

Supplementary Terms and Conditions for Securities Services: Shanghai Connect / Shenzhen Connect

The Terms and Conditions shall apply whenever Fubon agrees to provide Northbound Trading Service under Shanghai Connect / Shenzhen Connect to the Customer.

1. Definitions

In these Terms and Conditions, unless the context otherwise requires:

"HKSCC" means the Hong Kong Securities Clearing Company Limited;

"CCASS" means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on The Stock Exchange of Hong Kong Limited and / or any system established for the purpose of Northbound trading;

"CSC" means the China Stock Connect System for receiving and routing orders of SSE Securities and SZSE Securities as placed to the relevant markets;

"HKEx" means the Hong Kong Exchanges and Clearing Limited;

"Instructions" means any instructions from the Customer or an Authorisation Person (as the case may be) given in accordance with Fubon's prescribed methods (which may include oral, facsimile or other electronic means of communication and subject to such rules and conditions as to the timing of delivery and receipt) from time to time in force;

"Global T&C" means the "Global Terms and Conditions for Accounts and Services" of Fubon and its amendments, supplements and addendums from time to time;

"Northbound Trading" means Hong Kong and overseas investors trading in eligible SSE / SZSE Securities through Shanghai Connect or Shenzhen Connect;

"PRC" or "Mainland China" means, for the purposes of these Terms and Conditions, the People's Republic of China (excluding Hong Kong, Macau and Taiwan);

"PRC Citizen" means any person holding a resident identification card or other equivalent government issued identification of the PRC;

"SEHK" means The Stock Exchange of Hong Kong;

"SFC" means the Securities and Futures Commission of Hong Kong;

"SSE" means the Shanghai Stock Exchange;

"SZSE means the Shenzhen Stock Exchange;

"SSE Securities" means securities listed and traded on SSE which may be traded by Hong Kong and overseas investors under Shanghai Connect;

"SZSE Securities" means securities listed and traded on SZSE which may be traded by Hong Kong and overseas investors under Shenzhen Connect;

"Taxes" means all taxes, duties, levies, charges, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of SSE Securities / SZSE Securities or any transaction effected under these Terms and Conditions.

2. Eligible Investors

The Customer represents and undertakes on a continuing basis, and on each date the Customer places an order or gives an instruction in respect of SSE Securities / SZSE Securities under these Terms and Conditions, that: the Customer is an eligible and qualified investor for the purposes of Shanghai Connect / Shenzhen Connect. If the Customer is not a legal entity incorporated or registered in the PRC; and if the Customer is an individual, he / she is not a PRC Citizen.

3. Shanghai Connect / Shenzhen Connect Securities Services

These Terms and Conditions set out the terms and conditions to which the Customer must be subject upon the Customer engages Fubon for trading SSE Securities / SZSE Securities under Shanghai Connect and Shenzhen Connect. The Customer must open or has maintained a designated Renminbi (RMB) account, and securities account with Fubon Bank for trading SSE Securities / SZSE Securities. All transactions executed under Shanghai Connect / Shenzhen Connect will be subject to the rules and applicable laws of the exchange or jurisdictions where the orders are matched and executed, and of the Laws of Hong Kong as amended from time to time. Fubon may, but is not obliged to, provide the Northbound Trading Service under Shanghai Connect / Shenzhen Connect to the Customer in accordance with the provisions of these Terms and Conditions and other applicable provisions of the Global T&C. All transactions executed through the Northbound Trading Service under Shanghai Connect / Shenzhen Connect shall also be subject to the Global T&C and any other specific terms and conditions applicable to such transactions, as applicable and amended from time to time. In the event of any inconsistency between the Global T&C or such other specific terms and conditions and these Terms and Conditions, these Terms and Conditions shall prevail.

For the purposes of trading under Shanghai Connect / Shenzhen Connect, the Customer places an order or gives an instruction to Fubon and undertakes to comply with the provisions set out in these Terms and Conditions and other applicable provisions of the Global T&C, including but not limited to the following:

3.1 No off-exchange Trading and Transfers

All Northbound trading must be conducted on SSE / SZSE and no over-the-counter (OTC) or manual trade is allowed. Non-trade transfer is not allowed unless otherwise permitted by HKEx, SSE or SZSE.

