

**Rules of the Exchange**

**CHAPTER 14A**

**CHINA CONNECT SERVICE - SHANGHAI**

**Interpretation**

14A02. (2) In this Chapter, unless the context otherwise requires:

“DVR structure” means a structure of an issuer, the shares of which are accepted for listing and admitted to trading on the SSE Market from time to time, that results in differentiated voting rights, and “DVR stock” shall be construed accordingly;

“special voting rights” in relation to a DVR stock, means the voting power attached to a share of a particular class that is greater or superior to the voting power attached to an ordinary share;

**SSE-listed Securities as China Connect Securities**

14A04. (1) Pursuant to the Exchange’s powers under Rule 1407 (power to accept securities as China Connect Securities), securities which meet the criteria set out in Rule 14A04(2) or Rule 14A04(2A) shall, subject to Rules 14A04(3), (4) and (4A), be accepted as China Connect Securities and be eligible for China Connect buy orders and China Connect sell orders.

(2) Unless the Exchange otherwise determines, SSE-listed A shares set out below will be accepted as a China Connect Security:

(a) a constituent stocks of ~~SSE180 Index~~; the SSE A Share Index that fulfils all of the following eligibility criteria at any relevant review:

(i) the constituent stock must have a daily average market capitalization in the last six months of RMB5 billion or above;

(ii) the constituent stock must have a daily average turnover in the last six months of RMB30 million or above;

(iii) the constituent stock must not have been suspended for trading on any SSE Market on 50% or more of the total number of trading days of the SSE Market in the last six months; and

(iv) if the constituent stock is a DVR stock, it must also fulfil all of the following additional criteria for its first time inclusion as a China Connect Security at any relevant review:

- (A) the constituent stock must have been listed on SSE for no less than six months and twenty SSE trading days;
- (B) the constituent stock must have a daily average market capitalization in the last 183 calendar days of RMB20 billion or above;
- (C) the constituent stock must have an aggregated turnover in the last 183 calendar days of RMB6 billion or above; and
- (D) neither the issuer of the DVR stock nor any beneficiary of special voting rights has been publicly censured by SSE since the listing of the DVR stock due to any breach of any requirements under the SSE Rules applicable to DVR stocks relating to, among others, corporate governance, information disclosure or investor protection safeguards;

and the Exchange will publish the review mechanism for constituent stocks based on the eligibility criteria set out above on the HKEX website or through such other means as it considers appropriate;

- (b) ~~constituent stocks of SSE380 Index; or~~ [Repealed]
- (c) A shares listed on SSE that are not ~~constituent stocks of the SSE 180 Index or SSE 380 Index~~ accepted as a China Connect Security by virtue of (a) above but which have corresponding H shares accepted for listing and trading on the Exchange,

provided that:

- (i) they are not traded on SSE in currencies other than RMB; and
  - (ii) they are not under risk alert.
- (2A) Unless the Exchange otherwise determines, an SSE-listed ETF that fulfils all of the following eligibility criteria at any regular review will be accepted as a China Connect Security:
- (a) the SSE-listed ETF must be traded in RMB and has a daily average assets under management in the last six months of no less than RMB 1.5 billion;
  - (b) the SSE-listed ETF must have been listed on SSE for no less than six months;
  - (c) the benchmark index must have been launched for no less than one year;
  - (d) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index must not be less than 90% and the total weighting of constituents which are China Connect Securities in the benchmark index must not be less than 80%; and

- (e) the benchmark index or the index methodology of the benchmark index must also meet either of the following criteria: (i) (for broad-based indices) a constituent stock must not be more than 30% of the index's weighting; or (ii) (for non-broad-based indices) (A) the number of constituent stocks must not be less than 30, (B) a constituent must not be more than 15% of the index's weighting and the five highest weighted constituents in the aggregate must not be more than 60% of the index's weighting, and (C) the constituent stocks comprising no less than 90% of the index's weighting must be the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months.

The Exchange will publish such eligibility criteria on the HKEX website or through such other means as it considers appropriate.

