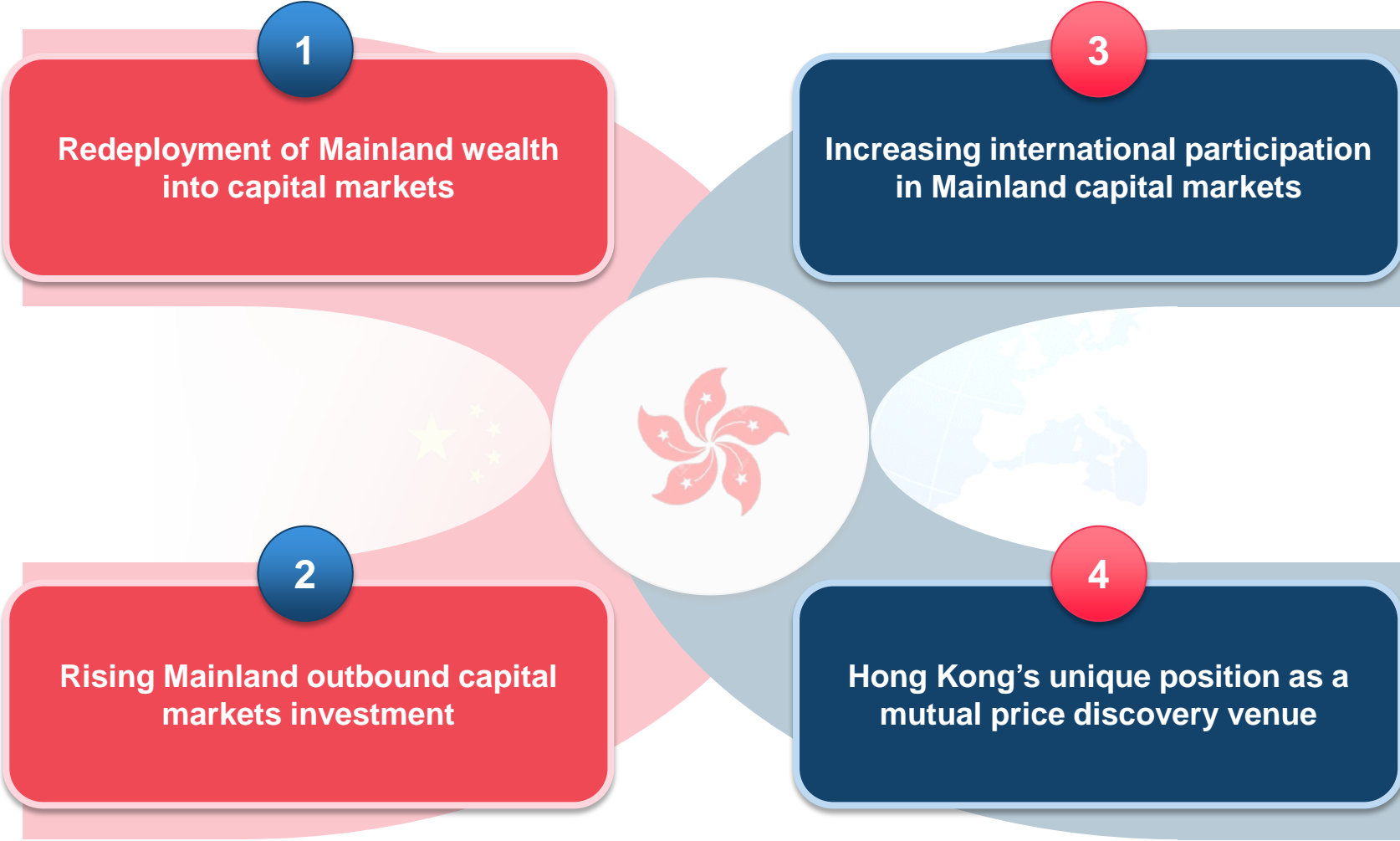
Shanghai – Hong Kong Stock Connect Review

