

Royal Bank of Canada Hong Kong Branch

Central Entity Number AAE727

Stock Connect Terms and Risk Disclosures (Shanghai & Shenzhen Stock Connect)

*Royal Bank of Canada is duly established under the Bank Act (Canada),
which provides limited liability for shareholders.*

Wealth Management



STOCK CONNECT TERMS AND RISK DISCLOSURES (Shanghai & Shenzhen Stock Connect)

SECTION A: Terms for RBC Stock Connect Service

These Stock Connect Terms shall apply to any and all RBC Stock Connect Service (as defined below) provided or to be provided by the Bank to the Customer.

1 RBC Stock Connect Service and Applicability

- 1.1 These Stock Connect Terms (including the risk disclosures included herein under Section B hereof) govern the services provided by the Bank (the “**RBC Stock Connect Service**”) under which an order placed or instruction given by a Customer to the Bank in respect of Stock Connect Securities are routed to the SSE and/or SZSE by the Bank’s appointed execution broker (the “**Execution Broker**”) via the Stock Connect Service or where the Bank undertakes any investments for a Customer via the RBC Stock Connect Service. The Execution Broker is a person registered as a China Connect Exchange Participant (as defined in the SEHK Stock Connect Rules) and provides the Stock Connect Service to the Bank. The Customer’s Stock Connect Securities are held in CCASS by the Bank’s appointed custodian (the “**Custodian**”) who is a CCASS Participant (as defined in CCASS Stock Connect Rules).
- 1.2 These Stock Connect Terms apply where the Customer uses, or indicates to the Bank that the Customer intends to use, the RBC Stock Connect Service. The Customer agrees that by using the RBC Stock Connect Service, it is deemed to have read, accepted and agreed to these Stock Connect Terms.
- 1.3 The Stock Connect Terms form and shall be deemed to form part of the General Terms and Conditions of the Bank (the “**General Terms**”) (and correspondingly, part of the Agreement(s) (as defined in the General Terms)), any relevant notices or disclosures issued by the Bank governing the provision of its services, and/or any other relevant agreements entered into between the Customer and the Bank, as may be amended from time to time (collectively, the “**Existing Terms**”). For the avoidance of doubt, the RBC Stock Connect Service is a “**Service**” and these Stock Connect Terms constitute “**Services Terms**” under the General Terms.
- 1.4 In the event of any conflict or inconsistency between these Stock Connect Terms and the Existing Terms, these Stock Connect Terms shall prevail.
- #### 2 Interpretation
- 2.1 Unless otherwise stated, capitalised terms used in these Stock Connect Terms shall have the meanings given below. Terms and

expressions which are not defined in these Stock Connect Terms shall have the meanings in the Agreement(s) (as defined in the General Terms).

“**Affiliate**” means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“**A Shares**” means any securities issued by companies incorporated in the PRC which are listed and traded, from time to time, on the PRC A Share market (i.e. the SSE or the SZSE) and not on SEHK.

“**Cash**” means all cash or cash equivalents in RMB received and held by the Bank on the terms of these Stock Connect Terms.

“**CCASS**” means the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK and/or any system established for the purpose of Stock Connect.

“**CCASS Stock Connect Rules**” means the general rules of CCASS, as amended for the purposes of implementing Stock Connect, and as amended, supplemented, modified and/or varied from time to time.

“**ChinaClear**” means China Securities Depository and Clearing Corporation Limited.

“**ChiNext Shares**” means any shares listed and traded on the ChiNext market operated by SZSE, including such shares received by an investor as a result of any distribution of rights or entitlements, conversion, takeover, other corporate actions or special circumstances arising from Stock Connect Securities.

“**Clearing Participant**” has the meaning given to such term in the rules of CCASS.

“**Client Securities Rules**” means the Securities and Futures (Client Securities) Rules (Cap 571H of the Laws of Hong Kong).

“**CSC**” means the China Stock Connect System for receiving and routing orders under Stock Connect to the trading system on a Stock Connect Market for automatic matching and execution.

“**CSRC**” means China Securities Regulatory Commission.

“**CSRC Stock Connect Rules**” means the Several Provisions regarding PRC – Hong Kong Stock Connect Mechanism, as promulgated by CSRC to prescribe the launch and operation of Stock Connect.

“**Custodian**” has the meaning given to it in Clause 1.1.

“**Execution Broker**” has the meaning given to it in Clause 1.1.

“**Exchange Participant**” means (as the context requires) (a) any broker, appointed by the Bank, which is a person registered as a China Connect Exchange Participant (as defined in the SEHK Stock Connect Rules) by the SEHK; or (b) any China Connect Exchange Participant (as defined in the SEHK Stock Connect Rules).

“**Forced-sale Notice**” has the meaning given to it in Clause 10.1.

“**HKEx**” means Hong Kong Exchanges and Clearing Limited.

“**HKSCC**” means the Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of HKEx.

“**Northbound**” denotes the trading of Stock Connect Securities by Hong Kong and overseas investors through Stock Connect.

“**Personal Data**” has the meaning as defined in the Personal Data (Privacy) Ordinance (Cap 486 of the Laws of Hong Kong).

“**PRC**” means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan).

“**PRC Listco**” means a PRC-incorporated company which is listed on a stock exchange in the PRC.

“**PRC Citizen**” means a person holding a resident identification card or other equivalent government issued identification of the PRC.

“**Pre-Trade Checking**” means the checks performed (including by SEHK) to ensure that there is no overselling of Stock Connect Securities as pursuant to the relevant Stock Connect Laws, a Stock Connect Market may reject a sell order if an investor does not

have sufficient available Stock Connect Securities in its account.