- (3) Unless the Exchange otherwise determines, the timing of acceptance of any securities as China Connect Securities shall follow Rule 14A04(4) and Rule 14A04(4A) (as applicable). Further, without prejudice to its powers under Rules 1407 and 1409, the Exchange will include and exclude securities as China Connect Securities based on the criteria set out in or prescribed under Rule 14A04(2) or Rule 14A04(2A) (as applicable), the adjustments made to the ~~SSE 180 Index and SSE 380 Index~~ SSE A Share Index, the timing at which relevant A shares, H shares and SSE-listed ETFs are listed on or delisted from SSE and/or the Exchange, and the timing at which relevant A shares are placed under risk alert or released from risk alert (as applicable).
- (4) (a) For SSE-listed A shares which meet the criteria set out in Rule 14A04(2)(a) ~~or (b)~~, the A shares will be accepted as China Connect Securities after the criteria are met but if there are corresponding H shares listed or to be listed on the Exchange, the A shares will only be accepted after the price stabilization period of the relevant H shares has ended or expired.
  - (b) For SSE-listed A shares referred to in Rule 14A04(2)(c):
    - (i) where the corresponding H shares are listed on the Exchange after the A shares have been listed and traded on SSE for at least 10 trading days, the A shares will be accepted as China Connect Securities after the price stabilization period of the corresponding H shares has ended or expired; and
    - (ii) where the corresponding H shares are listed on the Exchange on or before the tenth trading day of the initial listing of the A shares, the A shares will be accepted as China Connect Securities after they have been traded on the SSE for 10 trading days and after the price stabilization period of the corresponding H shares has ended or expired, whichever is later.

- (4A) The Exchange will publish a list of SSE-listed ETFs which meet the criteria set out in or prescribed under Rule 14A04(2A) as soon as practicable after completion of any regular review that may be undertaken on eligible SSE-listed ETFs. Such eligible SSE-listed ETFs will be accepted as China Connect Securities on the second Monday after publication of the list of eligible SSE-listed ETFs by the Exchange, or, the next CSC trading day if it is not a CSC trading day.
- (5) The Exchange will publish a list of China Connect Securities in respect of SSE in accordance with Rule 1409(1)(a) based on the criteria and principles set out in this Rule. For the avoidance of doubt, no SSE-listed securities are eligible for China Connect buy orders or China Connect sell orders unless and until such securities have been included in the list of China Connect Securities published by the Exchange.

#### **SSE-listed Securities as Special China Connect Securities**

- 14A05. (1) Pursuant to the Exchange's power under Rule 1408 (power to accept or designate securities as Special China Connect Securities), the securities referred to in Rules 14A05(2), (2A) and (3) shall be accepted and designated as Special China Connect Securities and be eligible only for China Connect sell orders and not for China Connect buy orders.
- (2) Unless the Exchange otherwise determines, the Exchange will accept or designate ~~A shares which cease to meet the eligibility criteria set out in Rule 14A04(2)~~the following China Connect Securities as Special China Connect Securities provided that they remain listed on SSE. ~~These include:~~
- (a) ~~shares accepted as any~~ China Connect Securitiesy which has been accepted under Rule 14A04(2)(a) ~~or (b) but which have subsequently ceased to meet the requirements specified in Rule 14A04(2)(a) or (b), as the case may be, and does~~ not fall under Rule 14A04(2)(c) but it is subsequently determined at any relevant review that any of the following conditions has occurred:
- (i) its daily average market capitalization in the last six months has fallen under RMB4 billion;
- (ii) its daily average turnover in the last six months has fallen under RMB20 million; or
- (iii) it has been suspended for trading on a SSE Market on 50% or more of the total number of trading days of the SSE Market in the last six months;
- (b) ~~shares accepted as any~~ China Connect Securitiesy which has been accepted under Rule 14A04(2)(c) but the H shares of which have been delisted from the Exchange, and ~~the shares based on its market capitalization, turnover and the number of trading days with trading~~

suspension at any subsequent relevant review, does not fall under Rule 14A04(2)(a) ~~or (b)~~; and

(c) shares ~~accepted as any~~ China Connect Securities which has been accepted under Rule 14A04(2)(a), ~~(b)~~ or (c) but which has been placed under risk alert;

(d) any China Connect Security which has been accepted under Rule 14A04(2)(a) but which has subsequently ceased to be a constituent stock of the SSE A Share Index, and does not fall under Rule 14A04(2)(c); or

(e) any China Connect Security which has been accepted under Rule 14A04(2)(c) but the H shares of which have been delisted from the Exchange, and is not a constituent stock of the SSE A Share Index.

(2A) Unless the Exchange otherwise determines, the Exchange will accept or designate an SSE-listed ETF, which has been accepted as a China Connect Security under Rule 14A04(2A) but which has subsequently met any of the following eligibility criteria of becoming a Special China Connect Security at any regular review that may be undertaken on eligible SSE-listed ETFs, as a Special China Connect Security provided that it remains listed on SSE:

(a) the SSE-listed ETF's daily average assets under management in the last six months falls under RMB 1 billion;

(b) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index falls under 85% or the total weighting of constituents which are China Connect Securities in the benchmark index falls under 70%; or

(c) the benchmark index and the index methodology of the benchmark index meets either of the following criteria: (i) (for broad-based indices) a constituent stock exceeds 30% of the index's weighting; or (ii) (for non-broad-based indices) (A) the number of constituent stocks falls under 30; (B) a constituent exceeds 15% of the index's weighting or the five highest weighted constituents in the aggregate exceeds 60% of the index's weighting; or (C) the constituent stocks which are the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months falls under 90% of the index's weighting.

