

Northbound Program Trading Reporting

FAQ

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(Important Note: This “Frequently Asked Questions” (“FAQ”) document has no legal effect. The following FAQs aim to address some common questions raised by Exchange Participants and other market participants regarding Northbound Program Trading Reporting, and to help them understand the relevant reporting requirements. This FAQ must not be regarded as a substitute for the relevant laws and regulations issued by the Shanghai Stock Exchange (“SSE”) and the Shenzhen Stock Exchange (“SZSE”) in relation to Northbound Program Trading Reporting (including but not limited to the SSE Program Trading Management Measures, the SZE Program Trading Management Measures, the Guidelines on Northbound Program Trading Reporting (“Guidelines”), the Northbound Program Trading Fill-in Instructions (“Fill-in Instructions”), and the Points to Note for Northbound Program Trading Fill-in and Reporting) (collectively, the “Northbound Program Trading Reporting Regulations”). Users of this FAQ should read in conjunction with the Northbound Program Trading Reporting Regulations; where necessary, they

should seek advice from qualified professionals. In the event of any conflict between this FAQ and the Northbound Program Trading Reporting Regulations, the Northbound Program Trading Reporting Regulations shall prevail.

In preparing the “Answers,” some background information may be assumed, certain provisions of the Northbound Program Trading Reporting Regulations may be selectively outlined, or may focus only on addressing a particular aspect of the relevant issue. These Answers therefore should not be treated as fixed or universally applicable responses. Even if circumstances appear similar at first glance, the Answers may not be suitable for all situations. All relevant information and circumstances must always be taken into account.

This document has been issued in the Chinese language with a separate English language translation. If there is any conflict in the document between the meaning of English words or terms in the English language version and Chinese words in the Chinese language version, the meaning of the Chinese words shall prevail.)

Contents

Section 1: Northbound Program Trading Reporting File – Reporting Thresholds	4
Section 2: Northbound Program Trading Reporting File –Content of the report.....	7
Section 3: Northbound Program Trading Reporting File – Material Change	11
Section 4: Northbound Program Trading Reporting File – Others	13
Section 5: High Frequency Additional Reporting and Exemption	15

Section 1: Northbound Program Trading Reporting File – Reporting Thresholds

1. Does a Northbound investor who uses a software program with certain automation functions provided by China Connect Exchange Participants (“CCEPs”) or Trade-through Exchange Participants (“TTEPs”) exempt from reporting?

Depending on whether an investor’s Northbound trading falls under any of the circumstances listed in the “Who Needs to File a Report” as set out in Article 1 of the *Fill-in Instructions* (also listed below for easy reference), they shall submit Northbound program trading reporting files if any of such circumstances applies. The reporting thresholds for these circumstances are calculated separately for the Shanghai Stock Exchange (“SSE”) and Shenzhen Stock Exchange (“SZSE”).

- 1) High automation of order placement. Northbound program trading investors (“Program Traders”) who let a computer automatically determine all the critical elements of an order such as securities code, trading direction, order size, and order price as well as the timing of such order.
- 2) Fast order rate. Program Traders who place 10 or more orders (including cancellation requests) within 1 second on 10 or more occasions in one day.
- 3) Trading many stocks and having a high share turnover ratio. Program Traders who trade an average of no fewer than 50 SSE-listed or SZSE-listed (as the case may be) stocks a day over the most recent 30 Northbound trading days and the annualized share turnover ratio over those 30 Northbound trading days is 30 or higher.
- 4) Program Traders who use a self-developed or customized software. The sole use of non-customized simple order-splitting algorithms such as TWAP or VWAP is generally not considered to fall under this circumstance.
- 5) Other circumstances that, in the opinion of the SSE or SZSE (as the case may be), require the filing of a report.

2. Who bears the primary responsibility for reporting when investors use software program with certain automation functions provided by CCEPs or TTEPs? If there is an omission in reporting, what measures will the SSE and/or SZSE take?