“**QFII**” means the Qualified Foreign Institutional Investor program which was launched in 2002 in the PRC to allow licensed foreign investors to buy and sell A Shares in the PRC stock exchanges.

“**RBC Stock Connect Service**” has the meaning given to it in Clause 1.1.

“**Related Person**” means (i) the Execution Broker; (ii) the Custodian; (iii) any Affiliate of the Bank or the Execution Broker or the Custodian; (iv) any director, officer, employee or agent of the Bank or the Execution Broker or the Custodian; or (v) any Affiliate of the Bank or the Execution Broker or the Custodian.

“**Relevant Person**” has the meaning given to it in Clause 7.1(f).

“**Relevant Listco**” has the meaning given to it in Clause 7.1(f).

“**Renminbi**” or “**RMB**” means the lawful currency of the PRC, deliverable in Hong Kong.

“**RQFII**” means the RMB Qualified Foreign Institutional Investor program which was launched in 2011 to allow Hong Kong and other foreign jurisdictions to reinvest offshore RMB into the PRC securities market.

“**SAFE**” means the State Administration of Foreign Exchange of the PRC.

“**SEHK**” means The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of HKEx.

“**SEHK Stock Connect Rules**” means the rules of SEHK, as amended for the purposes of implementing Stock Connect, and as amended, supplemented, modified and/or varied from time to time.

“**SEHK Subsidiary**” means a wholly-owned subsidiary of SEHK duly authorised as an automated trading service provider under the SFO and licensed under applicable laws in the PRC to provide the order-routing service under Stock Connect.

“**SFC**” means the Securities and Futures Commission of Hong Kong.

“**SFO**” means the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

“**Shanghai Hong Kong Stock Connect**” means a securities trading and clearing links programme developed or to be developed by SEHK, SSE, HKSCC and ChinaClear for the establishment of mutual market access between SEHK and SSE.

“**Shenzhen Hong Kong Stock Connect**” means a securities trading and clearing links programme developed or to be developed by SEHK, SZSE, HKSCC and China Clear for the establishment of mutual market access between SEHK and SZSE.

“**Special Stock Connect Securities**” means any securities listed on a Stock Connect Market which SEHK (after consulting with the relevant Stock Connect Market) accepts or designates as eligible only for Stock Connect sell orders and not Stock Connect buy orders.

“**SSE**” means the Shanghai Stock Exchange.

“**SSE Stock Connect Rules**” means the SSE regulations on the Shanghai Hong Kong Stock Connect which have been published by SSE for the purposes of implementing Stock Connect, as amended, supplemented, modified and/or varied from time to time.

“**SSE Listing Rules**” means the Rules Governing the Listing of Stocks on SSE, as amended, supplemented, modified and/or varied from time to time.

“**SSE Rules**” means the SSE Stock Connect Rules and the business and trading rules and regulations of SSE, as amended, supplemented, modified or varied from time to time.

“**STAR Shares**” means the shares listed on the Science and Technology Innovation Board of the SSE.

“**Stock Connect**” means the Shanghai Hong Kong Stock Connect and/or the Shenzhen Hong Kong Stock Connect (as the case may be).

“**Stock Connect Authorities**” means the regulators which regulate Stock Connect and activities relating to Stock Connect, including without limitation, the CSRC, the People’s Bank of China, SAFE, the SFC and any other regulator, agency or authority

with jurisdiction, authority or responsibility in respect of Stock Connect.

“**Stock Connect Entities**” means the exchanges, clearing systems and other entities which provide services relating to Stock Connect, including without limitation, SEHK, HKSCC, SEHK Subsidiaries, SSE, SZSE and ChinaClear.

“**Stock Connect Laws**” means the laws and regulations of Hong Kong and the PRC from time to time in respect of Stock Connect or any activities arising from Stock Connect.

“**Stock Connect Market**” means SSE and/or SZSE (as the case may be).

“**Stock Connect Market System**” means the system used for the trading of Stock Connect Securities on SSE and/or SZSE (as the case may be), as operated by SSE and SZSE respectively.

“**Stock Connect Rules**” means any rules, policies or guidelines published or applied by any Stock Connect Authority or Stock Connect Entity from time to time in respect of Stock Connect or any activities arising from Stock Connect.

“**Stock Connect Securities**” means any securities listed and traded on a Stock Connect Market which may be traded by Hong Kong and overseas investors under Stock Connect. For the avoidance of doubt, Stock Connect Securities exclude ChiNext Shares and STAR Shares.

“**Stock Connect Service**” means the order-routing service through which Northbound orders placed by an Exchange Participant may be transmitted by a SEHK Subsidiary to the corresponding Stock Connect Market for the buying and selling of Stock Connect Securities and any related supporting services.

“**Stock Connect Terms**” means this supplement (including Section A and Section B), as amended, supplemented, modified and/or varied from time to time.

“**Substantial Shareholder**” has the meaning given to it in Clause 7.1(g).

“**SZSE**” means the Shenzhen Stock Exchange.

“**SZSE Stock Connect Rules**” means the SZSE regulations on the Shenzhen Hong Kong Stock Connect which have been

published by SZSE for the purposes of implementing Stock Connect, as amended, supplemented, modified and/or varied from time to time.

“**SZSE Listing Rules**” means the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange (including the Rules Governing the Listing of Stocks on the ChiNext Board), as amended, supplemented, modified and/or varied from time to time.

“**SZSE Rules**” means the SZSE Stock Connect Rules and the business and trading rules and regulations of SZSE, as amended, supplemented, modified or varied from time to time.

“**Taxes**” means all taxes (including, but not limited to, all capital gains taxes), duties, levies, imposts, charges, assessments, deductions, withholdings and related liabilities, including additions to tax, penalties and interest imposed on or in respect of (i) Stock Connect Securities or Cash, (ii) any transaction effected under these Stock Connect Terms or (iii) the Customer (including, in each of cases (i), (ii) and (iii), as imposed by the relevant authorities in Hong Kong and/or the PRC).