The Customer is advised to refer to the SEHK, SSE and SZSE website or other information published by SEHK, SSE and SZSE for detail arrangements.

3.2 Restriction on Day Trading and Naked Short Selling

Day (turnaround) trading and naked short selling is not permitted. Fubon does not provide Short Sell services of any kind to SSE Securities / SZSE Securities.

3.3 Pre-Trade Checking

Pre-day checking is in place so that the Customer must have his / her / its shares transferred to Fubon's (as exchange participant or its appointed agent's) corresponding CCASS account before the commencement of trading on a trading day if he / she / it intends to sell the SSE Securities / SZSE Securities during a trading day.

3.4 Settlement

Northbound trades will follow the A Share settlement cycle and the rules of the relevant exchange.

3.5 Foreign Shareholding Restrictions

Purchases of SSE Securities / SZSE Securities through Shanghai Connect / Shenzhen Connect are subject to certain foreign shareholding controls. Foreign shareholding restriction (including the forced-sale arrangement) is in place. Fubon shall have the right to "force-sell" Customer's shares upon receiving the forced-sale notification from SEHK. The Customer is advised to refer to the HKEX, SSE and SZSE website or other information published by HKEX, SSE and SZSE for up-to-date information.

3.6 Daily Quota

Northbound buy orders under Shanghai Connect and Shenzhen Connect will be subject to a Daily Quota. The Daily Quota will apply on a "net buy" basis. Under that principle, Customers are always allowed to sell their SSE Securities / SZSE Securities or input order cancellation requests regardless of the quota balance.

Once the Northbound Daily Quota balance drops to zero or the Daily Quota is exceeded, Customers may not be able to place buy orders for the remainder of the day.

3.7 Depository Services

SSE Securities / SZSE Securities are issued in scrippless form, Customer is not able to physically withdraw or deposit SSE Securities / SZSE Securities from / into the CCASS Depository. Customer's ownership of such is reflected in statements of the Customer's account(s) provided by Fubon.

3.8 Disclosure Obligation

Under the current Law of the PRC on Securities, when a Customer holds or controls up to 5% of the issued shares of a Mainland listed company, he / she / it is required to report in writing to the China Securities Regulatory Commission and the relevant exchange, and inform the listed company within three working days. The Customer is not allowed to trade the shares in that listed company during the three business days.

Every time when there is a change in his / her / its shareholding by 5%, he / she / it is required to make disclosure within three working days. From the day the disclosure obligation arises to two working days after the disclosure is made, he / she / it may not trade the shares in the relevant Securities.

If a change in shareholding of the Customer is less than 5% but results in the shares held or controlled by him falling below 5% of the relevant Mainland listed company, he / she / it is required to disclose the information within three working days.

The Customer is advised to obtain professional advice if he / she / it has any question on disclosure obligation.

3.9 Rejection or Cancellation of Trade Orders

Fubon shall have the right to reject or cancel Customer's orders in case of contingency such as hoisting of Typhoon Signal No 8 in Hong Kong. Fubon may not be able to send in Customer's order cancellation requests in case of contingency such as when SEHK loses all its communication lines with SSE and / or SZSE, etc. and Customer should still bear the settlement obligations if the orders are matched and executed.

SEHK may upon SSE / SZSE's request, require Fubon to reject orders from the Customers.