The investors shall bear the primary responsibility for reporting. Reference is made to the *Guidelines*, investors are responsible for understanding and

fulfilling their reporting obligations. Meanwhile, CCEPs and TTEPs are required to establish mechanisms for the monitoring, identification and the report verification of the Northbound program trading activities such that they can identify clients who need to fulfil the Northbound program trading reporting obligations (including initial filing and subsequent updates) on a timely basis, urge and remind them to fulfill their Northbound program trading reporting obligations on a timely basis, and verify their clients' reports on the basis of the information available. In the event of a reporting omission, SSE or SZSE (as the case may be) will at first urge and remind the investors to comply with the reporting obligations, and may also take corresponding regulatory measures or impose disciplinary actions.

3. How should “high automation of order placement” be interpreted?

In accordance with Article 1 of the *Fill-in Instructions*, under the section “Who Needs to File a Report”, circumstance (1), “high automation of order placement”, refers to the automated generation of essential elements of an order by a computer program, including specific securities code, buy/sell direction, order size, order price, and order submission time, regardless of whether the algorithm of the above mentioned computer program originated from the Program Traders or the CCEPs and/or TTEPs.

4. For accounts that do not usually meet the reporting threshold during daily trading but occasionally trigger them during special events such as index rebalancing or extreme market volatility, is reporting required?

Yes, as long as any of the circumstances below related to Northbound program trading or high-frequency trading (“HFT”) are triggered, reporting obligations shall be fulfilled.

For Northbound program trading, if any of the circumstances listed in the “Who Needs to File a Report” as set out in Article 1 of the *Fill-in Instructions* are triggered, Northbound program trading reporting is required.

For HFT, please refer to Article 7 of the *Guidelines*. If any of the occasionally triggered circumstances fall under the circumstances relevant to HFT set out in the *Management Measures*, Northbound program trading reporting is required. If the investor is not eligible for exemption, HFT reporting is required.

5. Does the scope of Northbound program trading reporting include Northbound program trading in funds?

Referring to Article 2 of the *Guidelines*, Northbound investors who engage in

the program trading of stocks, funds or other securities via Stock Connect, shall file a report in accordance with the *Guidelines*. Those engaging in the program trading of funds (e.g., ETF) who meet any of the circumstances in the “Who Needs to File a Report” (in which the third circumstance applies primarily to stocks) as set out in Article 1 of the *Fill-in Instructions*, shall fulfill their reporting obligations covering funds and include “Funds” in the “Securities Traded” field. Similarly, the scope of HFT reporting cover securities such as stocks and funds.

Section 2: Northbound Program Trading Reporting File – Content of the report

6. **For the field “Quantitative Trading” in the Northbound Program Trading Reporting Template, how should investors determine whether their trading qualifies as quantitative trading based on their actual trading practice?**

“Quantitative Trading” refers to trading conducted by a computer program that automatically selects the specific securities and timing based on pre-defined strategies. It emphasizes automation throughout the entire trading process, with low levels of human intervention. Investors should make their own judgments based on their actual trading activities. Meanwhile, CCEPs and TTEPs have obligations to conduct verification. For example, if, based on their information available, they are aware of an investor executing quantitative strategies, but the investor has indicated “No” in the relevant field in the program trading reporting file, the CCEPs and/or TTEPs should remind the investor and to confirm whether the information provided is accurate.

7. **Is it allowed for the Northbound program trading report and the HFT report to be completed in English only?**

No; however for certain fields where a standardized Chinese description is difficult to determine, such as “SEHK Participant”, “Account Name”, “Program Trading Software and Version”, “HFT Server Location”, etc., English-only entries are acceptable. For the language requirements of other fields, please refer to the following:

For descriptive fields in the Program Trading Reporting Template (e.g., “Other Funding Source Description”, “Other Leverage Source Description”, “Primary Strategy Overview”, “Supplemental Strategies Overview”, and “Order Execution Method Overview”, etc.) as well as the HFT system test report and contingency arrangement required under the HFT reporting should be completed in Simplified Chinese; however, it is also acceptable to provide both Simplified Chinese and English together for these fields.

For fields with predefined list of values, such as “Source of Funds”, the SSE or SZSE systems will perform front-end validations. Such fields must be entered strictly in Chinese in accordance with the requirements. Any alterations, such as entering the values in English, will result in a submission failure.

8. **If an institutional Program Trader selects one CCEP or TTEP (“Designated Broker”) to submit the account funding information related fields in**

Northbound program trading reporting, is it still allowed to first submit the report through a non-designated broker?

