

# CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

## China Connect Supplement – Notice relating to Northbound Investor ID Model

AT ANY TIME THE CLIENT PLACES AN ORDER WITH CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED (“CICC”) OR OTHERWISE ENGAGES IN A TRANSACTION WITH CICC UNDER CHINA CONNECT ON AND AFTER THE INVESTOR ID MODEL EFFECTIVE DATE, THESE TERMS ARE DEEMED TO APPLY TO SUCH ORDER OR TRANSACTION.

### 1 Definition and Interpretation

1.1 Unless otherwise defined below, terms defined in the Existing Terms and China Connect Terms shall have the same meaning in this Supplement.

1.2 In this Supplement, unless the context otherwise requires, the following expressions shall have the following meanings:

“**Applicable Requirements**” means the relevant laws, rules, regulations, policies, interpretations, guidelines, requirements and other regulatory documents promulgated by relevant governmental or regulatory bodies of Hong Kong and Mainland China from time to time including the China Connect Rules and any other relevant requirements and/or restrictions of any governmental or regulatory body, exchange or clearing house as may be published and/or amended from time to time.

“**BCAN**” means the Broker-to-Client Assigned Number which is a unique and confidential number assigned by CICC to the Client in respect of Northbound trading.

“**BCAN-CID Mapping File**” means a file compiled by CICC which contains all the assigned BCANs and their corresponding CID, in such format as the SEHK may require from time to time.

“**CID**” or “**Client Identification Data**” means such identity information relating to the Client as the SEHK may request from time to time under the rules of the SEHK which may include, without limitation, the Client’s name, identity document type, identity document issuing country or jurisdiction and identity document number.

“**CSC trading day**” means a day on which the China Connect Service is available for the routing of China Connect orders.

“**Investor ID Model Effective Date**” means the date that the Northbound Investor ID model launches as notified by the SEHK or other China Connect Authorities on the HKEx website or the SFC website.

1.3 This Supplement is supplemental to, and without prejudice to, the Existing Terms and China Connect Terms. This Supplement applies at any time that the Client trades China Connect Securities under China Connect through CICC from the Investor ID Model Effective Date. In the event of any inconsistency between this Supplement and the Existing Terms and China Connect Terms, this Supplement prevails in relation to the trading of China Connect Securities through China Connect after the Investor ID Model Effective Date.

- 1.4 Cross references to SEHK Trading Rules and HKEX Northbound Investor ID Information Paper and other sources in this document (together “Source Documents”) are provided merely for reference. Cross references shall be deemed updated, *mutatis mutandis*, to accommodate further changes or amendments to the Source Documents.

## 2 BCAN and Provision of CID

- 2.1 The SEHK has introduced the Northbound Investor ID model for trading of China Connect Securities, which is expected to be launched in Q3 2018. Under this model, in order to place an order in respect of China Connect Securities on the Client’s behalf, CICC will be required to:

- (a) tag each of the Client’s orders submitted to the CSC with a BCAN that is unique to the Client; and
- (b) provide to the SEHK the Client’s assigned BCAN and CID relating to the Client as the SEHK may request from time to time under the rules of the SEHK.

- 2.2 If the Client is a fund manager or asset management company who submits orders for one or more funds or discretionary accounts, the Client acknowledges that the Client’s orders for all funds or discretionary accounts managed by the Client will be tagged with the same BCAN. *[Source: Paragraph 23(iv) of the HKEX Northbound Investor ID Information Paper]*

- 2.3 If the Client has multiple accounts with CICC, the Client acknowledges that a single BCAN will be assigned to the Client unless the Client holds any joint account with any of our other clients, in which case, CICC will assign a separate BCAN to such joint account, and the CID of both the Client and the joint holder(s) should be provided under the BCAN for such joint account. *[Source: SEHK Trading Rule 1425(1)(b)]*

- 2.4 If the Client is an exchange participant of the SEHK conducting the Northbound trading through CICC, the Client agrees and acknowledges that:

- (a) The Client shall follow the rules and requirements and implement adequate policies and procedures in connection with the BCAN and CID, including but not limited to, assigning a BCAN to the Client’s underlying clients within the BCAN range designated by CICC (“**Designated Range**”) and providing the BCANs and CID of the Client’s underlying clients in the form of a BCAN-CID Mapping File to the SEHK in accordance with the rules and requirements prescribed by the SEHK from time to time *[Source: SEHK Trading Rule 1425A(1)(d)]*;
- (b) With respect to any Northbound trading orders from the Client, (i) in the case where the Client is placing Northbound trading orders for the Client’s client, the Client shall provide CICC with the BCAN assigned by the Client to the Client’s client (which should be within the Designated Range) (the “**Indirect Client BCAN**”), and CICC will tag such Northbound trading order with the Indirect Client BCAN, or (ii) in the case where the Client is placing Northbound trading orders for yourself, CICC will tag such Northbound trading orders with the Client’s BCAN assigned by CICC; and
- (c) The Client shall include related or similar acknowledgements and statements contained herein into the Client’s China Connect business terms with the Client’s underlying clients, in particular, in relation to paragraph (b) above, the Client shall obtain the relevant authorizations and consents from the Client’s underlying clients.

### 3 Acknowledgments and representations

- 3.1 The Client represents and undertakes on a continuing basis, including at each time that the Client places an order, or otherwise gives an instruction, in respect of the China Connect Securities, that the CID provided to CICC is accurate and up-to-date. If there are any changes to the CID after its provision, the Client shall inform CICC as soon as possible and in any event, before the deadline prescribed by SEHK from time to time. *[Source: SEHK Trading Rule 1425A(2)-(4)]*
- 3.2 Without limitation to any notification CICC have given the Client or consent CICC have obtained from the Client in respect of the processing of the Client's personal data in connection with the Client's account and our services to the Client, the Client acknowledges and agrees that CICC may collect, store, use, disclose and transfer personal data relating to the Client as required as part of our Northbound trading service, including as follows: *[Source: "Sample Language for Inclusion in Personal Information Collection Statement concerning Northbound China Connect Orders" available on the HKEx website]*
- (a) to disclose and transfer the Client's BCAN and CID to the SEHK and the relevant SEHK Subsidiaries from time to time, including by indicating the Client's BCAN when inputting a China Connect Order into the CSC, which will be further routed to SSE or SZE (as the case may be) on a real-time basis;
  - (b) to allow each of the SEHK and the relevant SEHK Subsidiaries to: (i) collect, use and store the Client's BCAN, CID and any consolidated, validated and mapped BCANs and CID information provided by ChinaClear (in the case of storage, by any of them or via HKEx) for market surveillance and monitoring purposes and enforcement of the rules of the SEHK; (ii) transfer such information to SSE or SZE (as the case may be) (directly or through ChinaClear) from time to time for the purposes set out in (c) and (d) below; and (iii) disclose such information to the relevant regulators and law enforcement agencies in Hong Kong so as to facilitate the performance of their statutory functions with respect to the Hong Kong financial markets;
  - (c) allow ChinaClear to: (i) collect, use and store the Client's BCAN and CID to facilitate the consolidation and validation of BCANs and CID and the mapping of BCANs and CID with its investor identification database, and provide such consolidated, validated and mapped BCANs and CID information to SSE or SZE (as the case may be), the SEHK and the relevant SEHK Subsidiary; (ii) use the Client's BCAN and CID for the performance of its regulatory functions of securities account management; and (iii) disclose such information to the Mainland regulatory authorities and law enforcement agencies having jurisdiction over it so as to facilitate the performance of their regulatory, surveillance and enforcement functions with respect to the Mainland financial markets; and
  - (d) to allow SSE or SZE (as the case may be) to: (i) collect, use and store the Client's BCAN and CID to facilitate their surveillance and monitoring of securities trading on SSE or SZE (as the case may be) through the use of the China Connect Service and enforcement of the rules of SSE or SZE (as the case may be); and (ii) disclose such information to the Mainland regulatory authorities and law enforcement agencies so as to facilitate the performance of their regulatory,

surveillance and enforcement functions with respect to the Mainland financial markets.