“**Trading Day**” means a day on which SEHK is open for Northbound trading for (a) Hong Kong and Shanghai (in the case of Shanghai Hong Kong Stock Connect) or (b) Hong Kong and Shenzhen (in the case of Shenzhen Hong Kong Stock Connect), where “**T day**” denotes the Trading Day on which a transaction is executed and “**T+1 day**” denotes the day which is one Trading Day after T day.

3 Eligible Investors

3.1 The Customer understands and acknowledges that Northbound trading is available only to Hong Kong and overseas investors. By using the RBC Stock Connect Service, the Customer makes the representations and provides the undertakings set out in Clause 3.2 below.

3.2 The Customer represents and undertakes on a continuing basis (including without limitation on the first day that these Stock Connect Terms apply to the Customer and on each date the Customer places an order or gives an instruction in respect of Stock Connect Securities under these Stock Connect Terms), that:

(a) where the Customer is a natural person, the Customer is not a PRC Citizen resident or domiciled in the PRC;

(b) where the Customer is a legal person, it is not an entity incorporated or registered in or under the laws of the PRC;

(c) where the Customer is a corporate trustee, it is not a legal entity incorporated or registered in the PRC and the management decision over the trust is not controlled by any PRC Citizen resident or domiciled in the PRC;

(d) the Customer is using funds lawfully owned by the Customer and located outside of the PRC (or if located within the PRC, in an offshore account opened in accordance with all applicable laws of the PRC to which the Customer may be subject) to enter into transactions under these Stock Connect Terms;

(e) if applicable, all government or other consents (including, without limitation, any approval by SAFE) that are required for operating the offshore account have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(f) the Customer’s entry into any transaction under these Stock Connect Terms does not violate any applicable laws and/or regulations of Hong Kong, the PRC (including those in relation to foreign exchange control and reporting), or any other applicable jurisdiction;

In the event that the Customer becomes or has any reason to believe it is or may become in breach of any of the representations above, the Customer agrees to notify the Bank immediately.

3.3 If requested by the Bank, the Customer agrees to produce relevant documents (to the satisfaction of the Bank) to confirm that the Customer continues to satisfy the investor eligibility criteria for Northbound trading under the Stock Connect Laws and/or the Stock Connect Rules. Failure to do so may result in suspension or termination of the RBC Stock Connect Service to the Customer.

3.4 The Bank may, at any time, suspend or terminate the Customer’s access to the RBC Stock Connect Service without prior notice if it becomes aware of any change in circumstances which renders (or in the Bank’s reasonable belief, may render) any of the representations provided in Clause 3.2 inaccurate or misleading and/or affects (or in the Bank’s reasonable belief, may affect) the Customer’s ability to meet the investor eligibility criteria under the Stock Connect Rules and/or Stock Connect Laws.

4 Trading of ChiNext Shares and STAR Shares

4.1 Unless otherwise notified by the Bank, the Bank will not accept any orders to buy or sell ChiNext Shares or STAR Shares through the RBC Stock Connect Service from the Customer.

4.2 Day Trading, Pre-funding, Stock Lending and Borrowing, Margin Trading and Short Selling

4.3 Day trading is not permitted on the Stock Connect Markets. If a Customer purchases Stock Connect Securities on T day, the Customer may sell such Stock Connect Securities only on or after settlement has been completed.

4.4 Unless otherwise agreed in writing with the Bank, the Bank will not pre-fund any Northbound trading orders made by a Customer or pre-fund the settlement of Stock Connect Securities via the RBC Stock Connect Service. Further, the Bank does not offer via the RBC Stock Connect Service any stock lending or borrowing, margin trading or covered short selling in connection with Stock Connect Securities.

5 Compliance with Stock Connect Laws and Stock Connect Rules

5.1 Trading in Stock Connect Securities are subject to all Stock Connect Laws and Stock Connect Rules.

5.2 The Bank is not liable for any inaccuracies or misstatements in the information set out in these Stock Connect Terms. These Stock Connect Terms do not purport to cover all Stock Connect Laws and Stock Connect Rules which may apply to the trading of Stock Connect Securities. The Customer acknowledges that it shall be fully responsible for understanding and complying with all Stock Connect Laws and Stock Connect Rules at all times and for any consequences of, or obligations arising from, Northbound trading (including those described in Section B of these Stock Connect Terms). The Bank shall have the right to apply any procedures or requirements in respect of any transactions made under these Stock Connect Terms which it determines in its absolute discretion to be necessary or desirable for the purpose of complying with any Stock Connect Laws, Stock Connect Rules or market practice. The Bank and/or any Related Person shall have no liability for any losses or risks which may result directly or indirectly from the application of such procedures or requirements by the Bank.

5.3 The Bank may, in its absolute discretion, refuse to execute any instruction provided by the Customer if such instruction is not, or if the Bank reasonably believes the Customer may not be, compliant with any Stock Connect Laws and/or Stock Connect Rules. The Customer acknowledges and accepts that any Northbound order placed by the Customer may also be rejected by any Stock Connect Authority if such order is not, or if

the relevant Stock Connect Authority believes that the order may not be, compliant with any Stock Connect Laws and/or Stock Connect Rules. The Bank and/or any Related Person shall have no liability for any losses or risks which may result directly or indirectly from such refusal.

5.4 Without limitation to the foregoing, the Bank may in its absolute discretion suspend, terminate or limit the Customer's ability to use the RBC Stock Connect Service without prior notice to the Customer, including but not limited to where it (through the Execution Broker) is requested or directed by a Stock Connect Authority.