Institutional Program Traders who choose to have a Designated Broker (which may be a CCEP or TTEP) submit the account funding information related fields must first submit the report through the Designated Broker, and the report must include the relevant account funding information. Upon receiving the report confirmation from the SSE or SZSE (as the case may be), the Designated Broker shall promptly notify the submitting Institutional Program Traders. Subsequently, when such Institutional Program Traders submit a report through a non-Designated Broker (for an account opened under the same identification number), they are not required to re-enter the above account funding information. Instead, they may enter “Reported via other SEHK Participant” in the relevant fields. All other fields outside of the account funding information must still be completed as required.

9. How should the fields “Account Size” and “Leverage Amount” be completed in the Northbound Program Trading Reporting template?

For Program Traders not reporting account funding information via a Designated Broker:

“Account Size” refers to the value of stocks and funds held by the Program Trader’s BCAN in SSE or SZSE (as the case may be) as of the reporting date, in RMB 10,000. “Leverage Amount” refers to the amount of leveraged funds allocated under the Program Trader’s BCAN to SSE-listed or SZSE-listed (as the case may be) stocks and funds as of the reporting date, in RMB 10,000. The above calculations should be performed separately for the SSE and SZSE, and reported at the BCAN level. If multiple BCANs are assigned under the same fund, the reporting should be done at the fund level (i.e., all BCANs for the same fund should report the same Account Size for SSE or SZSE, respectively).

For Program Traders reporting funding information via a Designated Broker (institutional Program Traders only):

Institutional Program Traders with accounts opened with multiple CCEPs or TTEPs (including BCANs of the fund manager and funds managed by the fund manager) under the same identification number, may select one CCEP or TTEP to submit funding information fields at the institutional level (aggregated values of all accounts under the same identification number). These fields include “Account Size”, “Source of Funds”, “Source Breakdown”, “Leverage Amount”, “Source of Leverage” and “Leverage Ratio”. If an institutional Program Trader has multiple identification numbers (e.g., multiple LEIs) and chooses to report

via a Designated Broker, it may allocate its total Account Size across the accounts corresponding to each identification number based on the actual holdings. However, it must ensure that the sum of all Account Size reported under each identification number equals the institutional Program Trader's total account size.

10. If an institutional Program Trader chooses a Designated Broker for reporting funding information, can they flexibly select multiple CCEPs or TTEPs to separately report its total funding information?

No. The *Fill-in Instructions* sets out only two methods for reporting funding information for accounts opened under the same identification number: reporting funding information at the institutional level by choosing a Designated Broker; or separately reporting funding information for each account through each CCEP or TTEP. If the Program Trader chooses a Designated Broker for reporting aggregated funding information, the Designated Broker can only be changed if – the original Designated Broker (a CCEP or TTEP) ceases to be a CCEP or TTEP, or after the Program Trader terminates the Northbound Stock Connect trading account opened with the original Designated Broker.

11. Is funding obtained by Program Traders through reverse repo or pledge transactions counted towards “Leverage Amount”?

Funds obtained through reverse repo or pledge transactions and invested in SSE-listed or SZSE-listed stocks and funds are considered “Leverage Amount”.

12. For the field “Program Trading Software and Version,” should it be reported based on the algorithm engine or the algorithm platform?

Trading software involved in order generation should all be reported. Where multiple software programs are used, they should be reported and separated by semicolon.

13. If a CCEP or TTEP is authorized by its mandate agreement or other appropriate arrangements with clients to automatically generate or place trading orders for the clients through computer programs, it may fulfil the corresponding Northbound program trading reporting and other related obligations on behalf of its clients. In this scenario, if the CCEP or TTEP does not possess client's account funding information, can those fields be exempted?

No. The client's funding information fields cannot be exempted if a CCEP or TTEP submits the Northbound program trading report on behalf of the client

(unless in the situation that the institutional Program Trader chooses a Designated Broker to centrally report the funding information). The CCEP or TTEP should proactively contact the client to obtain their account funding information to ensure that the report is complete and compliant.

Section 3: Northbound Program Trading Reporting File – Material Change

14. If a Program Trader's LEI or company name changes but the BCAN remains the same, such as in the case of a merger or acquisition, is it considered a material change under Article 6 of the *Guidelines* that must be reported within the first five Northbound trading days of the following calendar month?

