

Regular Review for Inclusion of ETFs in Stock Connect (Northbound)

Eligibility Criteria:

ETFs listed on SSE/SZSE that satisfy all of the following criteria at any regular review will be accepted as eligible ETFs for Northbound trading:

1. The ETF must be traded in RMB and has a daily average Assets Under Management (AUM) in the last six months of no less than RMB 500 million;
2. The ETF must be listed for no less than six months;
3. The benchmark index must be launched for no less than one year;
4. The total weighting of SSE-listed and SZSE-listed A shares in benchmark index must not be less than 60% and the total weighting of Stock Connect Northbound eligible constituents in the benchmark index must not be less than 60%; and
5. The benchmark index or the index methodology of the benchmark index must fulfil either of the below criteria:
 - (a) Applicable to broad-based indices¹:
 - A constituent stock must not be more than 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks must not be less than 30;
 - A constituent must not be more than 15% of the index's weighting and the total weighting of the top five weighted constituents must not be more than 60%; and
 - The constituent stocks comprising no less than 90% of the index's weighting must be the top 80% shares by Average Daily Turnover (ADT) ranking in the relevant stock exchange in the past 12 months.

Eligible ETFs that subsequently meet any of the following criteria upon regular review will be designated as sell-only securities and will be restricted from buying:

1. The ETF's daily average AUM in the last six months falls under RMB 400 million;
2. The total weighting of SSE-listed and SZSE-listed A shares in benchmark index falls under 55% or the total weighting of Stock Connect Northbound eligible constituents in the benchmark index falls under 55%; or
3. The benchmark index and the index methodology of the benchmark index fulfil either of the below criteria:
 - (a) Applicable to broad-based indices:
 - A constituent stock exceeds 30% of the index's weighting.
 - (b) Applicable to non-broad-based indices:
 - The number of index constituent stocks falls under 30;
 - A constituent exceeds 15% of the index's weighting or the total weighting of the top five weighted constituents exceeds 60%; or
 - The constituent stocks which are the top 80% shares by ADT ranking in the relevant stock exchange in the past 12 months falls under 90% of the index's weighting.

¹ Broad-based index refers to an index whose constituent selection is not limited to a specific industry or investment theme but reflects the performance of a certain market or a certain size of stocks

Data Cut-off, Announcement and Effective Dates:

Data cut-off date	SSE180 Index/SZSE Component Index review effective date, which is the first trading day following the second Friday of June and December
Announcement date	The fourth Friday after the data cut-off dates (or the preceding HK Securities Market trading day if it is not a HK Securities Market trading day)
Effective date	The second Monday after the announcement date (or the next CSC trading day if it is not a CSC trading day)