

## **HKSAR Government warmly welcomes expansion of scope of eligible stocks under Stock Connect**

The China Securities Regulatory Commission and the Securities and Futures Commission issued a joint announcement today (December 19) on the in-principle approval for the Mainland and Hong Kong exchanges to further expand the scope of eligible stocks under Stock Connect. The Hong Kong Special Administrative Region (HKSAR) Government expresses warm welcome to the decision.

The Chief Executive, Mr John Lee, said, "In accordance with the development direction in the National 14th Five-Year Plan, the HKSAR Government has strived to strengthen Hong Kong's position and function as an international financial centre and global offshore Renminbi business hub, while deepening and widening the mutual access between financial markets of the Mainland and Hong Kong. The measure announced by the regulators of the two places today signifies another milestone after the inclusion of Exchange-traded Funds in the mutual access programme in July this year, further enhancing Hong Kong's role as the bridge connecting Mainland and overseas investors. The measure also offers more diverse investment choices to Mainland and overseas investors, thereby injecting impetus into cross-boundary market liquidity. I am most grateful to our Country's staunch support for Hong Kong."

The Financial Secretary, Mr Paul Chan, said, "The arrangement to expand mutual access is of strategic meaning to both the future development of Hong Kong's securities market and the higher-quality opening up of the Mainland's securities market. Notably, in addition to enriching asset allocation choices for Mainland investors, the inclusion of eligible stocks of foreign companies under Southbound trading is also conducive to attracting other quality international enterprises to list in Hong Kong and enhancing the competitiveness of our fundraising platform, thereby facilitating further development of the Hong Kong market. I am most grateful to the Central People's Government for the strong support, and the regulators of the two places for their efforts in taking forward the initiative. We will closely collaborate with relevant Mainland institutions with a view to implementing the arrangement promptly."

According to the joint announcement, the scope of eligible stocks for Northbound trading will be expanded to include constituent stocks of the Shanghai Stock Exchange (SSE) A Share Index and the Shenzhen Stock Exchange (SZSE) Composite Index, which have a market capitalisation of RMB5 billion or above and meet certain liquidity criteria, etc, as well as stocks of companies listed on SSE/SZSE which have issued both A shares and H shares; the scope of eligible stocks for Southbound trading will include stocks of foreign companies meeting relevant criteria (i.e. constituents of the Hang

Seng Composite LargeCap Index and the Hang Seng Composite MidCap Index, and constituents of the Hang Seng Composite SmallCap Index with a market capitalisation of HK\$5 billion or above). In addition, Southbound trading under Shanghai-Hong Kong Connect will be aligned with Southbound trading under Shenzhen-Hong Kong Connect, i.e. to include constituents of the Hang Seng Composite SmallCap Index with a market capitalisation of HK\$5 billion or above. The above adjustments will commence upon completion of relevant rules and system preparations. A separate announcement on the implementation details and commencement date will be made by the regulators of the two places.