**3.3** By instructing CICC in respect of any transaction relating to China Connect Securities, the Client acknowledges and agrees that CICC may use the Client's personal data for the purposes of complying with the requirements of the SEHK and its rules as in force from time to time in connection with Northbound trading. The Client also acknowledges that despite any subsequent purported withdrawal of consent by the Client, the Client's personal data may continue to be stored, used, disclosed, transferred and otherwise processed for the above purposes, whether before or after such purported withdrawal of consent. *[Source: "Sample Language for Inclusion in Personal Information Collection Statement concerning Northbound China Connect Orders" available on the HKEx website]*

**3.4** The Client acknowledges that:

- (a) The Client cannot place a trade order until the next CSC trading day after the Client receives a notice of the completion of account opening and/or successful update of the Client's CID from CICC; *[Source: SEHK Trading Rule 1425A(2)]*
- (b) Notwithstanding that the Client have submitted the Client's updated CID, the Client's trade order may still be rejected if the CID provided by the Client and BCAN have not yet been submitted to and/or approved by SEHK, SSE or SZE (as the case may be) or other China Connect Authorities at the time of such trade order, and CICC shall not be liable to the Client for any failure or delay in submitting such CID and BCAN to SEHK, SSE or SZE (as the case may be) or other China Connect Authorities;
- (c) If the CID and BCAN mapping information fails to pass the relevant validation check by SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, all the Client's trade orders will be rejected; *[Source: Paragraphs 19(ii) and 21 of the HKEX Northbound Investor ID Information Paper and SEHK Trading Rule 1425A(4)]*
- (d) If the Client is an individual, and do not provide the necessary consents and authorizations (both written and prescribed) in relation to the collection, storage, use, disclosure and transfer of the Client's CID and/or BCAN, or the Client's BCAN or BCAN-CID mapping are otherwise invalid or deficient, CICC may, in its own discretion, place Northbound sell orders on behalf of the Client in relation to such BCAN, but no Northbound buy order is allowed in relation to such BCAN; *[Source: SEHK Trading Rule 1425A(6)]*
- (e) If the Client is an individual, and does not provide or subsequently withdraw the necessary consents and authorizations (both written and prescribed) in relation to the collection, storage, use, disclosure and transfer of the Client CID and/or BCAN, CICC may,
  - (i) request the Client to confirm that the Client has not otherwise provided such consent to other brokers for Northbound trading;
  - (ii) conduct appropriate due diligence on the Client to ensure that the Client is not abusing the Northbound sell order exception in paragraph (d) above, and the Client agrees to cooperate with any due diligence; or