2

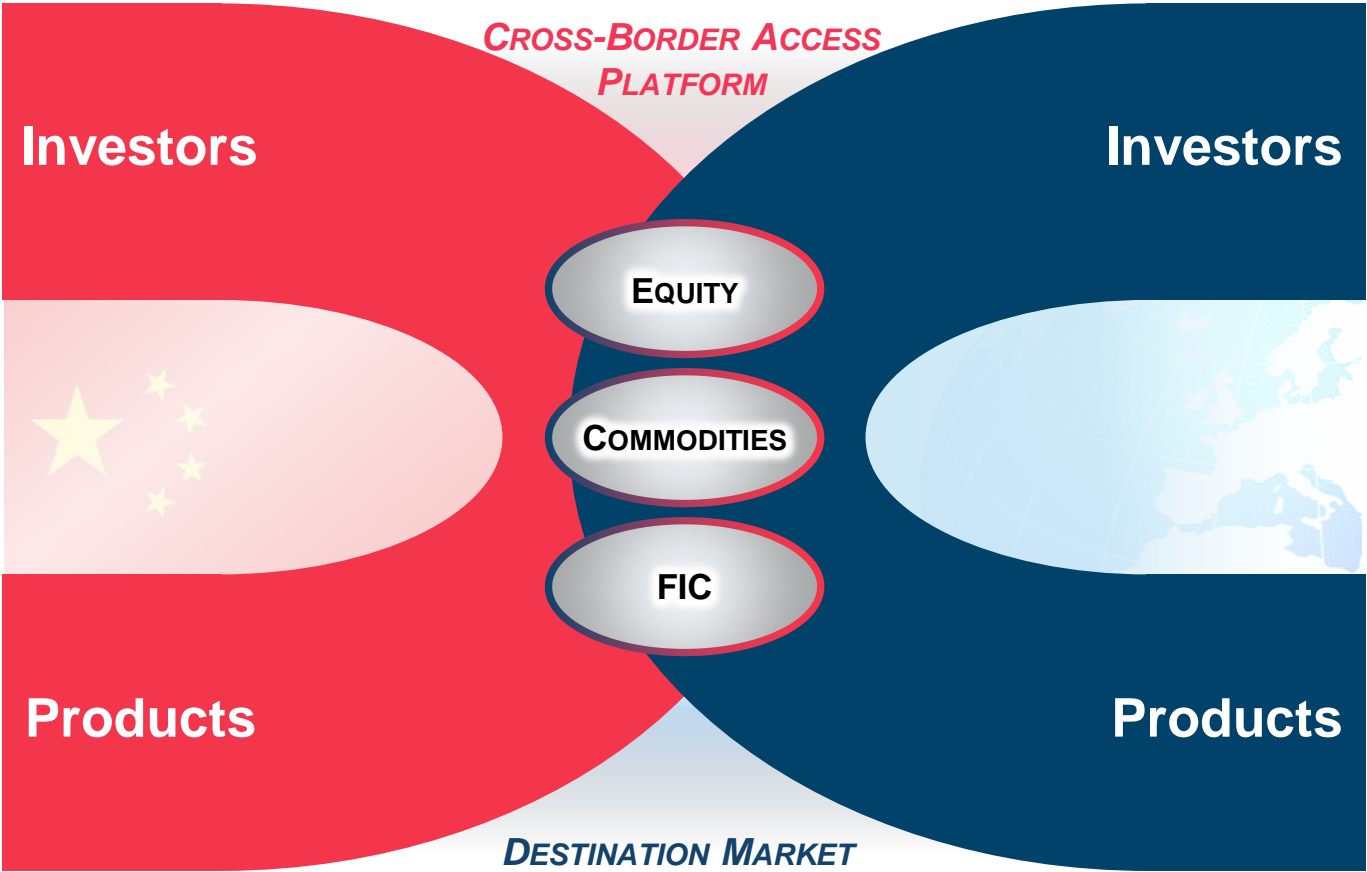
What's next after Shanghai – Hong Kong Stock Connect?



Key Drivers of Our 2016-18 Strategic Plan



Our Value Proposition in the Mutual Market Era



HKEX

The most effective cross-border market access platform...

...and a unique destination market for products with both Chinese and international relevance...

...across three major asset classes



Thank you!