This situation is not considered a material change. However, the Program Trader is advised to promptly update the information to ensure the Program Trading Reporting File is factual, accurate and complete.

15. If a material change occurs after the market close on the last trading day of the month, for example an increase in “Account Size” by more than five times and the change exceeds RMB 10million, and this changed sum will be ready to invest only on the first trading day of the following month, when shall the Program Trader report such a material change? Are CCEPs and TTEPs responsible for monitoring the material changes?

The reporting deadline for material changes is calculated from the day the material change described in Article 6 of the *Guidelines* has occurred. The change shall be reported within the first five Northbound trading days of the following calendar month. For example, if the material change occurs after market close on October 31, 2025 (the last trading day of the month), the change must be reported within the first five Northbound trading days of November 2025.

Meanwhile, CCEPs and TTEPs are required to establish mechanisms for the monitoring, identification and the report verification of the Northbound program trading activities such that they can identify clients who need to fulfil the Northbound program trading reporting obligations (including initial filing and subsequent updates) on a timely basis, urge and remind them to fulfill their Northbound program trading reporting obligations in a timely manner, and verify their clients' reports on the basis of the information available.

16. If a material change is reverted within the same month, is reporting still required? If material changes occur multiple times within one month, should the latest situation be reported only?

The latest situation shall be reported. If a Northbound Program Traders experiences material changes during the month, the latest status as of the end of the month should be reported to the relevant CCEP or TTEP within the first

five Northbound trading days of the following calendar month. If the material change has been reverted by end of the month, reporting is not required, except in cases involving changes to the “Maximum Order Rate” or “Maximum Daily Order Count” of the account. In such cases, a Change report must be submitted based on the peak value at the time the change occurred.

17. If the position remains unchanged, the “Account Size” and “Leverage Amount” may still fluctuate following market movements. How should this be reported?

For first-time submissions, an average or steady median of the “Account Size” and “Leverage Amount” over a period of time (e.g., a month or a quarter preceding the date of reporting) shall be reported.

If the change in “Account Size” or “Leverage Amount” exceeds the material change thresholds, Northbound Program Traders should report to the CCEPs or TTEPs within the first five Northbound trading days of the following calendar month.

18. A change in the program trading software information is considered as a material change and requires a Change report to be submitted. What is considered a change? Does a simple maintenance upgrade also require the submission of Change report?

Major system upgrades (such as core system changes or significant functional changes, launching new trading strategies, trading modules, risk control modules, etc.) should be considered as material changes, and therefore require the submission of a Change report. Minor maintenance (such as regular maintenance, changes that do not involve substantial version changes, functionality, or parameters) generally does not require the submission of a Change report.

Section 4: Northbound Program Trading Reporting File – Others

19. The Guidelines will be effective from 12 January 2026. Is it mandatory for investors to fulfil reporting obligations prior to engaging in Northbound program trading?

“Existing Investors” refer to investors who engaged in Northbound program trading, which would have met the reporting threshold, within one year before the effectiveness of the *Guidelines* and will continue to engage in such activities thereafter. Existing Investors should submit reports within three months after the Guidelines officially take effect (i.e., before April 10, 2026). After the Guidelines take effect, non-Existing Investors shall fulfil reporting obligations prior to engaging in Northbound program trading for the first time.

Northbound investors using software program with certain automated functions provided by CCEPs and TTEPs for trading, without falling under any of the circumstances listed in the “Who Needs to File a Report” as set out in Article 1 of the *Fill-in Instructions* may be exempt from reporting. However, should any of the above circumstances become applicable, Northbound investors (in this case, they are Program Traders) shall promptly fulfill their reporting obligations.

20. For the submission deadline for the initial Northbound program trading report within five Northbound trading days, does the countdown start from the day the CCEP or TTEP completes verification or from the day the client submits the report information to CCEP or TTEP?

The five Northbound trading day deadline starts from the day the CCEP or TTEP receives the client’s report and completes its verification. CCEPs and TTEPs shall, upon receipt of the Northbound program trading report from a client, verify their clients’ reports on the basis of the information available and promptly confirm receipt.

21. CCEPs and TTEPs are required to enter into appropriate arrangements with their clients to set out their respective rights and obligations in connection with Northbound program trading. What are considered appropriate arrangements?

