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**Hong Kong Exchanges and Clearing Limited**  
**香港交易及結算所有限公司**

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 388)

## **ESTABLISHMENT OF SHANGHAI-HONG KONG STOCK CONNECT**

Further to the announcements dated 10 April and 29 April 2014, SEHK and HKSCC, wholly-owned subsidiaries of HKEx, have entered into an agreement with SSE and ChinaClear to establish Shanghai-Hong Kong Stock Connect, comprising the Trading Links and the Clearing Links.

Shanghai-Hong Kong Stock Connect is developed in accordance with the principles set out in the Joint Announcement issued by the CSRC and the SFC on 10 April 2014 with the view to establishing mutual market access between the Shanghai and Hong Kong stock markets to further promote the opening up of Mainland China and Hong Kong's capital markets.

Under the Four-party Agreement:

- (i) SEHK and SSE agree to provide mutual order-routing connectivity and related technical infrastructure to investors in their respective markets to trade shares listed on the other's market;
- (ii) HKSCC and ChinaClear agree to provide arrangements for the clearing and settlement of trades and the provision of depository, nominee and other related services to investors in Mainland China and Hong Kong; and
- (iii) SSE and SEHK agree to equally share the revenue generated from the Trading Links by way of trading fees on a fair and equitable basis; and ChinaClear and HKSCC agree to equally share the revenue generated from the Clearing Links by way of clearing fees on the same basis.

The key features of Shanghai-Hong Kong Stock Connect as agreed by the Parties are broadly consistent with those described in the circulars issued by SEHK and HKSCC on 29 April 2014, as referred to in HKEx's announcement of the same date. In summary, the Four-party Agreement provides that:

- (a) subject to limited exceptions, SSE will accept all the constituent stocks of the SSE 180 Index and SSE 380 Index, and all the SSE-listed Shares that are not included as constituent stocks of these indices but which have corresponding shares accepted for listing and trading on SEHK as SSE Securities for trading by Northbound Investors through the Northbound Trading Link;

- (b) subject to limited exceptions, SEHK will accept all the constituent stocks of the Hang Seng Composite LargeCap Index and Hang Seng Composite MidCap Index, and all the H Shares that are not included as constituent stocks of these indices but which have corresponding shares accepted for listing and trading on SSE as SEHK Securities for trading by Southbound Investors through the Southbound Trading Link;
- (c) the scope of shares accepted for trading through the Trading Links may be amended as agreed by SSE and SEHK after consulting each other and after obtaining the consent of the relevant regulatory bodies;
- (d) Northbound Investors will trade SSE Securities and settle the trades in RMB only; and Southbound Investors will trade SEHK Securities quoted in HKD only and will settle the trades with ChinaClear or its clearing participants in RMB;
- (e) each of SSE and SEHK agrees that it will not, without the other's written consent, develop any options, futures or other derivative products that are based on any stock or stock index listed on the other exchange's market. In the event that any issuer proposes to issue any warrants or other derivative products (including CBBCs) that are based on any stock or stock index listed on either SSE's or SEHK's market for listing on the other exchange's market, such arrangement will be subject to separate agreement by SSE and SEHK. Where written consent is obtained from or separate agreement is reached with the other party in relation to any product referred to above, the income derived by SSE or SEHK (as the case may be) from the product will, subject to exceptions, be shared between them equally.

SEHK Participants and their clients will be accepted as Northbound Investors. As set out in the Joint Announcement, institutional investors and those individual investors who hold an aggregate balance of not less than RMB500,000 in their securities and cash accounts will be accepted as Southbound Investors.

As set out in the Joint Announcement, quota controls will be set up. In the initial phase of operation of Shanghai-Hong Kong Stock Connect, the Southbound Trading Link will be subject to a daily quota of RMB10.5 billion and an aggregate quota of RMB250 billion; and the Northbound Trading Link will be subject to a daily quota of RMB13 billion and an aggregate quota of RMB300 billion. As mentioned in the Joint Announcement, quotas may be adjusted under the Pilot Programme.

SSE Members and SEHK Participants who satisfy such information technology capability, risk management and other requirements as may be specified by SSE and SEHK respectively will be accepted to trade through the Southbound Trading Link and the Northbound Trading Link respectively. Clearing participants of ChinaClear and Direct Clearing Participants and General Clearing Participants of HKSCC who satisfy such information technology capability, risk management and other requirements as may be specified by ChinaClear and HKSCC respectively will be permitted to participate in the Southbound Clearing Link and the Northbound Clearing Link respectively.

