

**Rules of the Exchange**

**CHAPTER 14A**

**CHINA CONNECT SERVICE – SHANGHAI**

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

- 14A04. (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~~ 500 million;
  - (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%~~ 60% and the total weighting of constituents which are China Connect Securities in the benchmark index must not be less than ~~80%~~ 60%; 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.

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

- 14A05. (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~~400 million;
  - (b) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index falls under ~~85%~~55% or the total weighting of constituents which are China Connect Securities in the benchmark index falls under ~~70%~~55%; 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~~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.

## CHAPTER 14B

### CHINA CONNECT SERVICE – SHENZHEN

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

- 14B04. (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~~500 million;
  - (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%~~60% and the total

weighting of constituents which are China Connect Securities in the benchmark index must not be less than ~~80%~~60%; 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.

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

- 14B05. (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~~400 million;
- (b) the total weighting of constituents which are SSE-listed and SZSE-listed A shares in the benchmark index falls under ~~85%~~55% or the total weighting of constituents which are China Connect Securities in the benchmark index falls under ~~70%~~55%; 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~~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.