

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: **NORTHBOUND INVESTOR ID MODEL – GUIDANCE ON ASSIGNMENT OF  
BROKER-TO-CLIENT ASSIGNED NUMBER (BCAN)**

Enquiry: **Participant General Enquiry Hotline<sup>1</sup> (Tel : 2840 3626 E-mail : [trd@hkex.com.hk](mailto:trd@hkex.com.hk))**

Reference is made to the Exchange Circular (Ref: [LSD/87/2018](#)) regarding the amendments to the Rules of the Exchange which will take effect upon the implementation of the Northbound Investor ID Model.

Pursuant to Rule 1425A(1)(a), a China Connect Exchange Participant (CCEP) shall ensure that each of its clients who buys or sells China Connect Securities is assigned a BCAN. Trade-through Exchange Participants (TTEPs) shall also comply with this requirement according to Rules 590 and 1425A(9). Under Rule 1425A(1)(d), the term “client” shall, for the purposes of Rule 1425A, mean: (i) a direct client; or (ii) an indirect client whose BCAN may from time to time be required by the Exchange to be included in a Northbound trading order.

This circular reinstates the BCAN assignment requirements as set out in the Information Paper on the Northbound Investor ID Model published in November 2017, and illustrates the circumstances where a BCAN shall be assigned to a direct or an indirect client as required under Rule 1425A(1)(d).

### 1. Where a CCEP's/ TTEP's direct client is an affiliate

If a CCEP's/ TTEP's direct client is an affiliate, the CCEP/ TTEP is required to assign BCAN to the indirect client at the next level or further levels down until the indirect client is not an affiliate. A company is considered an affiliate of another company if the two companies belong to the same “group of companies”, as defined in the Rules of the Exchange.

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

There are two exceptions to this requirement: (A) if a CCEP's/ TTEP's direct client which is an affiliate will buy or sell China Connect Securities as principal or on a proprietary basis, the CCEP/ TTEP can assign a BCAN to the affiliate; and (B) if a CCEP's/ TTEP's direct client is a fund manager and/or a fund, the requirement set out in paragraph 3 below shall apply.

**2. Where a CCEP's direct client is a TTEP**

If a CCEP's direct client is a TTEP, the TTEP shall have a BCAN if the TTEP will buy or sell China Connect Securities as principal or on a proprietary basis. For the TTEP's agency trading, the CCEP is not required to assign BCANs to TTEP's clients. Instead, the CCEP shall (A) provide sufficient BCANs to the TTEP to enable it to assign a BCAN to each of its clients, and (B) submit a list of such TTEPs to the Exchange. The TTEP shall assign BCANs to its clients within the BCAN range designated by the CCEP.

**3. Where a CCEP's/ TTEP's direct client is a fund manager and/or a fund**

If a CCEP's/ TTEP's direct client is an asset management company<sup>2</sup> (i.e. fund manager) managing multiple funds or discretionary accounts (generally referred to as "funds"), the CCEP/ TTEP should assign BCAN to the legal entity for which it opens the Northbound trading account. Therefore, BCAN can be assigned to the asset management company or to the individual funds depending on the account opening arrangement, regardless whether it is affiliated to the CCEP/ TTEP or not. The CCEP/ TTEP shall also ensure that it takes a consistent approach in tagging BCAN when submitting Northbound trading orders for the asset management company or the fund.

**Sally Kwok**  
**Senior Vice President**  
**Cash Trading**  
**Markets Division**

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<sup>2</sup> An asset management company means a corporation licensed by or registered with the SFC whose business involves the discretionary management of collective investment schemes (whether authorized or unauthorized), or a corporation which is licensed, registered or exempt in a place outside Hong Kong recognized by the SFC for an activity which is equivalent to Type 9 regulated activity, and is authorized to manage investments in securities for another person under a written agreement.