6 Risk Disclosures and Acknowledgement

6.1 By instructing the Bank in respect of any transaction relating to Stock Connect Securities, the Customer acknowledges:

(a) that it is fully responsible for understanding and complying with all applicable laws at all times, including, without limitation, the Stock Connect Laws and Stock Connect Rules, applicable trading rules and guidelines of both Hong Kong and the PRC (including filing and registration obligations and those relating to disclosure of interest, "short swing profit rule" and foreign ownership limits);

(b) that, unless otherwise agreed in writing with the Bank, the Bank will not pre-fund any orders for Northbound trading through the RBC Stock Connect Service;

(c) that only limit orders with a specified price are placed via the RBC Stock Connect Service in accordance with Stock Connect Laws and Stock Connect Rules. The Customer understands that buy orders must not be lower than the current best price and sell orders must be executed at or higher than the specified price;

(d) and represents and warrants that it (i) has read and understood the risk disclosures and other information set out in Section B hereof; (ii) understands that there is a risk of prohibition of trading Stock Connect Securities; (iii) understands that the Customer's instructions to trade Stock Connect Securities may not be accepted; and (iv) understands its obligations set out in Section B hereof including the consequences of a breach of Stock Connect Laws and/or Stock Connect Rules;

(e) and agrees that the relevant Personal Data of the Customer (including without limitation the Customer's identity, Account information) will be provided to a Related Person (and any subsequent onward provision of such Personal

- Data to the SEHK and/or the relevant Stock Connect Market (or any other governmental or regulatory body)) for the purpose of executing any Northbound orders placed by such Customer pursuant to these Stock Connect Terms;
- (f) that the Bank and/or any Related Person shall not be liable for any loss, liability or third party claim or demand that it may suffer directly or indirectly as a result of any action or inaction by the Bank in connection with the provision of any services in respect of Stock Connect including, without limitation, the materialisation of any of the risks described in Section B hereof;
- (g) that SEHK has the power not to extend or continue the Stock Connect Service to the Customer if it is found that the Customer has or may have committed any abnormal trading conduct set out in the SSE Rules and/or the SZSE Rules (as the case may be) or failed to comply with any Stock Connect Law and/or Stock Connect Rule;
- (h) that if the SSE Rules and/or the SZSE Rules (as the case may be) are breached, or the disclosure and other obligations referred to in any Stock Connect Laws or Stock Connect Rules are breached, the relevant Stock Connect Market has the power to carry out an investigation, and may, through SEHK (or any other governmental or regulatory body), require the Execution Broker (and in turn, the Bank) to (a) provide relevant information and documents relating to its client (and in turn, the Customer) including, without limitation, the Customer's identity, the Customer's address, other Personal Data relating to the Customer, the contact details of any person or entity responsible for originating the Northbound trading instructions in respect of Stock Connect Securities or the person or entity that stands to gain the commercial and economic benefit of the trades relating to Stock Connect Securities and/or bear its commercial or economic risks; and (b) assist in a Stock Connect Authority's enquiry or investigation into the alleged breach. The Customer consents to the onward provision of such information and materials to a Related Person, the SEHK and/or Stock Connect Market (or any other governmental or regulatory body) for these purposes.
- (i) that where a Stock Connect Authority considers that there is a breach of the SSE Rules and/or the SZSE Rules (as the case may be), the Execution Broker (and in turn, the Bank) may be required by a Stock Connect Authority to (a) issue warning statements (verbally or in writing) to its client (and in turn, the Customer); and (b) cease providing to its client (and in turn, the Customer) any service relating to the trading of Stock Connect Securities through Stock Connect. The Customer acknowledges that if there is a suspected breach, or breach, of the SSE Rules and/or the SZSE Rules (as the case may be) by the Execution Broker in connection with a Northbound trade placed by the Bank on behalf of the Customer, the Customer will be required to cooperate with the relevant Stock Connect Authority (or other regulatory authorities) in connection with any related investigation. The Customer further acknowledges that any legal consequences arising from such investigation shall be borne by the Customer.
- (j) and agrees that prior to the Bank informing the Customer that a Northbound buy order made by the Customer has been settled, it shall not make a Northbound sell order in respect of the Stock Connect Securities which are the subject of such Northbound buy order;
- (k) and consents to the Bank (through the Execution Broker) providing information relating to its profile, the type and value of Northbound buy and sell orders and transactions executed on its behalf to a Stock Connect Authority at such intervals and in such form as such Stock Connect Authority may require from time to time;
- (l) and accepts responsibility for paying all fees, charges, levies and Taxes and shall comply with any related filing obligations as may be required under any Stock Connect Laws or Stock Connect Rules relating to any Stock Connect Securities and any dividends or entitlements in respect of such Stock Connect Securities;
- (m) that SEHK may, upon the request of the relevant Stock Connect Market, require the Execution Broker to reject the Bank's order, and in turn, the Bank will be required to reject the Customer's order placed through the RBC Stock Connect Service; and
- (n) that none of the Stock Connect Authorities or their respective directors, employees or agents shall be responsible or held liable for any loss or damage, directly or indirectly suffered by the Customer or any third party arising in connection with the trading of Stock Connect Securities or the operation of the CSC in respect of Stock Connect Securities or any action taken by a

Stock Connect Authority in the discharge of its supervisory or regulatory obligations or functions (including any action taken in respect of abnormal trading activities).