- (iii) refuse to place any further Northbound trading orders for the Client until the Client provides the necessary consents or authorizations; and
  - (f) The SEHK may suspend or restrict the input of China Connect Securities orders under any BCAN where the SEHK considers it appropriate and reasonable to do so, including where it is found that the Client has or may have committed any abnormal trading conduct under, or failed to comply with, any China Connect Rules. If the SEHK is notified by any China Connect Authorities that there is reasonable cause to suspect or believe that the Client has failed to comply with or have breached any applicable laws of the PRC with regard to the trading of China Connect Securities, SEHK may also require CICC not to accept or input China Connect orders under the BCAN assigned to the Client. If the Client is a fund manager or asset management company who submits orders for one or more funds or discretionary accounts, such suspension or restriction would affect all the Client's funds or discretionary accounts tagged with the same BCAN. *[Source: SEHK Trading Rules 1436 and 1437(2)]*
- 3.5** The Client agrees and acknowledges that if the CID and BCAN mapping information fails to pass the relevant validation check by the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, or the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities rejects the Client's Northbound trading orders due to such failure or any other reason:
- (a) CICC has no obligation, liability or whatsoever, to provide any explanation or reason for such failure or rejection to the Client; and
  - (b) subject to the Applicable Requirements or notification from the SEHK, SSE or SZE (as the case may be) or other China Connect Authorities, CICC may deliver the failure or rejection message to the Client or follow up with the Client in relation to such failure or rejection in such manner and at such time as it deems appropriate;
- 3.6** CICC cannot change the BCAN assigned to the Client or any of the Client's underlying clients without prior written approval from the SEHK. If orders in respect of China Connect Securities under the BCAN assigned to the Client are suspended, rejected or restricted by the China Connect Authorities for any reason, CICC cannot assign another BCAN to the Client or any of the Client's underlying clients. *[Source: SEHK Trading Rule 1425A(1)(e)]*
- 3.7** The SEHK may require CICC to provide information on the identity, address and contact details of, the person or entity (legal or otherwise) ultimately responsible for originating the instruction in relation to a China Connect Securities trade (and the instruction given) and of the person or entity (legal or otherwise) that stands to gain the commercial or economic benefit of the China Connect Securities trade and/or bear its commercial or economic risk and such other information within such period as the SEHK may request. *[Source: SEHK Trading Rule 1437(1)]*
- 3.8** CICC shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Client arising from or in connection with any rejection of the Client's Northbound orders inputted under any BCAN or in connection with any such actions taken by SEHK, SSE or SZE (as the case may be), or other China Connect Authorities, or any delay, failure or error in the transmission of any information (including the Client's CID, BCAN and other information referred to in this notice). The Client agrees to indemnify CICC for any loss incurred by CICC in connection with any non-compliance or potential non-compliance with any requirements set out in this notice.

#### **4 Miscellaneous**

This Supplement is, unless otherwise agreed, governed by the laws of Hong Kong. You agree to submit to the non-exclusive jurisdiction of the Hong Kong courts.

**CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED**

*Amendment to*  
**TERMS OF BUSINESS – CASH SECURITIES ACCOUNT**

Effective as of 12 September 2018

The following “Confidentiality” clause shall be inserted in the Terms of Business between the Client and China International Capital Corporation Hong Kong Securities Limited (CICC). By the Client continuing to deal with CICC, the Client shall be deemed to have agreed to the insertion and application of the following clause.

**“Confidentiality**

Each party shall keep confidential all Confidential Information (as defined below) of the other party or the other party’s Affiliates both during the term and after termination of the Existing Terms and/or China Connect Terms as amended from time to time. Each party may disclose Confidential Information to its professional advisers and service providers but otherwise may only disclose Confidential Information to those of its and its Affiliates’ employees and representatives who need to know such Confidential Information for the purposes of exercising or performing the rights and obligations under the Existing Terms and/or China Connect Terms or for general corporate purposes and have been informed of the confidential nature of the Confidential Information divulged. No party will disclose Confidential Information to any third party except as otherwise permitted under the Existing Terms and/or China Connect Terms.

For the purposes of this Clause, “Confidential Information” shall mean all non-public information that is stated to be or that can reasonably expected to be of a confidential or trade secret nature in any form obtained by a party from the other party in the performance of the Existing Terms and/or China Connect Terms including, but not limited to, any processes, financial information or data, proprietary data, information or documents and these Existing Terms and/or China Connect Terms, fees or commissions payable hereunder save to the extent that such information: (i) is already in the public domain at the time of disclosure or subsequently enters the public domain other than by a breach of any obligation of confidentiality; (ii) is received by a party from a third party which is under no confidentiality obligation in respect of that information; (iii) is independently developed by the receiving party without the use of the other party’s Confidential Information; or (iv) that was previously known to the receiving party free of any confidentiality obligation.

Without prejudice to Clause, each party may use or disclose Confidential Information where required to do so by reason of law or regulation provided that, where lawful and practical to do so, the disclosing party shall provide prior notice of such disclosure to the non-disclosing party as soon as practicable in order to permit the non-disclosing party (where possible) to seek a protective order or take other appropriate action to safeguard the Confidential Information by appropriate legal means.”