Implementation of the arrangements for the establishment of Shanghai-Hong Kong Stock Connect as set out in the Four-party Agreement is subject to the satisfaction of certain conditions, including all necessary Approvals having been obtained by the Parties and further agreements setting out detailed terms and conditions for the establishment of the Trading Links and the Clearing Links having been entered into by the Parties. As previously announced, satisfaction of these conditions will be dependent on various factors. Launch of Shanghai-Hong Kong Stock Connect will only take place after the relevant trading and clearing rules have been finalised and the relevant systems have been developed, all regulatory approvals have been granted, and when market participants have had sufficient opportunity to configure and adapt their operational and technical systems. All necessary investor education programmes must also be in place.

As noted in the Joint Announcement, it should take approximately six months from the date of the Joint Announcement to complete the preparation for the formal launch of Shanghai-Hong Kong Stock Connect.

Developing mutual market access with Mainland China in the cash equity, equity derivatives and commodities areas has been an important strategic direction of HKEx. HKEx believes that if implemented, Shanghai-Hong Kong Stock Connect will be an important catalyst in promoting securities market development in Mainland China and Hong Kong and the internationalisation of RMB.

**As implementation of the Four-party Agreement is subject to conditions, the establishment of Shanghai-Hong Kong Stock Connect (whether in the form or scope contemplated in the Four-party Agreement or otherwise) may or may not take place. Accordingly, shareholders of HKEx and potential investors are reminded to exercise caution when dealing in its securities. Investors should also exercise caution when dealing in any other securities traded on SEHK or SSE which may be included in the scope of Shanghai-Hong Kong Stock Connect and their derivatives.**

This announcement is made by HKEx pursuant to the provisions under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

## **Development of Mutual Market Connectivity**

The SFC and the CSRC announced in the Joint Announcement that they have approved, in principle, the development of the Pilot Programme for the establishment of mutual stock market access between Mainland China and Hong Kong.

Further to the Joint Announcement and HKEx's announcements dated 10 April and 29 April 2014, SEHK and HKSCC, wholly-owned subsidiaries of HKEx, have entered into an agreement with SSE and ChinaClear to establish Shanghai-Hong Kong Stock Connect, comprising the Trading Links and the Clearing Links.

Under the Four-party Agreement:

- (i) SEHK and SSE agree to provide mutual order-routing connectivity and related technical infrastructure to investors in their respective markets to trade shares listed on the other's market;
- (ii) HKSCC and ChinaClear agree to provide arrangements for the clearing and settlement of trades and the provision of depository, nominee and other related services to investors in Mainland China and Hong Kong; and
- (iii) SSE and SEHK agree to equally share the revenue generated from the Trading Links by way of trading fees on a fair and equitable basis; and ChinaClear and HKSCC agree to equally share the revenue generated from the Clearing Links by way of clearing fees on the same basis.

The key features of Shanghai-Hong Kong Stock Connect as agreed by the Parties are set out below. They reflect the principles laid down in the Joint Announcement and are broadly consistent with those described in the circulars issued by SEHK and HKSCC on 29 April 2014, as referred to in HKEx's announcement of the same date.

## **Key Provisions of the Four-party Agreement**

### **1. The Trading Links**

#### **(1) Establishment of the order-routing arrangements**

Subject to Applicable Law, SSE, the SSE Subsidiary, SEHK and the SEHK Subsidiary will enter into an agreement to establish (i) an order-routing arrangement to enable Northbound Investors to trade in SSE Securities on SSE through the SEHK Subsidiary by placing orders with SEHK Participants; and (ii) an order-routing arrangement to enable Southbound Investors to trade in SEHK Securities on SEHK through the SSE Subsidiary by placing orders with SSE Members.

To facilitate and enable the operation of the Southbound Trading Link, SSE will (subject to obtaining all necessary Approvals), through its Hong Kong-incorporated subsidiary, receive orders to trade in SEHK Securities from SSE Members, and route them onto SEHK's trading platform for execution on SEHK. SSE will procure the SSE Subsidiary to apply for authorisation under the SFO as an ATS Provider and admission as a special exchange participant of SEHK for carrying on its activities in Hong Kong. SSE will also apply for authorisation as an ATS Provider for carrying out its activities in connection with the Northbound Trading Link, as may be required by the SFC.