3.10 Compliance with Relevant Laws and Regulations

It shall be the Customer's responsibility to comply with the SSE and SZSE Rules and other applicable laws and regulations of PRC relating to Northbound trading. The Customer should fully understand and comply with SSE / SZSE Rules, SSE / SZSE Listing Rules and other applicable laws and regulations of Mainland China relating to Northbound trading, including but not limited to short-swing profits and disclosure obligations; and being liable or responsible for breaching those laws and regulations. The Customer represents to Fubon on a continuing basis that and (i) the Customer acknowledges and accepts that the Customer shall be bound by the laws, rules and regulations of the Mainland and Hong Kong that govern Shanghai Connect / Shenzhen Connect; (ii) the Customer understands and assessed the risks relating to Shanghai Connect / Shenzhen Connect and the Customer accepts the risks; and (iii) any funds used by the Customer for the purpose of trading in SSE Securities / SZSE Securities is permitted under the PRC laws and regulations to be placed in an offshore account. The Customer undertakes to notify Fubon immediately if the Customer becomes or has reason to believe the Customer is or may become in breach of the said representations.

SSE / SZSE may request SEHK to require Fubon to issue warning statements (verbally or in writing) to Customers, and not to extend Northbound trading service to Customers. Customer is solely responsible for compliance with all notifications, reports and relevant requirements in connection with the Customer's shareholding or relevant interests.

If the SSE / SZSE Rules are breached, or the disclosure and other obligations referred to in the SSE / SZSE Listing Rules or SSE / SZSE Rules is breached, SSE / SZSE has the power to carry out an investigation, and may, through SEHK, require Fubon to provide relevant information and materials and to assist in its investigation.

Fubon shall have no responsibility to remind or assist the Customers in complying with those rules and regulations.

3.11 Provision of information to Regulatory Authorities

Customer acknowledges and consents to Fubon that Fubon shall have the right to forward the Customer's data (including but not limited to his or her or its identity, account information, all order and trades executed and all relevant information concerning the Northbound trading) to SEHK which may on-forward to SSE / SZSE for surveillance and investigation purposes.

3.12 Taxation

The Customer will be fully responsible for any taxes in respect of the SSE / SZSE Securities, including, without limitation, any capital gains tax on or other PRC Taxes, and will indemnify Fubon from and against all Hong Kong and / or PRC Taxes which Fubon may incur or be subject to arising in connection with any SSE Securities / SZSE Securities which the Customer holds, trades or otherwise deals in. Prior to investing in SSE Securities / SZSE Securities, the Customer is strongly advised to consult his / her tax advisers and counsel with respect to the possible Tax consequences to him / her of such investment.

3.13 Liabilities

Fubon and its respective directors, employees and agents shall not be responsible or held liable for any loss, damage or expense directly or indirectly suffered by Customer or any third parties arising from or in connection with trades via Northbound trading or the CSC. The Customer undertakes to indemnify Fubon and its officers, employees and agents for any loss, cost (including legal cost and disbursements), claim, liability or expense arising out of or connected with any breach by the Customer of the Customer's obligations hereunder.

4. Charges and Levies

The Customer undertakes to pay Fubon: (i) commissions at such rate(s) as Fubon may from time to time have notified to Customer being the rate(s) applicable to the trading on SSE / SZSE; (ii) charges and all other disbursements reasonably incurred by Fubon in relation to transactions which transactions have been duly authorized by Customer or duly executed for or on behalf of Customer; (iii) all applicable levies or fees imposed by SSE / SZSE or SEHK (or such other exchange through which the transaction is executed); and (iv) all applicable stamp duties.

5. Disclosure of Information and Publication of Trade Information

Customer acknowledges and consents to Fubon that when the SEHK requires Fubon to provide information on the Customer's profile, and the type and value of the Customer's orders in relation to Northbound trading of SSE Securities / SZSE Securities and the trades which Fubon (or via its appointed agent) executed for the Customer, at such intervals and in such form as SEHK may specify from time to time for purposes of the publication, dissemination or public distribution of aggregated information in respect of the SSE Securities / SZSE Securities trades, trading volumes, investor profiles and other related data.

6. Retention of Information

The Customer acknowledges and accepts that Fubon will be required under the applicable securities laws and regulations in PRC to keep records for a period of not less than 20 years of (i) all orders and trades executed on the Customer's behalf; (ii) any instructions received from the Customer; and (iii) the Customer's account information in relation to Northbound trading; and (iv) all relevant information concerning the Northbound trading under the Shanghai Connect / Shenzhen Connect.

