

**Addendum in relation to**  
**Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect**  
**(collectively referred to as “Stock Connect”)**

This Addendum shall apply to all transactions under Stock Connect which BOCOM International Securities Limited (“BOCOM”) conducts on the Client’s behalf. The terms and conditions under this Addendum are supplemental to, and without prejudice to, the Terms and Conditions for Securities Trading (“Terms and Conditions”) and/or other relevant agreements between the Client and BOCOM. This Addendum shall prevail in the event of conflicts or inconsistency with any other agreements between the Client and BOCOM.

**By placing an order with BOCOM to trade through Stock Connect, the Client is deemed to have accepted and agreed to be bound by the terms and conditions of this Addendum between the Client and BOCOM**

Further and specific terms and conditions and risk disclosure statements are applicable to services provided by BOCOM in relation to Stock Connect. In particular, such services are subject to specific restrictions imposed by the rules and requirements of the relevant Exchanges, Clearing Houses, regulators and jurisdictions. Detailed information about Stock Connect and the associated risks can be found on SEHK’s webpage, in particular, the “Information Book for Investors” and “Frequently Asked Questions” (the “**Stock Connect Documentation**”). The Client declares that he has read, understood and agreed to all such terms and conditions and information as set out in the documents referred to herein and undertakes to keep himself fully apprised of any updates and amendments to these documents in a timely manner. To the extent that any additional restrictions and requirements under the Stock Connect apply to investors, such restrictions and requirements shall automatically apply to the Client in respect of the Account under this Agreement, whenever the Client instructs BOCOM to effect Stock Connect Transactions under this Agreement.

Information Book for Investors and Frequently Asked Questions

[http://www.hkex.com.hk/eng/market/sec\\_tradinfra/chinaconnect/marketpartinfo.htm](http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/marketpartinfo.htm)

**Stock Connect Securities Service**

**Additional Terms and Conditions and Related Risk Disclosures**

Warning: THIS DOCUMENT CONTAINS A BRIEF SUMMARY OF SOME (AND NOT ALL) OF THE FEATURES AND RISK DISCLOSURES OF INVESTING AND TRADING IN

- (1) ELIGIBLE SHANGHAI STOCK EXCHANGE (“SSE”)-LISTED SECURITIES THROUGH SHANGHAI-HONG KONG STOCK CONNECT; AND
  - (2) ELIGIBLE SHENZHEN STOCK EXCHANGE (“SZSE”)-LISTED SECURITIES THROUGH SHENZHEN-HONG KONG STOCK CONNECT (COLLECTIVELY “ELIGIBLE SECURITIES”)
- AND IS NOT MEANT TO BE AN EXHAUSTIVE SUMMARY.

IF YOU ARE IN ANY DOUBT ABOUT THE RISKS INVOLVED IN INVESTING AND TRADING IN ELIGIBLE SECURITIES, YOU ARE ADVISED TO SEEK INDEPENDENT FINANCIAL, TAX, LEGAL OR OTHER PROFESSIONAL ADVICE. THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY.

**Additional Terms and Conditions for Stock Connect Securities Services**

These terms and conditions set out the rights and obligations of you in connection with your use of BOCOM’s Stock Connect securities services. All these terms and conditions are legally binding, so please read them through carefully before you agree to be bound by them.

## **1 Interpretation**

1.1 In the event of any conflict or discrepancy between these terms and conditions and (a) the Terms and Conditions for Securities Services or (b) the terms of any other agreement subsisting from time to time between BOCOM and the Client or (c) the terms of any agreement between such Client and any other BOCOM Affiliate in respect of dealings in Securities, these terms and conditions shall prevail. For the avoidance of doubt, the Client Terms shall apply in relation to the giving of instructions by telephone or via the Internet.

1.2 In these terms and conditions,

“Authorities” means SEHK, SSE / SZSE or other exchanges, clearing systems or regulators.