To facilitate and enable the operation of the Northbound Trading Link, SEHK will (subject to obtaining all necessary Approvals) establish a wholly-owned subsidiary in Shanghai to receive orders to trade in SSE Securities from SEHK Participants, and route them onto SSE's trading platform for execution on SSE. SEHK will procure the SEHK Subsidiary to apply for a licence under the Applicable Law of Mainland China and to be admitted as a special trading participant of SSE for carrying on its activities in Mainland China. It will also procure the SEHK Subsidiary to apply for authorisation under the SFO as an ATS Provider for carrying on its activities in Hong Kong. SEHK will also apply for any approval for its activities in connection with the Southbound Trading Link, as may be required by the CSRC.

#### **(2) Shares eligible to be traded through the Northbound Trading Link**

With respect to shares that may be eligible to be traded through the Northbound Trading Link, SSE and SEHK have agreed as follows:

- (i) SSE will accept as SSE Securities for trading by Northbound Investors all the constituent stocks of the SSE 180 Index and SSE 380 Index, and all the SSE-listed Shares that are not included as constituent stocks of the SSE 180 and 380 Indices but which have corresponding shares accepted for listing and trading on SEHK, except that the following will not be accepted as SSE Securities upon the launch of operation of Shanghai-Hong Kong Stock Connect:
  - (a) SSE-listed Shares which are not traded in RMB; and
  - (b) SSE-listed Shares which are under "risk alert".
- (ii) Where any accepted SSE Security does not meet the requirements set out in (i) above after the launch of Shanghai-Hong Kong Stock Connect, only sale orders (but not buy orders) from Northbound Investors will be allowed.

Based on (i) above and assuming that all the SSE-listed Shares eligible to be accepted as SSE Securities as at the date of the Four-party Agreement remain unchanged upon the launch of operation of Shanghai-Hong Kong Stock Connect, it is expected that an estimated total of 568 SSE-listed Shares will be eligible for trading through the Northbound Trading Link. It is noted that these SSE-listed Shares are of relatively large market capitalisation, representing 90 per cent of the total market capitalisation of SSE as at 31 August 2014.

### **(3) Shares eligible to be traded through the Southbound Trading Link**

With respect to shares that may be eligible to be traded through the Southbound Trading Link, SSE and SEHK have agreed as follows:

- (i) SEHK will accept as SEHK Securities for trading by Southbound Investors all the constituent stocks of the Hang Seng Composite LargeCap Index and Hang Seng Composite MidCap Index, and all the H Shares that are not included as constituent stocks of the relevant indices but which have corresponding shares in the form of SSE-listed Shares, except that the following will not be accepted as SEHK Securities upon the launch of operation of Shanghai-Hong Kong Stock Connect:
  - (a) Hong Kong Shares that are not traded in HKD; and
  - (b) H Shares which have corresponding shares traded on any exchange in Mainland China other than SSE.
- (ii) Where the shares under “risk alert” are SSE-listed Shares of an issuer having dual listings on SSE and SEHK, their corresponding H Shares will not be accepted upon the launch of Shanghai-Hong Kong Stock Connect whether or not such H Shares are included as a constituent stock of the Hang Seng Composite LargeCap Index or the Hang Seng Composite MidCap Index.
- (iii) Where any accepted SEHK Security does not meet the requirements set out in (i) above after the launch of Shanghai-Hong Kong Stock Connect, only sale orders (but not buy orders) from Southbound Investors will be allowed.

Based on (i) and (ii) above and assuming that all the Hong Kong Shares eligible to be accepted as SEHK Securities as at the date of the Four-party Agreement remain unchanged upon the launch of operation of Shanghai-Hong Kong Stock Connect, it is expected that an estimated total of 263 Hong Kong Shares will be eligible for trading through the Southbound Trading Link. It is noted that these Hong Kong Shares are of relatively large market capitalisation, representing 81 per cent of the total market capitalisation of SEHK as at 31 August 2014.

### **(4) Changes in the scope of shares eligible for trading through the Trading Links**

The scope of the SSE Securities and the SEHK Securities may be amended as agreed by SSE and SEHK after consulting each other and after obtaining the consent of the relevant regulatory bodies.