7. Miscellaneous

7.1 These Terms and Conditions may be modified from time to time by Fubon upon prior written notice to the Customer.

7.2 The Customer will execute any further documents and provide any materials and / or information as Fubon may reasonably request to enable it to perform its duties and obligations under these Terms and Conditions which may become necessary as and when the applicable rules are amended from time to time.

7.3 The Customer will provide all information to Fubon which Fubon requests if such information is requested by the regulatory authority or any exchange or any organization (whether within or outside Hong Kong) with which the SEHK has entered into an information-sharing arrangement or agreement. Amongst other things, the Customer's failure to comply with this provision may result in a suspension of the services herein to the Customer.

7.4 Without prejudice to clause 7.1 above, if at any time a change to the applicable laws of PRC is proposed or takes effect and a modification of these Terms and Conditions is necessary or desirable by reason of such a change to the applicable laws and regulations, Fubon may effect such modification without prior notice to the Customer.

7.5 These Terms & Conditions contains English and Chinese versions. The English version shall prevail if there is any conflict between the English and the Chinese versions.

Appendix : Risk Disclosure Statement

By instructing Fubon in respect of any transaction relating to Northbound Trading, the Customer acknowledges, represents, warrants and undertakes that he or she or it has read, fully understood and accepted the nature and risk disclosures set out below (which are only key risks involved in Northbound Trading) and the Customer's obligations in relation thereof and also agrees to accept the terms set out herein.

The Customer acknowledges, understands and accepts that:

The following is only a summary. It is not exhaustive list of all the possible risks concerning Shanghai Connect / Shenzhen Connect. The Customer is advised to read and fully understand all the relevant risk disclosure statements, read carefully the most up-to-date information published either on HKEx Corporate and HKEx news websites, etc. to learn more the features and risk involved, and to obtain independent professional advice, if necessary.

Key Risks of Investing in Shanghai Connect / Shenzhen Connect**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. Buying services will be resumed on the following trading day.

Difference in Trading Day

Shanghai Connect and / or Shenzhen Connect will only operate on days when both markets (Shanghai and Hong Kong / Shenzhen and Hong Kong) 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 Customer cannot carry out an A-share trading. Customer should take note of the days Shanghai Connect / Shenzhen 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 Shanghai Connect / Shenzhen Connect is not trading.

Restrictions on Selling Imposed by Front-end Monitoring

For Customer who usually keeps their A-shares outside of their brokers, if he / she / it wants to sell certain A-shares he / she / it hold, he / she / it must transfer those A-shares to the respective accounts of his / her / its broker before the market opens on the day of selling (T day). If he / she / it fails to meet this deadline, he / she / it will not be able to sell those A-shares on T day.

The Recalling of Eligible Stocks

When a stock is recalled from the scope of eligible stocks for trading via Shanghai Connect / Shenzhen Connect, the stock can only be sold but restricted from being bought. This may affect the investment portfolio or strategies of Customers. Customers should therefore pay close attention to the list of eligible stocks as provided and renewed from time to time by SSE, SZSE and SEHK.

Currency Risk

Customer 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 when Customer purchases it and when Customer redeems / sells it, it will still incur a loss or affect the profits when Customer converts the redemption / sale proceeds into local currency if RMB has depreciated.

Mainland Market Related Risks

Customer who invests in PRC, an emerging market, may faces special risks including but not limited to differences in regulatory framework, political and social stability, macroeconomic factors and greater price volatility with his / her / its home country.

Mainland Rules and Regulations

When investing in SSE Securities / SZSE Securities through Shanghai Connect / Shenzhen Connect, Customer should take note of and comply with SSE / SZSE Rules, SSE / SZSE Listing Rules and other applicable laws and regulations of Mainland China relating to Northbound trading, including but not limited to prohibition of trading SSE Securities / SZSE Securities and disclosure obligations. Customer is liable and responsible for breaching those laws and regulations. Customer is advised to obtain independent professional advice if there is any question on Mainland rules and regulations.

Source: HKEx