7 Representations and Undertakings

7.1 The Customer makes the representations set out in this Clause 7.1 to the Bank on a continuing basis (including without limitation on the first day that these Stock Connect Terms apply to a Customer and on each date that it places an order or gives an instruction in respect of Stock Connect Securities under these Stock Connect Terms) and such representations shall apply to each transaction conducted under the Stock Connect Terms:

- (a) it is aware of and will comply with all applicable Stock Connect Laws and Stock Connect Rules;
- (b) the execution of any instruction it gives to the Bank will not result in any breach of any Stock Connect Laws or Stock Connect Rules or any applicable laws;
- (c) it understands and has assessed the risks relating to and arising from Stock Connect and is willing to undertake such risks;
- (d) it (or any person responsible for originating the Northbound trading instructions in respect of Stock Connect Securities) is not an insider as defined or interpreted under PRC law and it (or any person responsible for originating the Northbound trading instructions in respect of Stock Connect Securities) is not in possession of inside information when trading Stock Connect Securities or procuring others to do so;
- (e) in purchasing Stock Connect Securities, it (or any person responsible for originating the Northbound trading instructions in respect of Stock Connect Securities) has no intention to manipulate the market or carry out any other market misconduct;
- (f) it is not a director, supervisor or senior management personnel of a PRC Listco (a **Relevant Person**) of which the Customer holds any shares of such PRC Listco (a **Relevant Listco**);
- (g) it does not hold or control 5% or more of the shares of any PRC Listco (a **Substantial Shareholder**);
- (h) it is not a spouse, parent or child of a Relevant Person or of a Substantial Shareholder; and

- (i) its holding of Stock Connect Securities is not made for or on behalf of a Relevant Person or a Substantial Shareholder.

7.2 The Customer makes the following representations to the Bank on each date it places an order to sell Stock Connect Securities:

- (a) it is the beneficial owner of such Stock Connect Securities;
- (b) it does not know of any fact or circumstance which might impair the validity of the Stock Connect Securities and it has full authority to receive, deal with and give instructions, authorisations or declarations in respect of the same;
- (c) there is no adverse claim to such Stock Connect Securities; and
- (d) there is no restriction on the transfer of such Stock Connect Securities other than those expressly provided for under the SEHK Stock Connect Rules or CCASS Stock Connect Rules.

7.3 The Customer undertakes to the Bank to inform it immediately in writing (and in any event no later than one business day after the relevant event) of anything that may potentially render any of the representations in these Stock Connect Terms inaccurate or misleading.

8 Compliance with Pre-Trade Checking Requirements

8.1 The Customer undertakes to:

- (a) comply with any requirements relating to Pre-Trade Checking mandated by the Bank, the Stock Connect Authorities, the Stock Connect Entities or as otherwise notified to the Customer by the Bank;
- (b) prior to the Bank informing the Customer that a Northbound buy-order instructed by the Customer has been settled, the Customer shall not instruct a Northbound sell order in respect of the Stock Connect Securities which are the subject of such Northbound buy order; and
- (c) prior to the placing of any Northbound sell-order through RBC Stock Connect Service, ensure that there are sufficient available Stock Connect Securities in its account to cover any proposed sell order given on that Trading Day.

8.2 The Customer understands that if the Bank considers that it does not for whatever reason have sufficient available Stock Connect Securities in its account to settle a sell order by the applicable cut-off time (as notified to the Customer by the Bank from

time to time), the Bank may in its absolute discretion:

- (a) reject its sell order; or
- (b) perform any other act which the Bank considers necessary or desirable to comply with Pre-Trade Checking and/or relevant Stock Connect Laws or Stock Connect Rules and to cover the shortfall (including but not limited to applying any other Stock Connect Securities available to the Bank from other sources).

8.3 In respect of any instruction to make a Northbound buy order, if the Bank determines in its absolute discretion that the Customer does not have sufficient funds to settle the payment obligation in respect of such order on the settlement day, the Bank may, in its absolute discretion, reject the buy order.

8.4 Any risk, loss or cost resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant Stock Connect Laws or Stock Connect Rules shall be borne by the Customer. The Customer shall reimburse the Bank for any costs, losses or expenses which the Bank incurs as a result of its failure to deliver in respect of its sell order on such terms and price (including any associated fees and expenses) and at such time as the Bank shall determine in its absolute discretion.

9 Settlement and Currency Conversion

9.1 As all Northbound trading is effected and settled in RMB, if the Bank does not receive sufficient RMB before settlement of a Northbound buy order to settle such purchase of Stock Connect Securities, settlement may be delayed and/or fail and the Customer may not acquire title to sell or transfer the relevant Stock Connect Securities.

9.2 If a Customer requests cancellation of any Northbound trading order placed through the RBC Stock Connect Service, such request shall not be deemed effective until such time as the Bank informs the Customer that such order has been cancelled. The Customer shall be responsible for settling any Northbound trading orders executed prior to receiving any such confirmation from the Bank.

9.3 Where the Bank holds any funds on the Customer's behalf, if the Customer instructs (i) Northbound buy orders only or (ii) both Northbound buy orders and other buy orders (in respect of securities other than Stock Connect Securities) and if the Customer does not have sufficient RMB funds in the Customer's account to settle all such orders and all payment obligations in relation thereto, the Bank may reject all such orders or process only one or some of such orders with the available RMB funds in the Customer's account and the Bank may in its absolute discretion decide which of the buy

orders to process without regard to the sequence in which the orders were placed by the Customer.

9.4 If there are insufficient RMB funds to settle any Northbound buy order or other payment obligation in connection with Stock Connect Securities, the Customer authorises the Bank to convert any funds in another currency which the Bank holds on its behalf into RMB at the prevailing exchange rate of the Bank for the purposes of settlement thereof.