### **(5) Applicable trading currencies**

Northbound Investors will trade SSE Securities and settle the trades in RMB only; and Southbound Investors will trade SEHK Securities quoted in HKD only and will settle the trades with ChinaClear or its clearing participants in RMB. Unless previously agreed between SSE and SEHK, shares which are quoted in a currency other than HKD will not be accepted as SEHK Securities, and shares which are traded in a currency other than RMB will not be accepted as SSE Securities.

**(6) Derivatives**

Each of SSE and SEHK agrees that it will not, without the other's written consent, develop any options, futures or other derivative products that are based on any stock or stock index listed on the other exchange's market. In the event that any issuer proposes to issue any warrants or other derivative products (including CBBCs) that are based on any stock or stock index listed on either SSE's or SEHK's market for listing on the other exchange's market, such arrangement will be subject to separate agreement by SSE and SEHK. Where written consent is obtained from or separate agreement is reached with the other party in relation to any product referred to above, the income derived by SSE or SEHK (as the case may be) from the product will, subject to exceptions, be shared between them equally.

**(7) Applicable rules**

All orders submitted to or executed on SSE through the Northbound Trading Link will be subject to the rules and procedures of SSE and the Applicable Law of Mainland China; and all orders submitted to or executed on SEHK through the Southbound Trading Link will be subject to the rules and procedures of SEHK and the Applicable Law of Hong Kong.

In accordance with the requirements of the CSRC, SSE will (except where the CSRC otherwise requires) provide in its rules that the SSE Subsidiary and SSE Members will not transfer or provide transfer services in respect of SEHK Securities held under the Southbound Clearing Link through any venue other than that operated by SEHK; and SEHK will (except where the CSRC otherwise requires) provide in its rules that the SEHK Subsidiary and SEHK Participants will not transfer or provide transfer services in respect of SSE Securities held under the Northbound Clearing Link through any venue other than that operated by SSE.

**2. The Clearing Links**

**(1) Establishment of the clearing and settlement arrangements and other related arrangements**

Subject to Applicable Law, ChinaClear and HKSCC will enter into an agreement to establish:

- (i) clearing and settlement arrangements for the purpose of clearing and settling trades executed on SSE through the Northbound Trading Link, and on SEHK through the Southbound Trading Link;
- (ii) arrangements for providing registration, depository and nominee services for Northbound Investors in respect of SSE Securities, and for providing depository and nominee services for Southbound Investors in respect of SEHK Securities; and
- (iii) arrangements for the provision of other services as ChinaClear and HKSCC may agree.

To facilitate and enable the operation of the Northbound Clearing Link, ChinaClear will apply for authorisation under the SFO as an ATS Provider. ChinaClear will also apply for admission as a clearing agency participant of HKSCC and will take on the responsibility for clearing and settling all trades executed through the Southbound Trading Link with HKSCC in HKD.

To facilitate and enable the operation of the Clearing Links, HKSCC will apply for a licence under the Applicable Law of Mainland China as may be required by the CSRC and for admission as a clearing participant of ChinaClear, and will take on the responsibility for clearing and settling all trades executed through the Northbound Trading Link with ChinaClear in RMB.

## **(2) Applicable rules**

All trades executed through the Northbound Trading Link will, similar to the existing clearing and settlement arrangements for trades on SSE-listed Shares, be cleared and settled by ChinaClear in accordance with its rules and procedures. All trades executed through the Southbound Trading Link will, similar to the existing clearing and settlement arrangements for trades on Hong Kong Shares, be cleared and settled by HKSCC in accordance with its rules and procedures. As between ChinaClear and HKSCC, the clearing, settlement, depository, nominee and risk management arrangements applicable to the Clearing Links will be further governed by an agreement to be entered into between them.

## **3. Operational Documents and rule amendments**

The Parties, together with the SSE Subsidiary and the SEHK Subsidiary, will negotiate certain operational agreements to deal with the matters relating to the Trading Links and the Clearing Links. These matters include controls to ensure compliance with the quotas specified in the Joint Announcement, trading arrangements, revenue sharing, cross-boundary cash transfers, connection between the Parties' information technology systems, information exchange for regulatory, surveillance or rule enforcement functions, market surveillance, market education, how shareholders' rights will be exercised by investors, and suspension and termination of trading.

