

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: **INVESTOR ELIGIBILITY REQUIREMENT FOR TRADING CHINEXT SHARES
UNDER SHENZHEN CONNECT AND REMINDER ON PREPARATION FOR
INCLUSION OF CHINA A SHARES IN UPCOMING INDEX REBALANCING**

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

Pursuant to the Rules of the Exchange 14B06(16) and after consultation with the Securities and Futures Commission, China Connect Exchange Participants (“CCEPs”) and Trade-through Exchange Participants (“TTEPs”) are requested to note that a clarification of the investor eligibility for trading ChiNext shares under Shenzhen Connect has been provided. The relevant [FAQ](#) available at the [Mutual Market website](#) has been updated and is extracted below:

Stock Connect FAQ 1.52

Trading of ChiNext shares is initially permitted for institutional professional investors only. How can this investor eligibility requirement be satisfied?

Before accepting any instruction to trade ChiNext shares from a client, a CCEP should conduct appropriate Know-Your-Client procedures to ensure that such client is an Institutional Professional Investor (“IPI”) in accordance with the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission. If such client is an intermediary placing orders to the CCEP as agent on behalf of its underlying customers, the CCEP should ensure that those underlying customers who trade ChiNext shares through an intermediate broker are also IPIs. In the event the intermediary is not an intermediate broker but a corporation licensed for Type 9 regulated activity, only the intermediary (but not its underlying funds, accounts or customers) must

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

be an IPI. For example, where the CCEP's direct client is a Type 9 licensed asset manager of an endowment fund, the CCEP may accept the asset manager's instructions to trade ChiNext shares for the endowment fund if the asset manager is an IPI even though the endowment fund does not qualify as an IPI.

Notwithstanding the above, a CCEP may accept instructions to sell ChiNext stocks from non-IPI client if the relevant ChiNext stocks are received by such non-IPI client as a result of any distribution of rights (including the right to subscribe for rights issues open offers) or entitlements, conversion, takeover, other corporate actions or special circumstances.

Preparation for Inclusion of China A Shares in Upcoming Index Rebalancing

CCEPs and TTEPs are also reminded to note that HKEX has issued circulars on the preparation for inclusion of China A shares in upcoming index rebalancing. For details, please refer to Exchange Circular (Ref No.: [CT/022/19](#)) and HKSCC Circular (Ref No.: [CD/CDCO/CAS/001/2019](#)) dated 15 March 2019 and HKSCC Circular (Ref No.: [CD/CDCO/CCASS/006/2019](#)) dated 21 March 2019. Please also note that MSCI has updated the implementation date of May index rebalancing to as of the close of Tuesday, 28 May 2019 ([announcement](#)).

Clearing Participants ("CP") and CCEPs are reminded to complete and submit "[Special Segregated Account and Designated Executing Broker Maintenance Form](#)" to HKEX no later than 17 May 2019 (Friday) should they wish to ready a Special Segregated Account for an executing CCEP to trade on or before 28 May 2019.

Sally Kwok
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