9.5 Notwithstanding any other provisions in the Existing Terms, where it is necessary to convert one currency to another pursuant to these Stock Connect Terms and if the Bank chooses to do so at its absolute discretion, such conversion may be carried out automatically by the Bank in a commercially reasonable manner without prior notice to the Customer. Any risk, loss or cost resulting from any conversion of one currency into another currency pursuant to these Stock Connect Terms shall be borne by the Customer. For avoidance of doubt, the Customer understands and acknowledges that the Bank does not have any obligation to make any such conversion.

9.6 The Customer agrees that if it fails to settle any payment obligation in relation to an instruction to purchase Stock Connect Securities in a timely manner, the Bank has the right to immediately and without prior notice to the Customer take such action as the Bank considers appropriate to reduce or eliminate any loss or liability that the Bank suffers or may suffer (including but not limited to taking any steps to arrange to sell, realise, dispose of or otherwise deal with the relevant Stock Connect Securities) and the Customer shall indemnify and hold the Bank harmless for any liabilities, expenses or other losses the Bank may incur in exercising the foregoing right. The Customer further agrees that the Bank and/or any Related Person shall have no liability to it for any loss, diminution in value or other damages whatsoever for any action or inaction of the Bank pursuant to this Clause.

9.7 Notwithstanding any other provisions in the Existing Terms, where the Bank determines that there is insufficient liquidity in RMB to settle any buy orders, the Bank may, in its sole and absolute discretion, reject such buy order.

9.8 Unless and until the Customer has settled all payment obligations in connection with any and all Northbound buy orders, the Bank is entitled not to release to the Customer's account any Stock Connect Securities acquired by virtue of the buy orders or any other Stock Connect Securities the Bank has executed for (but not released to) the Customer under the RBC Stock Connect Service.

9.9 If for any reason whatsoever, the Execution Broker does not receive by T day (from the on hold mechanism by HKSCC) all or part of the Stock Connect Securities purchased on T day, the Execution Broker shall, if applicable, only deliver to the Bank (and in turn, the

Customer) on the T day the Stock Connect Securities released from the on hold mechanism by the HKSCC in the quantity actually released to the Execution Broker on T day. In such case, the Bank may settle payment obligations in connection with the Stock Connect Securities actually delivered on T day and any remaining payment obligations may be settled on the business day that the remaining quantities of Stock Connect Securities are actually delivered to the Bank (and in turn, the Customer). The Customer agrees that the Bank and/or any Related Person shall have no liability to it for any loss, diminution in value or other damages whatsoever as a result of any delay caused by the non-delivery of Stock Connect Securities on T day.

10 Sale, Transfer and Disgorgement

- 10.1 Where, under the terms of the Stock Connect Rules, the Exchange Participant receives any notice (a “**Forced-sale Notice**”) from a Stock Connect Authority requiring the Exchange Participant (and/or its clients) directly or indirectly (including through SEHK) to sell and liquidate or arrange for a sell down of a specified number of Stock Connect Securities, the Bank shall, upon being informed by the Execution Broker, be entitled to issue a corresponding notice (a “**Client Forced-sale Notice**”) to the Customer requesting the Customer to sell and liquidate any number of such Stock Connect Securities that the Customer holds in its account with the Bank (as determined by the Bank in its sole discretion) within the time period specified by the relevant Stock Connect Authority (or otherwise by the Exchange Participant), and the Customer undertakes to comply with any such Client Forced-sale Notice.
- 10.2 In relation to any Forced-sale Notice where a Client Forced-sale Notice has been issued, the Bank shall not permit the transfer by the Customer of any such Stock Connect Securities out of the Customer’s account with the Bank other than to settle such sale of Stock Connect Securities as required by the relevant Stock Connect Authority. The Customer authorises the Bank to arrange for the sale of such Stock Connect Securities on its behalf at such price and on such terms as the Bank may determine in its absolute discretion if it fails to comply with a Client Forced-sale Notice in a timely manner, to the extent necessary to comply with all Stock Connect Laws and Stock Connect Rules.
- 10.3 Where Stock Connect Securities owned by the Customer that are the subject of a Client Forced-sale Notice have been transferred from the Clearing Participant that settled the relevant Northbound buy order (the “**Original CP**”) to another Clearing Participant or custodian (the “**Recipient Agent**”), the Customer authorises the Bank to provide instructions to the Recipient Agent on its behalf to return the relevant Stock Connect Securities to the Original CP for sale and liquidation in accordance with all Stock Connect Laws and Stock Connect Rules as required by the relevant Stock Connect Authority. The Customer also undertakes to

inform the Recipient Agent of such authorisation and, where required, the Customer undertakes to instruct the Recipient Agent to act accordingly.

- 10.4 The Customer authorises the Bank to arrange for the sale of any quantity of Stock Connect Securities owned by the Customer if the Bank (through the Execution Broker) receives notice from any Stock Connect Authority requiring it to disgorge any profits as a result of the “short swing profit rule”, as more fully described under paragraph 20 (*Short Swing Profit Rule*) of Section B of these Stock Connect Terms.
- 10.5 In addition to the above, the Customer authorises the Bank to sell, procure the sale of, transfer or carry out any other action in relation to Stock Connect Securities owned by the Customer if the Execution Broker (and in turn, as notified to the Bank) is instructed to do so by any Stock Connect Authority or if the Bank otherwise determines in its absolute discretion that it is necessary or desirable to do so in order to comply with any Stock Connect Laws or Stock Connect Rules or market practice for purposes of compliance therewith.
- 10.6 The Bank and/or any Related Person shall have no liability for any losses or risks which may result to the Customer directly or indirectly from any actions taken by the Bank under this Clause.
- ## 11 Fees and Taxation
- 11.1 The Bank shall be entitled in its absolute discretion, without further notice or demand, forthwith to satisfy any obligation of the Bank, any Related Person or the Customer to pay or account for any amounts in respect of any Taxes by selling, realising or otherwise dealing with, in such manner as the Bank in its absolute discretion may determine, all or part of any of the Customer’s property held by the Bank and/or the Execution Broker and/or the Custodian for any purpose in any of its accounts, and to apply the proceeds in reduction of all or part of its liability to any tax authority, the Bank and/or any Related Person.
- 11.2 The Customer is responsible for paying all fees, charges, levies and Taxes, and the Customer undertakes that it will comply with any filing or registration obligations, in each case as may be required including under any Stock Connect Laws or Stock Connect Rules relating to any Stock Connect Securities and any dividends or entitlements in respect of such Stock Connect Securities. The Customer should seek independent tax advice in respect of any tax consequences arising from the trading of Stock Connect Securities. The Bank assumes no responsibility for advising on or handling such tax issues, liabilities and/or obligations nor will the Bank provide any such assistance.
- 11.3 Notwithstanding any other provision in these Stock Connect Terms, the Bank and/or any Related Person shall not be responsible for and shall have no liability to the Customer for