As the arrangements to give effect to the Trading Links and the Clearing Links will require changes to be made to the Parties' respective rules and procedures, the Parties will consult each other and obtain the necessary Approvals in relation to such amendments, and will endeavour to minimise the impact and burden of any amendments on existing and prospective securities issuers, and existing and prospective exchange or clearing members or participants who may not participate in Shanghai-Hong Kong Stock Connect in their respective markets.

## **4. Revenue sharing**

SSE and SEHK have agreed to equally share the revenue generated from the Trading Links by way of trading fees on a fair and equitable basis; and ChinaClear and HKSCC have agreed to equally share the revenue generated from the Clearing Links by way of clearing fees on the same basis.

## **5. Termination**

The Parties may terminate the Four-party Agreement by mutual agreement and upon obtaining all necessary Approvals. Any Party may also, if required by a relevant governmental or regulatory body by which it is regulated or if it reasonably considers it necessary for the proper discharge of any of its duties under Applicable Law, terminate the Four-party Agreement by giving prior notice of at least one month or as may be permitted by the relevant governmental or regulatory body to all other Parties.

## **6. Conditions**

Implementation of the arrangements set out in or contemplated by the Four-party Agreement for the establishment of Shanghai-Hong Kong Stock Connect is conditional on:

- (i) all necessary Approvals having been granted;
- (ii) all Applicable Law necessary for implementation of the arrangements set out in or contemplated by the Four-party Agreement having been made or amended and become effective; and
- (iii) the Operational Documents having been executed and become effective.

The implementation of the Trading Links and implementation of the Clearing Links are inter-conditional.

## **Other Key Features of Shanghai-Hong Kong Stock Connect**

In addition to the above, other key features of the Pilot Programme include the following:

### **1. Eligible investors**

SEHK Participants and their clients will be accepted as Northbound Investors. As set out in the Joint Announcement, institutional investors and those individual investors who hold an aggregate balance of not less than RMB500,000 in their securities and cash accounts will be accepted by SSE as Southbound Investors.

### **2. Eligible exchange participants**

SEHK Participants who satisfy such information technology capability, risk management and other requirements as may be specified by SEHK will be accepted to trade through the Northbound Trading Link. SSE Members who satisfy such information technology capability, risk management and other requirements as may be specified by SSE will be accepted to trade through the Southbound Trading Link.

### **3. Eligible clearing participants**

Direct Clearing Participants and General Clearing Participants of HKSCC who satisfy such information technology capability, risk management and other requirements as may be specified by HKSCC will be permitted to participate in the Northbound Clearing Link. Clearing participants of ChinaClear who satisfy such information technology capability, risk management and other requirements as may be specified by ChinaClear will be permitted to participate in the Southbound Clearing Link.

### **4. Quota controls**

As mentioned in the Joint Announcement, in the initial phase of operation of Shanghai-Hong Kong Stock Connect, the Southbound Trading Link will be subject to a daily quota of RMB10.5 billion and an aggregate quota of RMB250 billion; and the Northbound Trading Link will be subject to a daily quota of RMB13 billion and an aggregate quota of RMB300 billion. Quotas may be adjusted under the Pilot Programme.



## **Market Readiness**

In order to participate in Shanghai-Hong Kong Stock Connect, participants of SEHK and HKSCC and members of SSE and ChinaClear will be required to comply with certain system and operational requirements to be specified by the Parties. They will also be required to participate in one or more market rehearsals or technical tests in order to ensure that they are operationally ready to participate in Shanghai-Hong Kong Stock Connect.

SEHK and HKSCC have published circulars and information papers and certain “Frequently Asked Questions” on the HKEx website to provide information and guidance to market participants and Hong Kong and overseas investors regarding Shanghai-Hong Kong Stock Connect. These materials reflect the key features of Shanghai-Hong Kong Stock Connect as agreed by the Parties under the Four-party Agreement, and they will be updated as appropriate. Since 29 April 2014, a dedicated electronic mailbox has also been set up to enable investors to ask questions with regard to Shanghai-Hong Kong Stock Connect and related arrangements.