“Shanghai – Hong Kong Stock Connect” is a securities trading and clearing links programme developed by SEHK, SSE and ChinaClear for the establishment of mutual market access between Hong Kong and Shanghai;

“Shanghai – Hong Kong Stock Connect Securities Services” refers to the order-routing service provided by BOCOM, such that orders for buying and selling certain securities listed and traded on the Shanghai Stock Exchange can be placed by you and routed to the Shanghai Stock Exchange by BOCOM;

“Shenzhen – Hong Kong Stock Connect” is a securities trading and clearing links programme developed by SEHK, SZSE and ChinaClear for the establishment of mutual market access between Hong Kong and Shenzhen;

“Shenzhen – Hong Kong Stock Connect Securities Services” refers to the order-routing service provided by the BOCOM, such that orders for buying and selling certain securities listed and traded on the Shenzhen Stock Exchange can be placed by you and routed to the Shenzhen Stock Exchange by BOCOM;

“SEHK” means the Stock Exchange of Hong Kong Limited;

“SSE” means the Shanghai Stock Exchange;

“SZSE” means the Shenzhen Stock Exchange

“HKSCC” means the Hong Kong Securities and Clearing Company Limited;

“ChinaClear” means China Securities Depository and Clearing Corporation Limited;

“Eligible Securities” means the list of securities listed and traded on the Shanghai Stock Exchange or Shenzhen Stock Exchange that orders for buying and/ or selling these securities shall be placed via the Shanghai – Hong Kong Stock Connect Services or Shenzhen – Hong Kong Stock Connect Services. The list of Eligible Securities and its admission criteria can be revised by SEHK, SSE, SZSE or other exchanges from time to time;

“Securities Ineligible for Margin Trading” means those Eligible Securities not included in the lists of securities which the SSE and the SZSE, as the case may be, have determined from time to time as eligible for margin trading.

## **2 Trade Settlement and Settlement Instructions**

2.1 With respect to a BUY order:

(a) Before placing a BUY order, you are required to ensure you have the sufficient Renminbi to deliver to the BOCOM upon settlement;

(b) You authorize BOCOM to debit the funding required to settle your Buy trades from your settlement account on trade day (“T”);

(c) You acknowledge and agree that if for any reason BOCOM does not receive by T all or any part of the Eligible Securities bought on your behalf on T, released from HKSCC or BOCOM and custodian, BOCOM shall only deliver to you on T the quantity of the Eligible Securities actually received by BOCOM on T from HKSCC and custodian.

2.2 With respect to a SELL order:

- (a) Before placing a SELL order, you are required to ensure you have the sufficient Eligible Securities to deliver to BOCOM upon settlement;
- (b) BOCOM will credit the sales proceeds to your settlement account on trade day ("T") upon receipt of the relevant sales proceeds from BOCOM.

### 3 Trading Restrictions

Client agrees to fully comply with and be bounded with the trading restrictions, including but not limited to the following, imposed by SSE, SZSE, SEHK and BOCOM from time to time:

- (a) Client should note that SSE and SZSE limit orders are different from SEHK limit orders and can be matched at the specified price or a better price, whereas SEHK limit orders can only be matched at the specified price. Any unfilled quantity after matching will remain in the queue at the specified price.
- (b) Orders for Eligible Securities are subject to price limits prescribed by Authorities and the price limits may be changed from time to time without prior notice. All orders in respect of Eligible Securities must be within the prescribed price limits or else such orders will be rejected by BOCOM, SSE or SZSE.
- (c) Orders for SSE / SZSE Securities are subject to **Daily Quota** as announced by the Authorities from time to time. You acknowledge that your Eligible Securities orders may be rejected by SEHK, or BOCOM if such Daily Quota is fully utilized as determined and announced by SEHK.
- (d) SSE / SZSE does not accept amendments of orders. **Client acknowledges that for order amendment, the outstanding order must first be cancelled followed by a new order placement to SSE / SZSE if Client modifies an outstanding Eligible Securities order. Order priority will be lost and the new order will be subject to the Daily Quota balance restrictions at the time the new order is placed.**
- (e) Situations exist under which Eligible Securities may be restricted from trading, e.g. SSE / SZSE Securities under "risk alert". Any change to the risk alert board of SSE / SZSE may occur without prior notice. If an Eligible Security which is eligible for Stock Connect trading is subsequently moved to the risk alert board, Clients will only be allowed to sell the relevant Eligible Security and will be restricted from further buying of such Eligible Security.
- (f) No day trading is allowed. For Eligible Securities that you have purchased, you may not sell such Eligible Securities before the purchase transaction of such Eligible Securities has been settled. Settlement shall be effected when the on hold status has been released in accordance with the Operational Procedures set by SEHK.
- (g) Should Client places an order with order quantity exceeding the maximum limit imposed by SSE / SZSE, BOCOM would split up the order into multiple child-orders in a manner that will comply with the relevant limit and send the child-orders to SSE / SZSE.
- (h) Buy orders involving odd lots under Stock Connect are not permitted. Sale of odd lots through under Stock Connect is allowed provided that such order relates to the sale of all and not part of the odd lots held by the Client.
- (i) Trading of ChiNext/STAR shares – Only institutional professional investors are allowed to buy or sell ChiNext/STAR shares which are accepted as China Connect Securities (other than Special China Connect Securities which are eligible for sell orders only) through the China Connect Service. If you are an intermediary (as defined in the SFO) or a person which carries on business outside Hong Kong in an activity in respect of which it is regulated overseas and which, if carried on in Hong Kong, would constitute a regulated activity under the SFO, acting as an agent for your clients to trade China Connect Securities through the China Connect Securities Services provided by BOCOM, you undertake to ensure that only

institutional professional investors are allowed to buy ChiNext/STAR shares.

(j) Trading in Securities Ineligible for Margin Trading – Client who intends to purchase Securities Ineligible for Margin Trading may only do so through cash settlement in cash account maintained with BOCOM. If Client who does not have a cash account places an order to purchase Securities Ineligible for Margin Trading, it should be deemed that Client has agreed and confirmed the following:

- (a) Client has given irrevocable instruction and authorization to BOCOM to open a cash account for Client to trade in and hold the Securities Ineligible for Margin Trading;
- (b) all account opening information previously provided by Client to BOCOM remains unchanged; and
- (c) any such order to purchase Securities Ineligible for Margin Trading will be conducted and will be deemed to be conducted through cash settlement in the cash account.

Client must settle the transaction as required under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, as the case may be. If Client does not settle his/her/its transactions as required, BOCOM will apply other available collateral possessed by BOCOM to settle the amount owed and/or to dispose of the securities at its sole and absolute discretion without any liability. In accordance with the relevant rules or regulations published by SEHK from time to time under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, as the case may be, BOCOM will not provide any margin trading facility to purchase Securities Ineligible for Margin Trading.

Client further acknowledges and accepts that it shall be liable for any breach of all applicable laws and regulations governing the listing of securities in SZSE and SSE and all applicable codes, rules, regulations, implementing measures, circulars, guidelines, opinions relating to the trading, clearing and settlement of securities on, and use of any service provided by, SZSE and SSE and other applicable laws and regulations, and any loss or damage in connection thereto.

Client also acknowledges and agrees that it shall not bring any claim against BOCOM in respect of any matters arising from the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect arrangements.

(k) Under applicable regulations, the “short swing profit rule” requires an investor to return any profits made from purchases and sales in respect of shares of a PRC company listed on a PRC stock exchange if:

- a. the client’s shareholding in the PRC listed company exceeds the threshold prescribed by the relevant Authority from time to time; and
- b. the corresponding transaction occurs within six months after a purchase transaction or vice versa, Client acknowledges that Client shall, and it is the Client’s responsibility to, comply with such “short swing profit rule”.

#### **4 Foreign Shareholding Restrictions**

- (a) Under applicable regulations, there is a limit as to how many shares a single foreign investor is permitted to hold in a PRC listed company, and also a limit to the maximum combined holdings of all foreign investors in a single PRC listed company. It is your responsibility to comply with such limit. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same listed company, whether the

relevant holdings are through Stock Connect, the Qualified Foreign Institutional Investors (“QFII”) regime, the RMB Qualified Foreign Institutional Investors (“RQFII”) regime or other investment channels).