(3) In addition to Rule 14A05(2), where, as a result of any distribution of rights (including the right to subscribe for rights issues or open offers) or entitlements, conversion, takeover, other corporate actions or special circumstances arising from China Connect Securities, any China Connect Exchange Participant receives (whether as principal or agent through their or their China Connect CCASS Participant's account with HKSCC) any securities (including STAR shares) which are not already accepted as China Connect Securities, provided

that such securities are listed on SSE and traded in RMB, the Exchange will accept or designate such securities as Special China Connect Securities.

- (4) The Exchange will publish a list of Special China Connect Securities in respect of SSE in accordance with Rule 1409(1)(b) based on the principles set out in this Rule. The SSE-listed ETFs on the list will be accepted and designated as Special China Connect Securities on the second Monday after publication of the list, or, the next CSC trading day if it is not a CSC trading day, provided that they remain listed on SSE and meet the relevant conditions prescribed by the Exchange from time to time.

## CHAPTER 14B

### CHINA CONNECT SERVICE – SHENZHEN

#### Interpretation

14B02. (2) In this Chapter, unless the context otherwise requires:

<u>“DVR structure”</u>	<u>means a structure of an issuer, the shares of which are accepted for listing and admitted to trading on the SZSE Market from time to time, that results in differentiated voting rights, and “DVR stock” shall be construed accordingly;</u>
<u>“special voting rights”</u>	<u>in relation to a DVR stock, means the voting power attached to a share of a particular class that is greater or superior to the voting power attached to an ordinary share;</u>

#### SZSE-listed Securities as China Connect Securities

- 14B04. (1) Pursuant to the Exchange’s powers under Rule 1407 (power to accept securities as China Connect Securities), securities which meet the criteria set out in Rule 14B04(2) or Rule 14B04(2A) shall, subject to Rules 14B04(3), (4) and (4A) be accepted as China Connect Securities and be eligible for China Connect buy orders and China Connect sell orders.
- (2) Unless the Exchange otherwise determines, SZSE-listed A shares set out below will be accepted as a China Connect Securities:
- (a) a constituent stocks of SZSE Component Index which have a market capitalization of RMB6 billion or above, calculated according to such methodology as determined by SZSE at the periodic adjustment of the index the SZSE Composite Index that fulfils all of the following eligibility criteria at any relevant review;

- (i) the constituent stock must have a daily average market capitalization in the last six months of RMB5 billion or above;
- (ii) the constituent stock must have a daily average turnover in the last six months of RMB30 million or above;
- (iii) the constituent stock must not have been suspended for trading on any SZSE Market on 50% or more of the total number of trading days of the SZSE Market in the last six months; and
- (iv) if the constituent stock is a DVR stock, it must also fulfil all of the following additional criteria for its first time inclusion as a China Connect Security at any relevant review:
  - (A) the constituent stock must have been listed on SZSE for no less than six months and twenty SZSE trading days;
  - (B) the constituent stock must have a daily average market capitalization in the last 183 calendar days of RMB20 billion or above;
  - (C) the constituent stock must have an aggregated turnover in the last 183 calendar days of RMB6 billion or above; and
  - (D) neither the issuer of the DVR stock nor any beneficiary of special voting rights has been publicly censured by SZSE since the listing of the DVR stock due to any breach of any requirements under the SZSE Rules applicable to DVR stocks relating to, among others, corporate governance, information disclosure or investor protection safeguards;

and the Exchange will publish the review mechanism for constituent stocks based on the eligibility criteria set out above on the HKEX website or through such other means as it considers appropriate;

- ~~(b) constituent stocks of SZSE Small/Mid Cap Innovation Index which have a market capitalization of RMB6 billion or above, calculated according to such methodology as determined by SZSE at the periodic adjustment of the index; or [Repealed]~~
- (c) A shares listed on SZSE that are not ~~included in (a) or (b) above~~ accepted as a China Connect Security by virtue of (a) above but which have corresponding H shares accepted for listing and trading on the Exchange,

provided that:

- (i) they are not traded on SZSE in currencies other than RMB; and
- (ii) they are not under risk alert.