## **Expected Timeline**

Implementation of the arrangements contemplated under the Four-party Agreement for the establishment of Shanghai-Hong Kong Stock Connect is subject to the satisfaction of the Conditions. As previously announced, satisfaction of the Conditions will be dependent on various factors. Launch of Shanghai-Hong Kong Stock Connect will only take place after the relevant trading and clearing rules have been finalised and the relevant systems have been developed, all regulatory approvals have been granted, and when market participants have had sufficient opportunity to configure and adapt their operational and technical systems. All necessary investor education programmes must also be in place. As noted in the Joint Announcement, it should take approximately six months from the date of the Joint Announcement to complete the preparation for the formal launch of Shanghai-Hong Kong Stock Connect.

## **Reasons for and Benefits of the Establishment of Shanghai-Hong Kong Stock Connect**

HKEx believes that development of Shanghai-Hong Kong Stock Connect is a ground-breaking initiative for both Mainland China and Hong Kong as its implementation would, for the first time, allow mutual market access by investors in Mainland China and Hong Kong to trade shares listed and traded on the other’s market through an orderly, controllable and scaleable channel. More importantly, it is believed that this initiative would pave the way for the gradual opening up of the Mainland China’s capital account and help promote the internationalisation of RMB.

HKEx also believes that if implemented, Shanghai-Hong Kong Stock Connect will provide an unprecedented opportunity and creates momentum for the long-term development of the Hong Kong capital market. Shanghai-Hong Kong Stock Connect is expected to enhance the Hong Kong market’s liquidity and broaden investor base. It also represents an important part of HKEx’s strategic development, which is to further reinforce HKEx’s position as the global exchange of choice for Mainland investors and the exchange of choice for international investors.

## **Further Updates**

The list of shares eligible for trading and clearing through the Trading Links and the Clearing Links, the eligible criteria for Southbound Investors and details on quota controls will be published prior to the official launch of Shanghai-Hong Kong Stock Connect.

**As implementation of the Four-party Agreement is subject to Conditions, the establishment of Shanghai-Hong Kong Stock Connect (whether in the form or scope contemplated in the Four-party Agreement or otherwise) may or may not take place. Accordingly, shareholders of HKEx and potential investors are reminded to exercise caution when dealing in its securities. Investors should also exercise caution when dealing in any other securities traded on SEHK or SSE which may be included in the scope of Shanghai-Hong Kong Stock Connect and their derivatives.**

This announcement is made by HKEx pursuant to the provisions under Part XIVA of the SFO and Rule 13.09 of the Listing Rules.

## **Definitions**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Applicable Law”	in relation to an entity or a person, the laws and regulations applicable to such entity or person from time to time, including any laws of Mainland China and Hong Kong, administrative regulations and judicial interpretations, and any departmental regulations and other regulatory documents promulgated by relevant governmental or regulatory bodies, as well as the rules and requirements of any exchange or clearing house. The aforesaid governmental or regulatory bodies include but are not limited to the CSRC, the People’s Bank of China, the State Administration of Foreign Exchange, the SFC and the Hong Kong Monetary Authority;
“Approvals”	any and all consents, approvals, licences, authorisations and/or permissions, and/or waivers from complying with any requirement under Applicable Law, whether to be given by a governmental or regulatory body or otherwise;
“ATS Provider”	an entity authorised under Part III of the SFO to provide automated trading services and is regulated as such;
“Board”	the board of directors of HKEx;
“CBBCs”	callable bull or bear contracts;
“ChinaClear”	China Securities Depository and Clearing Corporation Limited;
“Clearing Links”	the Northbound Clearing Link and the Southbound Clearing Link;
“Conditions”	the conditions precedent set out in the Four-party Agreement described in paragraph 6 (Conditions) of the section on Key Provisions of the Four-party Agreement;
“CSRC”	China Securities Regulatory Commission;
“Direct Clearing Participants”	has the same meaning as defined in the General Rules of CCASS of HKSCC;