- (b) If the aggregate foreign shareholding of an A Share reaches 28%, SEHK will not accept any further purchase orders until the shareholding reduces to 26%.
- (c) If the aggregate foreign shareholding of an A Share reaches 30%, SEHK will identify the relevant exchange participant(s) (on a Last-In-First-Out basis) and require such exchange participant(s) to sell such A Shares within a time specified by SEHK. **In such a situation, BOCOM and/ or custodian may be required by the Authorities to sell your holdings in the relevant Eligible Securities. You acknowledge that BOCOM shall not be liable for, any losses suffered or costs incurred by you and undertake to indemnify BOCOM and to hold BOCOM harmless from and against, any cost incurred by BOCOM as a result of BOCOM and/ or custodian acting upon the instruction by the Authorities.**
- (d) **It shall be Client’s responsibility to comply with any disclosure of interest rules from time to time imposed by the relevant Authorities and arrange for any relevant filings.**

## **5 Corporate Actions**

- (a) Following existing market practice in the PRC, **investors engaged in the trading of A Shares will not be able to attend meetings by proxy or in person**, unlike the current practice in Hong Kong in respect of SEHK-listed shares.
- (b) Since the distribution proceeds received by BOCOM from CCASS in relation to corporate action entitled by Clients are after tax deduction, unless otherwise specified, the distribution rate specified in the correspondence issued by BOCOM for corporate action events is after tax deduction.
- (c) BOCOM does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and BOCOM accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. BOCOM expressly disclaims all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.
- (d) Any corporate action in respect of Eligible Securities will be announced by the relevant issuer through SSE / SZSE website and the channel as officially approved by the Authority. You should note that SSE-listed issuers / SZSE-listed issuers may publish such corporate action documents in Simplified Chinese only, and documents in Traditional Chinese or English may not be available, and BOCOM has no responsibility to produce such translation for its clients.

## **6 Investor Protection**

- (a) Trading in A Shares does not enjoy the protection afforded by the Investor Compensation Fund established under the Securities and Futures Ordinance. Accordingly, unlike the trading of SEHK listed securities, clients will not be covered by the Investor Compensation Fund in respect of any loss clients may sustain by reason of a default by persons licensed by or registered with the Securities and Futures Commission of Hong Kong.
- (b) As the A Shares are not listed or traded on the SEHK, clients will not have protection under the Securities and Futures (Client Securities) Rules, unless otherwise specified by an Authority. As a result, clients engaging in Northbound Trading under Stock Connect do not have protection under the SFO and related subsidiary legislation.
- (c) ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission (“CSRC”). If ChinaClear (as the host central counterparty) defaults, HKSCC may (but shall have no obligation to) take any legal action or court proceeding to seek recovery of the outstanding A Shares and monies from ChinaClear through available legal channels and through ChinaClear’s liquidation process, if applicable. As

ChinaClear does not contribute to the HKSCC guarantee fund, HKSCC will not use the HKSCC guarantee fund to cover any residual loss as a result of closing out any of ChinaClear's positions. HKSCC will in turn distribute the A Shares and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Authorities. BOCOM, in turn, will only be distributing the A Shares and/or monies to the extent recovered directly or indirectly from HKSCC. Although the likelihood of a default by ChinaClear is considered to be remote, investors should be aware of this arrangement and of this potential exposure before engaging in Northbound Trading.

## **Key Risks for trading Eligible Securities via both Shanghai – Hong Kong Stock Connect and Shenzhen – Hong Kong Stock Connect (collectively referred to as “Stock Connect”) Securities Service**

It is crucial to understand the specific terms and risks mentioned in this document and other relevant documents (e.g. Client's Agreements and Risk Disclosure Statements, Addendum) published in BOCOM's website) before trading Eligible Securities.

### **Key risks include but not limited to:**

#### **Not Protected By Investor Compensation Fund**

Hong Kong Investor Compensation Fund is established to pay compensation to investors who suffer pecuniary losses as a result of default of a licensed intermediary or authorized financial institution in relation to exchange-traded products in Hong Kong. According to the Securities and Futures Ordinance, the Investor Compensation Fund only covers products trading in Hong Kong's recognized securities market (SEHK), i.e. investors should note that any Northbound trading under Stock Connect will NOT be covered by Hong Kong's Investor Compensation Fund. Also, investors carrying out Northbound Trading through securities brokers in Hong Kong are NOT protected by the China Securities Investor Protection Fund neither.