~~Notwithstanding the foregoing, unless the Exchange otherwise determines, the market capitalization requirement specified in Rule 14B04(2)(a) and (b) shall only apply to each constituent stock of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index at the periodic adjustment of the relevant index. Other than at the periodic adjustment of the SZSE Component Index and SZSE Small/Mid Cap Innovation Index, the Exchange will from time to time include and exclude securities as China Connect Securities based on any other adjustments of the relevant index irrespective of the market capitalization requirement specified in Rule 14B04(2)(a) and (b).~~

- (2A) Unless the Exchange otherwise determines, an SZSE-listed ETF that fulfils all of the following eligibility criteria at any regular review will be accepted as a China Connect Security:
- (a) the SZSE-listed ETF must be traded in RMB and has a daily average assets under management in the last six months of no less than RMB 1.5 billion;
  - (b) the SZSE-listed ETF must have been listed on SZSE for no less than six months;
  - (c) the benchmark index must have been launched for no less than one year;
  - (d) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index must not be less than 90% and the total weighting of constituents which are China Connect Securities in the benchmark index must not be less than 80%; and
  - (e) the benchmark index or the index methodology of the benchmark index must also meet either of the following criteria: (i) (for broad-based indices) a constituent stock must not be more than 30% of the index's weighting; or (ii) (for non-broad-based indices) (A) the number of constituent stocks must not be less than 30, (B) a constituent must not be more than 15% of the index's weighting and the five highest weighted constituents in the aggregate must not be more than 60% of the index's weighting, and (C) the constituent stocks comprising no less than 90% of the index's weighting must be the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months.

The Exchange will publish such eligibility criteria on the HKEX website or through such other means as it considers appropriate.

- (3) Unless the Exchange otherwise determines, the timing of acceptance of any securities as China Connect Securities shall follow Rule 14B04(4) and Rule 14B04(4A) (as applicable). Further, without prejudice to its powers under Rules 1407 and 1409, the Exchange will include and exclude securities as China Connect Securities based on the criteria set out in Rule 14B04(2) or prescribed under Rule 14B04(2A) (as applicable), the adjustments made to the ~~SZSE Component Index and SZSE Small/Mid Cap Innovation Index~~SZSE Composite Index, the market



~~capitalization of each constituent stock of the SZSE Component Index and SZSE Small/Mid-Cap Innovation Index calculated according to such methodology as determined by SZSE at the periodic adjustment of the index~~, the timing at which relevant A shares, H shares and SZSE-listed ETFs are listed on or delisted from SZSE and/or the Exchange, and the timing at which relevant A shares are placed under risk alert or released from risk alert (as applicable).

- (4) (a) SZSE-listed A shares will be accepted as China Connect Securities after the criteria set out in Rule 14B04(2)(a) ~~or (b)~~ are met but if there are corresponding H shares listed or to be listed on the Exchange, the A shares will only be accepted after the price stabilization period of the corresponding H shares has ended or expired.
- (b) For SZSE-listed A shares referred to in Rule 14B04(2)(c):
- (i) where the corresponding H shares are listed on the Exchange after the A shares have been listed and traded on SZSE for at least 10 trading days, the A shares will be accepted as China Connect Securities after the price stabilization period of the corresponding H shares has ended or expired; and
- (ii) where the corresponding H shares are listed or will be listed on the Exchange on or before the tenth trading day of the initial listing of the A shares, the A shares will be accepted as China Connect Securities after they have been traded on the SZSE for 10 trading days and after the price stabilization period of the corresponding H shares has ended or expired, whichever is later.
- (4A) The Exchange will publish a list of SZSE-listed ETFs which meet the criteria set out in or prescribed under Rule 14B04(2A) as soon as practicable after completion of any regular review that may be undertaken on eligible SZSE-listed ETFs. Such eligible SZSE-listed ETFs will be accepted as China Connect Securities on the second Monday after publication of the list of eligible SZSE-listed ETFs by the Exchange, or, the next CSC trading day if it is not a CSC trading day.
- (5) The Exchange will publish a list of China Connect Securities in respect of SZSE in accordance with Rule 1409(1)(a) based on the criteria and principles set out in this Rule. For the avoidance of doubt, no SZSE-listed securities are eligible for China Connect buy orders or China Connect sell orders unless and until such securities have been included in the list of China Connect Securities published by the Exchange.

#### **SZSE-listed Securities as Special China Connect Securities**

- 14B05. (1) Pursuant to the Exchange's power under Rule 1408 (power to accept or designate securities as Special China Connect Securities), the securities referred to in Rules 14B05(2), (2A) and (3) shall be accepted and designated as Special China Connect

Securities and be eligible only for China Connect sell orders and not for China Connect buy orders.