any damage, liability or loss (including loss of profit) which may result directly or indirectly from any actions taken by the Bank under this Clause unless such damage, liability or loss directly and solely results from the Bank's fraud, wilful default or gross negligence, but only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly or solely therefrom.

11.4 Notwithstanding the above but without prejudice to the full force of the foregoing provisions, if the Bank so requests at its absolute discretion, the Customer shall complete, provide information, sign and file any tax forms, certificates or documents which the Bank and/or a Related Person is required by any tax authority of any applicable jurisdiction to submit in respect of the Customer in connection with any transaction made on behalf of the Customer pursuant to these Stock Connect Terms. The Customer agrees to cooperate with the Bank and provide the necessary information and assistance to them or any of them for such purposes.

12 Indemnity

12.1 In addition and without prejudice to any of the Bank's rights under the Existing Terms or under any other provisions of these Stock Connect Terms, including without limitation Clause 9.5 above, the Customer will indemnify the Bank on a full indemnity basis against any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever arising directly or indirectly from the Bank providing any services to the Customer in respect of its trading or investment in Stock Connect Securities, including, without limitation, to (a) any Taxes resulting from any trading of Stock Connect Securities pursuant to Stock Connect; (b) the materialisation of any risk referred to in Section B hereof; (c) any legal costs which the Bank may incur in connection with any instruction given by the Customer; or (d) any costs incurred in connection with Clause 10 (*Sale, Transfer and Disgorgement*) above, in each case other than those claims, demands, actions, proceedings, damages, costs, expenses, losses and liabilities which result directly and solely from the Bank's fraud, wilful default or gross negligence, and only to the extent of direct and reasonably foreseeable loss and damage (if any) arising directly or solely therefrom.

12.2 In addition and without prejudice to any other right or remedy which the Bank may have, the Bank shall be entitled at its absolute discretion, without further notice or demand, forthwith to satisfy any claims, demands, actions, proceedings, damages, costs, expenses, losses and all other liabilities whatsoever referred to in Clause 12.1 above by selling, realising or otherwise dealing with, in such manner as the Bank in its absolute discretion may determine (but at all times in accordance with the Stock Connect Rules and applicable laws), all or part of any property held by the Bank and/or the Execution Broker and/or the Custodian

for any purpose in any account of the Customer, and to apply the proceeds in reduction of all or part of any liability of the Customer to the Bank.

13 Payments in respect of Stock Connect Securities

13.1 All sums payable by the Customer under the Existing Terms shall be paid or accounted for free and clear of any tax (including goods and services and value added tax), levy, duty, charge, impost, fee, interest, penalty, deduction or withholding (collectively the "taxes") of any nature now or hereafter imposed, withheld or assessed by any taxing or other authority. If the Customer is required by any law or regulation to make any deduction or withholding on account of any taxes from any such sums payable by it, the Customer shall, together with such sums, immediately pay or account for such additional amount as will ensure that the Bank receives or is credited (free and clear of the taxes) the full amount which the Bank would have received or been credited if no such deduction or withholding had been required. Upon the Bank's request, the Customer will promptly forward to the Bank copies of official receipts or other evidence showing that the full amount of any such deduction or withholding has been paid over to the relevant taxing or other authority.

14 Miscellaneous

14.1 The Customer will provide to the Bank all information (including translations into Chinese, if required) which the Bank requests if such information is requested by an exchange, regulatory authority or an organisation (whether within or outside Hong Kong) with which HKEX or SEHK has entered into an information sharing arrangement or agreement. In addition, by providing any such information to the Bank pursuant to the foregoing, the Customer authorises the Bank (through a Related Person) to disclose such information to the relevant Stock Connect Authority, exchange, regulatory authority, governmental agency (including tax authority) or other organisation which requested the information or to which the information is required to be disclosed. The Customer acknowledges that, the Customer's failure to comply with this provision may, among other things, result in the suspension of RBC Stock Connect Service to it.

14.2 The Customer will execute any further documents and provide any materials and/or information as the Bank may reasonably request to enable the Bank to perform its duties and obligations under these Stock Connect Terms which may become necessary as and when the Stock Connect Rules are amended from time to time.

14.3 The Bank reserves the right at its discretion to review, add to, alter, vary or modify all or any of these Stock Connect Terms at any time without giving any reason. When any of such changes affect the liabilities and obligations of the Customer, the Bank shall give at least 30 days' notice to the Customer unless such

changes are not within the Bank's control. In other cases, reasonable notice shall be given. Such notice may be given by such means as the Bank at its discretion sees fit. Save for the purpose of closing the Account and/or terminating any Facilities or Services, any operation of the Account by the Customer, including the giving of any instructions to the Bank relating to Stock Connect Securities on or after the effective date of amendment of these Stock Connect Terms, shall be deemed acceptance of the relevant amended Stock Connect Terms by the Customer.