There are no specific requirements. CCEPs and TTEPs may determine an appropriate arrangement based on their own internal management requirement and industry practices, provided that such arrangements are binding on the Program Traders. It should be noted that while such arrangements are not limited to mandate agreements, not all forms of arrangement qualify as

“appropriate”. For example, a verbal agreement is considered an inappropriate form of agreement.

22. For TTEP clients conducting Northbound Stock Connect trading through CCEPs, how should reporting be handled? What details require particular attention? Do CCEPs have the responsibility to monitor TTEPs’ clients?

Under the current rules, both CCEP and TTEP are required to comply with the Exchange’s requirements and are responsible for reporting for their respective clients. Additionally, both parties are required to establish mechanisms for the monitoring, identification and the report verification of the Northbound program trading activities such that they can identify clients who need to fulfil the Northbound program trading reporting obligations (including initial filing and subsequent changes) on a timely basis, urge and remind them to fulfil their Northbound program trading reporting obligations on a timely basis, and verify their clients’ reports on the basis of the information available. CCEPs are not required to monitor TTEPs’ clients.

23. Are CCEPs and TTEPs required to verify information reported by clients?

The *Guidelines* clearly require CCEPs and TTEPs to verify the information reported by clients based on the information available to them. If a client fails to fulfil their reporting obligations (including initial filing and subsequent changes) as required or submits inaccurate information, CCEPs and TTEPs should remind and urge the client to comply with the reporting requirements in accordance with the relevant rules.

Section 5: High Frequency Additional Reporting and Exemption

24. Is there a template for the HFT test report and contingency arrangement required in the HFT reporting?

There is no specified template for the HFT test report and contingency arrangement. Program Traders shall report in accordance with their actual circumstances.

25. Regarding HFT reporting exemption, is supporting document required for the condition of “HFT activity is limited to order-splitting solely”?

No supporting document for the condition of “HFT activity is limited to order-splitting solely” is needed. However, submission of supporting documents for HFT reporting exemption does not, in and of itself, constitute the granting of the HFT reporting exemption. The SSE or the SZSE, as the case may be, may nevertheless request the Program Trader to furnish HFT-related information.

26. Does the exemption from HFT reporting for Program Traders with Qualified Foreign Investor (QFI) status apply to their affiliates?

No, it does not apply to affiliates.

27. For HFT reporting, is it based on the trading system provided by the CCEP or TTEP to its clients, or the client’s own system used for generating trading decisions? Are there any corresponding templates or quantitative requirements?

There is no standard template or quantitative requirement for HFT reporting. The report should include information about the system involved in generating high-frequency trading orders. If both CCEP or TTEP provided system and the client’s trading system are used for high frequency trading, information on both systems should be provided, and such information can be combined into a single file for submission.

28. For applying for an exemption from HFT reporting, what supporting documents need to be submitted, and what review process will the application go through?

CCEPs and TTEPs may refer to the Exchange Circular dated October 31, 2025, titled *“Further Updates on Northbound Program Trading Reporting under Stock Connect (October 2025)”*, as well as “Checklist for Submission of Supporting Documents for the HFT Reporting Exemption” available on the dedicated

[Northbound Program Trading Reporting](#) section on the HKEX Stock Connect website.

29. If a Program Trader who has applied for an exemption from HFT reporting later becomes no longer eligible and is required to submit HFT reporting, what supporting documents should be submitted and when should they submit HFT reporting?

Certain entities such as fund managers issuing public funds exclusively, or CCEPs and TTEPs carrying out asset management regulated activity and meeting the relevant requirements who applied for an exemption from HFT reporting after meeting the HFT criteria, but subsequently no longer meet the HFT Reporting Exemption criteria, should as soon as they become aware of the change promptly submit the Checklist for Submission of Supporting Documents for the HFT Reporting Exemption, test report and contingency arrangement for the HFT system, and an updated Northbound program trading report that reflects the latest situation.

QFI investors who applied for the HFT Reporting Exemption as the subject but no longer meet the exemption criteria, should promptly submit the test report and contingency arrangement for the HFT system, and an updated Northbound program trading report that reflects the latest situation.

The above reports should be submitted as soon as possible, and trading will not be affected during the period. However, SSE and SZSE will conduct regular screenings and may impose regulatory measures against investors who fail to submit the reports in a timely manner.