

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: AMENDMENT OF RULES IN RELATION TO NORTHBOUND TRADING OF STOCK CONNECT BY CHINA SECURITIES REGULATORY COMMISSION (CSRC), SHANGHAI STOCK EXCHANGE (SSE) AND SHENZHEN STOCK EXCHANGE (SZSE)

Enquiry: Participant General Enquiry Hotline¹ (Tel: 2840 3626 E-mail: trd@hkex.com.hk)

China Connect Exchange Participants (CCEPs) and Trade-through Exchange Participants (TTEPs) are requested to note that the [CSRC](#), [SSE](#) and [SZSE](#) have announced their rule amendments (in Chinese only) in relation to restricting Mainland investors from Northbound Trading under Stock Connect with effect from 25 July 2022 (the Effective Date).

Background

The [CSRC](#), [SSE](#) and [SZSE](#) published market consultation (in Chinese only) in relation to restricting Mainland investors from Northbound Trading under Stock Connect on Friday, 17 December 2021. Mainland investors include: (a) individuals that possess Mainland ID documents; (b) holders of a joint account if one of the holders is considered as Mainland investor under (a); and (c) corporate or unincorporated entities which are registered in the Mainland.

The following investors will not be considered as “Mainland investors” and may continue to buy and sell China Connect Securities through Northbound Trading under Stock Connect:

- Any individual who holds a Permit for Proceeding to Hong Kong and Macao, i.e. One-way Permit (前往港澳通行證, i.e. 單程證) or who has obtained an identity document as proof of permanent residence in a country or region outside Mainland China
- Any branch or subsidiary of a corporate or unincorporated entity registered in Mainland China which branch or subsidiary is lawfully registered in Hong Kong or overseas²

¹ All calls to and from the Participant General Enquiry Hotline may be recorded. HKEX Privacy Policy Statement is available [here](#).

² For BCAN-CID Mapping Files submission purposes, these entities may use their business registration certificates as identification documents.

Implementation arrangements

According to the CSRC, SSE and SZSE:

- From the Effective Date, neither CCEPs nor TTEPs shall register new Broker-to-Client Assigned Number (BCAN) for clients who are Mainland investors, **i.e. registration of new BCANs with 'CHN' as the country/ region of issuance (CHN BCANs) will be rejected;**
- There will be a 1-year transitional period (from 25 July 2022 to 23 July 2023) from the Effective Date, during which Mainland investors with registered CHN BCANs could still buy and sell China Connect Securities through Northbound Trading under Stock Connect with the registered CHN BCANs;
- During the transitional period, Mainland investors with registered CHN BCANs who cannot buy or sell China Connect Securities through Northbound Trading due to exceptional circumstances including bankruptcy of their brokers **could open Northbound Trading account at other CCEPs or TTEPs for new CHN BCANs registration;** and
- After the transitional period (from 24 July 2023): **(A) CCEPs and TTEPs shall delete all CHN BCANs for their clients who are Mainland investors,** (B) Mainland investors shall not proactively buy any China Connect Securities through Northbound Trading under Stock Connect (including subscription for right issues (配股)), but **excluding obtaining China Connect Securities passively as a result of corporate actions (such as distribution of stock dividends),** and **(C) Existing China Connect Securities held by Mainland investors could be sold by tagging the reserved value prescribed by the Exchange, the arrangements of which will be announced in due course.**

For the avoidance of doubt, the BCAN mentioned in this circular refers to the Broker-to-Client Assigned Number under the Northbound Investor ID Model only.

There is no system change to the Orion Trading Platform – China Stock Connect (OTP-CSC) and the system processing BCAN-CID Mapping File for this new requirement. The [System File Interface Specification](#) on Northbound Investor ID Model has also been updated accordingly. CCEPs and TTEPs are advised to refer to the relevant websites of the CSRC, SSE, and SZSE for details of the new requirements.

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