

22 July 2022

Dear Valued Customer,

**Amendment of rules in relation to restricting Mainland investors from Northbound Trading under Stock Connect**

The China Securities Regulatory Commission (“CSRC”), Shanghai Stock Exchange (“SSE”) and Shenzhen Stock Exchange (“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).

**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);
- (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 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 overseas

**Implementation arrangements**

According to the CSRC, SSE and SZSE:

**25 July 2022**

- From the Effective Date, neither China Connect Exchange Participants (CCEPs) nor Trade-through Exchange Participants (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;

**25 July 2022 – 23 July 2023**

- 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

**From 24 July 2023 onwards**

- 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 ), 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.

Should you have any enquiries, please send email to [csdept@htisec.com](mailto:csdept@htisec.com) or contact our Customer Service Hotline at (852) 3583 3388 / (86) 755 8266 3232.

For and on behalf of

Haitong International Securities Company Limited