#### **Quotas used up**

Once the daily quota is used up, acceptance of the corresponding buy orders will be immediately suspended and no further buy orders will be accepted for the remainder of the day. Buy orders which have been accepted will not be affected by the using up of the daily quota, while sell orders will be continued to be accepted. Depending on the aggregate quota balance situation, buy services will be resumed on the following day.

#### **Trading Day**

Stock Connect only operate on days when both markets are open for trading and when banks in both markets are open on the corresponding settlement days. So it is possible that there are occasions when it is a normal trading day for the Mainland market but Hong Kong investors cannot carry out A-share trading. Clients should take note of the days Stock Connect is open for business and decide according to their own risk tolerance capability whether or not to take on the risk of price fluctuations in A-shares during the time when Stock Connect is not operating.

#### **No Day Trading**

Clients should be aware that day trading is not allowed under Stock Connect Northbound Trading. Clients buying A Shares on Day T can only sell these acquired shares on or after Day T+1.

#### **Restrictions on selling imposed by front-end monitoring**

If investors who keep A-shares in financial institutions other than BOCOM want to sell the relevant A-shares through BOCOM, they must first transfer the relevant A-shares to BOCOM before market opens on the day of selling. Clients should allow at least 3 working days for BOCOM to complete transfer request of A-Shares from other financial institution to BOCOM.

#### **Recalling of eligible stocks**

When a stock is recalled from the scope of eligible stocks for trading via Stock Connect, the stock can only be sold but restricted

from being further bought. This may affect your investment portfolio or strategies. Clients should therefore pay close attention to the list of Eligible Securities as provided and renewed from time to time by SSE, SZSE and SEHK.

#### **Currency Risks**

Client who holds a local currency other than RMB will be exposed to currency risk if he/ she invests in a RMB product due to the need for the conversion of the local currency into RMB. During the conversion, currency conversion costs will be incurred. Even if the price of the RMB asset remains the same, you may still incur a loss when you convert the sale proceeds back to the local currency if RMB depreciates.

#### **Additional Tax Indemnity**

By trading Eligible Securities under Stock Connect, you agree that:

- (a) Any taxes, duties, charges, withholdings or declarations which arise or are imposed in respect of investing in or trading Eligible Securities (including but not limited to capital gains tax from gain arising from Eligible Securities) (“Taxes”) may be deducted or withheld by BOCOM from all payments payable to you under Eligible Securities or otherwise under your existing accounts. Taxes shall include, but shall not be limited to, taxes arising from time to time under the laws of China including taxes, duties and similar charges, taxes withheld or deducted from gains arising from such Eligible Securities and other amounts withheld by any issuer from distributions made by such issuer, its agents or any relevant agent or authority and/ or any clearing or custodian agent authorized by the relevant authority.
- (b) You acknowledge that BOCOM may only be able to determine the portion of Taxes attributable to any Eligible Securities following the redemption, exercise, resale, unwind or termination of the Eligible Securities or following repatriation of the sale proceeds attributable to such Eligible Securities, when the relevant authority imposes such Taxes, including if such Taxes are imposed retroactively. You agree to pay to BOCOM or its agent upon each and any demand, such portion of the Taxes as BOCOM or its agent determines in a commercially reasonable manner are attributable to the Eligible Securities.
- (c) You agree to indemnify and hold harmless BOCOM and its affiliates and their respective officers, directors, employees, advisors, agents and controlling persons (each an “Indemnified Person”) from and against any and all losses, claims, damages, judgments, liabilities and expenses, including attorneys’ fees and expenses (including the cost of any investigation and preparation), whether joint or joint and several, when and as reasonably incurred by such Indemnified Person, resulting from or arising out of the Taxes or related to breach of any representation, warranty or agreement made by you.
- (d) You agree that BOCOM is not responsible for handling tax treaty claim on your behalf.