



Hong Kong and Mainland China to Expand Stock Connect

The Hong Kong and mainland Chinese securities regulators [announced](#)¹ on 19 December 2022 their agreement to expand the scope of stocks eligible for trading under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (together, **Mainland-Hong Kong Stock Connect**) in a move intended to “further deepen mutual stock market access between the Mainland and Hong Kong ... and promote the development of both capital markets”. Hong Kong Exchanges and Clearing Limited welcomed the planned expansion in its [news release](#)² of the same day.

Expansion of Stocks Eligible for Southbound Trading under Mainland-Hong Kong Stock Connect

The scope of stocks eligible for Southbound trading will be expanded to include the stocks of international companies that are primary-listed in Hong Kong and are:

- constituent stocks of the Hang Seng Composite LargeCap Index or Hang Seng Composite MidCap Index; or
- constituent stocks of the Hang Seng Composite SmallCap Index with a market capitalisation of HK\$5 billion or above.

The scope of eligible stocks for Southbound trading under Shanghai-Hong Kong Stock Connect will also be expanded to include constituent stocks of the Hang Seng Composite SmallCap Index with a market capitalisation of HK\$5 billion or above to align with the current scope of stocks eligible for Southbound trading under Shenzhen-Hong Kong Stock Connect.

The expansion will allow qualified Mainland investors to invest in international companies listed on the Hong Kong Stock Exchange through Mainland-Hong Kong Stock Connect’s Southbound trading link for the first time, potentially incentivising more international companies to list in Hong Kong.

Expansion of Stocks Eligible for Northbound Trading under Mainland-Hong Kong Stock Connect

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 requirements including liquidity criteria; and

- SSE/SZSE-listed stocks of companies which have issued both A-shares and H-shares.

Implementation Date for Mainland-Hong Kong Stock Connect Expansion

The preparations for the expansion of Stock Connect eligible stocks are expected to take until approximately 19 March 2023, three months from the date of the China Securities Regulatory Commission and Hong Kong Securities and Futures Commission announcement. The official launch date will be announced in due course.

[1] Joint announcement of the China Securities Regulatory Commission and the Hong Kong Securities and Futures Commission (19 December 2022)

[2] HKEX Welcomes Further Expansion of Stock Connect (19 December 2022)

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