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First Dual Counter Security to Debut at HKEx

Hong Kong Exchanges and Clearing Limited (HKEx) welcomes the pending listing tomorrow (Friday) of the first dual counter (DC) security, Harvest MSCI China A Index ETF (Harvest ETF, or Exchange Traded Fund) on The Stock Exchange of Hong Kong Limited (the Exchange), a wholly-owned subsidiary of HKEx.

A DC security offers two counters – for example, a renminbi (RMB) counter and a Hong Kong dollar (HKD) counter – for trading and settlement purposes. The two counters are of the same class and holders of shares or units of the counters are treated equally. DC securities' counters have different stock codes and stock short names for easy identification.

Investors can generally buy and sell shares or units in the same counter of a DC security. They can also buy shares or units of one counter and sell them in the other counter provided their brokers offer such service.

A major benefit of a DC security for investors is the convenience of being able to trade in either one of the two currencies, while the benefits for issuers include a wider base of potential investors. Investors who want to trade in a DC security eligible for HKEx's RMB Equity Trading Support Facility (TSF), such as the Harvest ETF, but do not have RMB can use the facility. [TSF information](#) can be obtained from the HKEx website.

The listing of the Harvest ETF (stock short names and stock codes: HGI MSCI CN A, 3118 and HGI MSCI CN A-R, 83118) will increase the number of RQFII (RMB Qualified Foreign Institutional Investor) ETFs listed on the Exchange to four, the number of listed ETFs to 97 and the number of ETF managers to 20. It will also increase the number of RMB products in HKEx's markets to 48: 47 in the securities market (41 debt securities, five ETFs, including the Harvest ETF, and one Real Estate Investment Trust, or REIT) and one in the derivatives market (RMB currency futures).

"We are pleased to facilitate the launch of dual counter securities on the Exchange," said Calvin Tai, HKEx's Head of Trading. "This is an important milestone in our RMB product development. Offering investors a choice of trading a security in RMB or HKD will further enhance HKEx's position as a leading international market and Hong Kong's increasingly important role as an offshore RMB centre."

Notes on DC RQFII ETFs

- All units will be issued in RMB, and creation and redemption will be carried out only in RMB.
- Separate stock codes and short names will be assigned to the HKD and RMB counters. The last four digits of the stock codes for the two counters will be the same, while the code for the RMB counter will be a 5-digit number starting with an "8", in line with the existing allocation arrangement (for example, XXXX; 8XXXX). The short names will also be similar, with the RMB counter ending with -R to indicate it is traded in RMB (for example, AB CD ETF; AB CD ETF-R).
- The official net asset value (NAV) per unit and the near real time estimated NAV (iNAV) will 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 disclosed on the manager's website or the ETF website).
- Additional information on the [DC arrangements for RQFII ETFs](#) can be obtained from the HKEx website.
- Investors considering ETFs are advised to read the prospectus in full before making any investment decisions.

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