“Four-party Agreement”	the Four-party Agreement relating to the establishment of Shanghai-Hong Kong Stock Connect entered into between the Parties on 4 September 2014;
“General Clearing Participants”	has the same meaning as defined in the General Rules of CCASS of HKSCC;
“HKD”	Hong Kong dollar;
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of SEHK;
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx and a clearing house recognised by the SFC;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Shares”	the shares which are from time to time accepted for listing and admitted to trading on SEHK;
“H Shares”	the shares of Mainland China-incorporated companies which are from time to time accepted for listing and admitted to trading on SEHK;
“Joint Announcement”	the announcement jointly issued by the SFC and the CSRC on 10 April 2014 regarding the in-principle approval of the development of the Pilot Programme;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mainland China”	the People’s Republic of China other than Hong Kong, the Macau Special Administrative Region and Taiwan;
“Northbound Clearing Link”	the arrangements for the clearing and settlement of trades executed through the Northbound Trading Link and the provision of registration, depository, nominee and other related services to Northbound Investors;
“Northbound Investors”	any SEHK Participants or their clients accepted by SEHK to trade in SSE Securities through the Northbound Trading Link, as described in paragraph 1 (Eligible investors) of the section on Other Key Features of Shanghai-Hong Kong Stock Connect;
“Northbound Trading Link”	the order-routing arrangement provided by the SEHK Subsidiary to enable Northbound Investors to trade in SSE Securities;
“Operational Documents”	the legal and other formal documentation to be entered into by any of the Parties to implement the arrangements envisaged in the Four-party Agreement, and an “Operational Document” shall be construed accordingly;

“Party(ies)”	any party(ies) to the Four-party Agreement;
“Pilot Programme”	the pilot programme for establishing mutual stock market access between Mainland China and Hong Kong referred to in the Joint Announcement;
“RMB”	Renminbi;
“SEHK”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx and an exchange company recognised by the SFC;
“SEHK Participants”	any Exchange Participants (as such term is defined in the Rules of SEHK) other than the SSE Subsidiary;
“SEHK Security(ies)”	any share(s) which SEHK (after consulting SSE) accepts as eligible for trading on SEHK by Southbound Investors through the Southbound Trading Link, as described in paragraph 1(3) (Shares eligible to be traded through the Southbound Trading Link) of the section on Key Provisions of the Four-party Agreement;
“SEHK Subsidiary”	the company to be established by SEHK for carrying out the Northbound Trading Link activities;
“SFC”	Securities and Futures Commission;
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shanghai-Hong Kong Stock Connect”	the Trading Links and the Clearing Links;
“Southbound Clearing Link”	the arrangements for the clearing and settlement of trades executed through the Southbound Trading Link and the provision of depository, nominee and other related services to Southbound Investors;
“Southbound Investors”	Mainland China institutional and individual investors accepted by SSE to trade in SEHK Securities through the Southbound Trading Link, as described in paragraph 1 (Eligible investors) of the section on Other Key Features of Shanghai-Hong Kong Stock Connect;
“Southbound Trading Link”	the order-routing arrangement provided by the SSE Subsidiary to enable Southbound Investors to trade in SEHK Securities;
“SSE”	the Shanghai Stock Exchange;
“SSE-listed Shares”	shares which are from time to time accepted for listing and admitted to trading on SSE;

“SSE Members”	any entities which are qualified as ordinary members of SSE;
“SSE Security(ies)”	any share(s) which SSE (after consulting SEHK) accepts as eligible for trading on SSE by Northbound Investors through the Northbound Trading Link, as described in paragraph 1(2) (Shares eligible to be traded through the Northbound Trading Link) of the section on Key Provisions of the Four-party Agreement;
“SSE Subsidiary”	a subsidiary company of SSE which carries out the Southbound Trading Link activities;
“Trading Links”	the Northbound Trading Link and the Southbound Trading Link; and
“under “risk alert””	in relation to SSE-listed Shares, means those SSE-listed Shares which are, at the relevant time, included in the “risk alert board” maintained by SSE.

By Order of the Board  
**Hong Kong Exchanges and Clearing Limited**  
**Joseph Mau**  
Company Secretary

Hong Kong, 4 September 2014

As at the date of this announcement, the Board comprises 12 Independent Non-executive Directors, namely Mr CHOW Chung Kong (Chairman), Mr CHAN Tze Ching, Ignatius, Mr Timothy George FRESHWATER, Mr John Barrie HARRISON, Mr HUI Chiu Chung, Stephen, Dr KWOK Chi Piu, Bill, Mr LEE Kwan Ho, Vincent Marshall, Mr LEE Tze Hau, Michael, Mrs LEUNG KO May Yee, Margaret, Mr John Estmond STRICKLAND, Mr John Mackay McCulloch WILLIAMSON and Mr WONG Sai Hung, Oscar, and one Executive Director, Mr LI Xiaojia, Charles, who is also HKEx’s Chief Executive.