- (2) Unless the Exchange otherwise determines, the Exchange will accept or designate ~~A shares which cease to meet the eligibility criteria set out in Rule 14B04(2)~~the following China Connect Securities as Special China Connect Securities provided that they remain listed on SZSE. ~~These include:~~
- (a) ~~shares accepted as any~~ China Connect Securities which has been accepted under Rule 14B04(2)(a) ~~or (b) but which, based on the market capitalization of the shares calculated according to such methodology as determined by SZSE at any subsequent periodic adjustment of the relevant index, have ceased to meet the requirements specified in Rule 14B04(2)(a) or (b), as the case may be, and does~~ not fall under Rule 14B04(2)(c) but it is subsequently determined at any relevant review that any of the following conditions has occurred:
- (i) its daily average market capitalization in the last six months has fallen under RMB4 billion;
- (ii) its daily average turnover in the last six months has fallen under RMB20 million; or
- (iii) it has been suspended for trading on a SZSE Market on 50% or more of the total number of trading days of the SZSE Market in the last six months;
- (b) ~~shares accepted as any~~ China Connect Securities which has been accepted under Rule 14B04(2)(a) ~~or (b)~~ but which ~~have~~ subsequently ceased to be a constituent stocks of ~~SZSE Component Index or SZSE Small/Mid Cap Innovation Index, as the case may be~~ the SZSE Composite Index, and does not fall under Rule 14B04(2)(c);
- (c) ~~shares accepted as any~~ China Connect Securities which has been accepted under Rule 14B04(2)(c) but the H shares of which have been delisted from the Exchange, and ~~the shares, based on the~~ its market capitalization, turnover and the number of trading days with trading suspension of the shares calculated according to such methodology as determined by SZSE at any subsequent periodic adjustment of the relevant index ~~review~~, does not fall under Rule 14B04(2)(a) ~~or (b)~~;
- (d) ~~shares accepted as any~~ China Connect Securities which has been accepted under Rule 14B04(2)(c) but the H shares of which have been delisted from the Exchange, and ~~the shares are~~ is not a constituent stocks of ~~SZSE Component Index or SZSE Small/Mid Cap Innovation Index~~ the SZSE Composite Index; ~~and/or~~

- (e) ~~shares accepted as any~~ China Connect Securities which has been accepted under Rule 14B04(2)(a), ~~(b)~~ or (c) but which ~~have~~ es been placed under risk alert.
- (2A) Unless the Exchange otherwise determines, the Exchange will accept or designate an SZSE-listed ETF which has been accepted as a China Connect Security under Rule 14B04(2A) but which has subsequently met any of the following eligibility criteria of becoming a Special China Connect Security at any regular review that may be undertaken on eligible SZSE-listed ETFs, as a Special China Connect Security provided that it remains listed on SZSE:
- (a) the SZSE-listed ETF's daily average assets under management in the last six months falls under RMB 1 billion;
  - (b) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index falls under 85% or the total weighting of constituents which are China Connect Securities in the benchmark index falls under 70%; or
  - (c) the benchmark index and the index methodology of the benchmark index meets either of the following criteria: (i) (for broad-based indices) a constituent stock exceeds 30% of the index's weighting; or (ii) (for non-broad-based indices) (A) the number of constituent stocks falls under 30; (B) a constituent exceeds 15% of the index's weighting or the five highest weighted constituents in the aggregate exceeds 60% of the index's weighting; or (C) the constituent stocks which are the top 80% shares by average daily turnover ranking in the relevant stock exchange in the past 12 months falls under 90% of the index's weighting.
- (3) In addition to Rule 14B05(2), where, as a result of any distribution of rights (including the right to subscribe for rights issues or open offers) or entitlements, conversion, takeover, other corporate actions or special circumstances arising from China Connect Securities, any China Connect Exchange Participant receives (whether as principal or agent through their or their China Connect CCASS Participant's account with HKSCC) any securities (including ChiNext shares) which are not already accepted as China Connect Securities, provided that such securities are listed on SZSE and traded in RMB, the Exchange will accept or designate such securities as Special China Connect Securities.
- (4) The Exchange will publish a list of Special China Connect Securities in respect of SZSE in accordance with Rule 1409(1)(b) based on the principles set out in this Rule. The SZSE-listed ETFs on the list will be accepted and designated as Special China Connect Securities on the second Monday after publication of the list, or, the next CSC trading day if it is not a CSC trading day, provided that they remain listed on SZSE and meet the relevant conditions prescribed by the Exchange from time to time.