

## **Addendum in relation to HKD-RMB Dual Counter Model**

This Addendum shall apply to all transactions under HKD-RMB Dual Counter Model which BOCOM International Securities Limited and BOCOM International Asset Management 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 HKD-RMB Dual Counter Model, 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 HKD-RMB Dual Counter Model. 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 HKD-RMB Dual Counter Model and the associated risks can be found on SEHK's webpage, in particular, the "Frequently Asked Questions". 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 HKD-RMB Dual Counter Model 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 transactions under HKD-RMB Dual Counter Model under this Agreement.

SEHK Webpage

[https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/HKD-RMB-Dual-Counter-Model?sc\\_lang=en](https://www.hkex.com.hk/Services/Trading/Securities/Overview/Trading-Mechanism/HKD-RMB-Dual-Counter-Model?sc_lang=en)

Frequently Asked Questions

[https://www.hkex.com.hk/-/media/HKEX-Market/Services/Trading/Securities/Overview/Trading-Mechanism/HKDRMB-Dual-Counter/Dual-Counter-Model-FAQ\\_E.pdf](https://www.hkex.com.hk/-/media/HKEX-Market/Services/Trading/Securities/Overview/Trading-Mechanism/HKDRMB-Dual-Counter/Dual-Counter-Model-FAQ_E.pdf)

## **HKD-RMB Dual Counter Model**

### **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 HKD-RMB DUAL COUNTER MODEL AND IS NOT MEANT TO BE AN EXHAUSTIVE SUMMARY.

IF YOU ARE IN ANY DOUBT ABOUT THE RISKS INVOLVED IN INVESTING AND TRADING IN DUAL COUNTER 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 HKD-RMB Dual Counter Model**

These terms and conditions set out the rights and obligations of you in connection with your use of BOCOM's HKD-RMB Dual Counter Model 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 in writing, delivery by post, by hand, by facsimile transmission or through online trading platform (depending on the type of the account).

1.2 In these terms and conditions,

"Authorities" means SEHK, clearing systems or regulators;

"HKD-RMB Dual Counter Model" covers securities listed in both HKD and RMB counters only. All shares or units of the same securities but in different trading counters are generally of the same class, with the same holders' rights and entitlements, and fully interchangeable between counters.

"Dual Counter Market Making ("DCMM") programme" is a new market making programme to be introduced under the Rules of the SEHK to support inter-counter Dual Counter Securities trading, in order to provide liquidity in the secondary counters and minimize price discrepancies between the two counters;

"Dual Counter Securities" refers to securities with HKD and RMB counters designated by the SEHK in accordance with the Rules of the SEHK and are eligible for DCMM programme. Dual Counter Securities would be published by SEHK from time to time, and only securities (excluding Exchange Traded Products ("ETPs")) listed in both HKD and RMB counters in the Hong Kong securities market would be considered for designation. The SEHK may designate or remove any security as a Dual Counter Security in the list and the Securities and Futures Commission ("SFC") will be consulted for each such designation or removal;

"Inter-Counter Dual Counter Securities Trading" means buying in one counter and selling in another counter as two independent transactions, even though both transactions involve the same security;

"SEHK" means the Stock Exchange of Hong Kong Limited;

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

"CCASS" means the Central Clearing and Settlement System operated by HKSCC.

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

2.1 Under the HKD-RMB Dual Counter Model, as the RMB counter is offered for secondary market trading and settlement purposes only, no physical certificate deposit or withdrawal service will be provided for the RMB counter and physical deposit and withdrawal of securities will not be allowed under the CCASS Rules. Physical certificates can only be deposited into the HKD counter and then transfer to the RMB counter. Likewise, securities in the RMB counter must be transferred to the HKD counter before they can be withdrawn from CCASS.

2.2 SEHK trades executed under the two counters will be cleared and settled in CCASS as if they are two individual and independent stocks. After netting, one stock position will be netted for each counter, i.e. RMB counter and/or

HKD counter. Client should settle their stock position on the basis of T+2 per counter basis. Client should ensure that he has sufficient securities available to fulfill their short positions.

- 2.3 For secondary market trading in the RMB counter, trading-related fees and levies (such as the SFC Transaction Levy, AFRC Transaction Levy, etc.) and stamp duty should be paid to the SEHK in HKD.
- 2.4 Subject to compliance with the market misconduct provisions under the Securities and Futures Ordinance and other related rules and regulations, client may buy securities from one counter first and then sell the same quantity on the other counter on the same day. Client should be aware of the time and fees (if any) required to transfer securities from one counter to the other to ensure smooth arrangement for inter-counter transactions and to prevent failed settlement. For the details of fee, please refer to our fees and charges table.
- 2.5 All HKSCC fees, except dividend collection fees and interest collection fees, are calculated and collected in HKD. Dividend collection fee and interest collection fees will be collected by HKSCC in the currency in which the relevant securities are denominated.
- 2.6 If the stock concerned has both HKD and RMB counters traded on the SEHK, and client only holds shares of the HKD counter, the system will automatically handle inter-counter trading and transfer shares of the HKD counter to shares of the RMB counter automatically and vice versa.
- 2.7 After the securities are transferred from one counter to the other, even the relevant sell order instruction is finally not executed, the transferred securities will remain in the new counter.

### **Key Risks for Trading Dual Counter Securities via HKD-RMB Dual Counter Model**

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 Dual Counter Securities.

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

##### **Recalling of dual counter securities**

When a stock is recalled from the scope of Dual Counter Securities for trading via HKD-RMB dual counter model, the stock can only be sold but restricted from being further bought. This may affect your investment portfolio or strategies. Client should therefore pay close attention to the Dual Counter Securities as provided and renewed from time to time by 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.

##### **Different trading prices in RMB and HKD counters**

The RMB counter and HKD counter are traded separately. The trading prices of the same Dual Counter Securities in the two counters may be different and may not always maintain a close relationship depending on factors such as market supply and demand, liquidity in each counter and the exchange rate between RMB and HKD in both onshore and offshore markets.

##### **New model risks**

The HKD-RMB Dual Counter Model in Hong Kong is relatively recent and may bring additional risks.

##### **Inter-counter trading risks**

SEHK may impose an earlier cut-off time, other procedures and fees. If there is a suspension of the inter-counter transfer of HKD-

RMB Dual Counter Securities between the HKD counter and the RMB counter for any reason, client will only be able to trade their securities in the relevant counter on the SEHK.

**Risks relating to trading and settlement in RMB counter**

The liquidity and trading price of the HKD-RMB Dual Counter Securities in RMB counter may be adversely affected by the limited availability of RMB outside mainland China and the restrictions on the conversion between foreign currency and RMB.

**Reliance on market maker risk**

Market makers may not be as interested in making a market in HKD-RMB Dual Counter Model denominated and/or traded in RMB. Any disruption to the availability of RMB may adversely affect the capability of market makers in providing liquidity for the Dual Counter Securities traded in RMB. The liquidity of the Dual Counter Securities may be adversely affected if there is no market maker for the fund or if the market making activities are not effective.