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# First Dual Counter Security Lists On Hong Kong Stock Exchange

## Introduction

The first dual counter (**DC**) security, Harvest MSCI China A Index Exchange Traded Fund (**Harvest ETF**), listed on the Stock Exchange of Hong Kong Limited (the **Exchange**) on 12 October 2012.

A DC security offers two trading counters, for instance, a renminbi (**RMB**) counter and a Hong Kong dollar (**HKD**) counter for trading and settlement purposes. Apart from settlement in different currencies, the trading prices of units of the same RMB Qualified Foreign Institutional Investor (**RQFII**) ETF in the two counters may be different as the RMB counter and HKD counter are two distinct and separate markets. However, units traded on both counters are of the same class and all unit holders of both counters are treated equally. The two counters will have different stock codes, stock short names and International Securities Identification Numbers (**ISIN**) for the purpose of easy identification. The last four digits of the stock codes for both counters will be the same; the difference will be that the code for the RMB counter will be a 5-digit number starting with “8”. The short names will also be virtually identical – the only difference being that the RMB counter short name will end with –R indicating that it is traded in RMB.

Normally, investors can buy and sell units traded in the same counter or they can buy in one counter and sell in the other, provided that their brokers provide both HKD and RMB trading services at the same time and offer inter-counter transfer services to support DC trading.

The news release is available at the [Exchange's website](http://www.hkex.com.hk/eng/newsconsul/hkexnews/2012/121011news.htm) ([see archive](newsrelease.pdf)).

## Significance Of The DC Security In RMB Product Development

The listing of the Harvest ETF will increase the number of RQFII ETFs listed on the Exchange to four, the number of listed ETFs to 97 and the number of ETF managers to 20. As all units will be issued in RMB and the creation and redemption of RQFlI ETFs will be carried out only in RMB, the number of RMB products in the Exchange’s markets will also be increased to 48: 47 in the securities market and one in the derivatives market.

A key advantage of a DC security for investors is that it offers the convenience of being able to trade in either one of the two currencies, while issuers are able to take advantage of a broader potential investor base. Investors who want to trade a DC security eligible for the Exchange’s RMB Equity Trading Support Facility (**TSF**), such as the Harvest ETF, but do not have RMB can use the facility. The facility is designed to serve as a back-up to enable investors who wish to buy RMB-traded shares in the secondary market in HKD, if they do not have sufficient RMB or have difficulty in obtaining RMB from other channels.

The official net asset value (**NAV**) per unit and the near real time estimated NAV (**iNAV**) will also be calculated and published in RMB. The NAV per unit and the iNAV in HKD will be available on the website of the RQFII ETF or its manager for reference (the NAV and iNAV per unit in HKD will be calculated by converting the NAV and iNAV per unit in RMB into HKD using the foreign exchange rate specified by the RQFII ETF manager or its agent and dis closed on the manager’s website or the ETF website).

The Exchange hopes that offering investors a choice of trading a security in RMB or HKD will further enhance its position as a leading international market and Hong Kong’s role as an offshore RMB centre.

More information on the DC arrangements for RQFII ETFs is available at the [Exchange's website](http://www.hkex.com.hk/eng/prod/secprod/etf/dc.htm) ([see archive](dual_counter_model_RQFII_A-share_ETFs.pdf)).

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