- 14.4 The Customer acknowledges that the Bank has no obligation to collect or receive or to take any action (including attending general meeting and/or exercising any voting rights or participating in capital raising or tender events) in relation to any payment or distribution or voting in respect of Stock Connect Securities held on behalf of a Customer or to notify the Customer of the existence, or the terms, of any notice, announcement, circular or similar corporate action in respect of Stock Connect Securities.

15 Governing Law and Jurisdiction

- 15.1 The parties agree that the governing law and jurisdiction clause in the Customer Agreement apply to these Stock Connect Terms.

Section B: Risk Disclosures and Other Information

This Section describes the key risks and information concerning Stock Connect. It does not disclose all risks involved in trading Stock Connect Securities. The Customer acknowledges that it understands the nature and risks of using Stock Connect for Northbound trading and has considered carefully (and if required, consulted its own professional advisers) whether trading in Stock Connect Securities is suitable for the Customer in light of its specific circumstances. The Customer fully understands and is willing to assume all risks associated with using Stock Connect and comply fully with all relevant Stock Connect Laws and Stock Connect Rules. The Customer acknowledges the risks involved and agrees to the terms set out in these Stock Connect Terms.

The Bank does not represent that the information set out in this Section is up to date or comprehensive, and does not undertake to update the information set out in this Section. The Customer acknowledges that it is responsible for monitoring any changes in the Stock Connect Laws and Stock Connect Rules and complying with any new, or changes in, the requirements.

THIS IS NOT AN EXHAUSTIVE LIST OF ALL THE RISKS INVOLVED IN TRADING STOCK CONNECT SECURITIES. PLEASE CAREFULLY READ ALL RELATED TERMS AND CONDITIONS AND CONSIDER THEIR APPLICABILITY TO YOU. IF REQUIRED, PLEASE CONSULT YOUR OWN LEGAL, TAX AND FINANCIAL ADVISORS OR OTHER PROFESSIONAL ADVISORS TO SEEK FURTHER ASSISTANCE.

Home Market Rules

1 Home Market Rules

1.1 The Customer understands that the PRC is the home market of Stock Connect Securities and the SSE Rules and/or SZSE Rules (as the case may be) and other PRC securities laws and regulations will apply to the trading and holding of Stock Connect Securities. In case of a breach of these rules and regulations, the relevant Stock Connect Market has the power to carry out an investigation. The Bank (through a Related Person) may be required to disclose information relating to the Customer (including any Personal Data), the Customer's Account information and/or the Customer's trading activities to assist the relevant Stock Connect Authority in such investigation.

1.2 Notwithstanding the above, certain Hong Kong legal and regulatory requirements will also continue to apply to Northbound trading.

Trading and Settlement Restrictions

2 Pre-Trade Checking

2.1 SEHK is required to check that, in respect of any Northbound sell orders given by an Exchange Participant, the relevant Exchange Participant or the Custodian holds sufficient available Stock Connect Securities to be able to fill such Northbound sell orders by the commencement of trading on the Trading Day the Customer wishes to execute. Otherwise, the Customer may be unable to execute Northbound sell orders due to Pre-Trade Checking related requirements.

2.2 The Customer shall bear any risk, loss, cost or expenses resulting from non-compliance or potential non-compliance with Pre-Trade Checking and/or the relevant Stock Connect Laws and/or Stock Connect Rules and/or the above actions taken by the Bank.

3 Eligible securities for Northbound trading

3.1 SEHK will include and exclude securities as Stock Connect Securities based on the prescribed criteria under the Stock Connect Rules and/or Stock Connect Laws or any other relevant rules and regulations from time to time. The Bank shall not be under any obligation to inform the Customer of any changes to the eligibility of shares for Northbound trading. The Customer should refer to the HKEx website and other information published by HKEx for the latest information.

4 Settlement

4.1 Northbound trades will follow the settlement cycle of the relevant Stock Connect Market. For settlement of Stock Connect Securities trades, ChinaClear will debit or credit the securities accounts of its participants (including HKSCC as clearing participant) on T day free of payment. Settlement of funds relating to such trading will be effected on T+1 day.

4.2 Although the transfer of the Stock Connect Securities precedes the transfer of cash, under the Stock Connect Service, the title to Stock Connect Securities will not be released until the receipt of confirmation of payment. Accordingly, for the purpose of contract notes, the settlement date would be T+1 day when both the securities and the cash are settled.

5 Quota Restrictions

5.1 Purchases of Stock Connect Securities are subject to daily quota controls. As a result, there is no assurance that a buy order can be successfully placed through Stock Connect. Any instruction to buy that has been submitted but not yet executed may be restricted or rejected.

5.2 SEHK and the relevant Stock Connect Market may also set pricing and other restrictions on buy orders in order to prevent the artificial use or filling of the applicable quotas.

5.3 The daily quota controls may change from

time to time without prior notice and the Customer is advised to refer to the HKEx website and other information published by the HKEx for the latest updates.

6 Restriction on Day Trading

6.1 Day (turnaround) trading is not permitted on the Stock Connect Markets. If the Customer buys Stock Connect Securities on T day, the Customer may be able to sell the Stock Connect Securities only on or after settlement has been completed (normally on T+1 day). As a result of the Pre-Trade Checking requirements, the Bank (through the Execution Broker and/or the Custodian) may process an instruction to sell Stock Connect Securities that were bought on T day only on or after the applicable cut-off time (as notified to the Customer by the Bank from time to time) on T+1 day subject to any applicable Stock Connect Rules and/or Stock Connect Laws.

7 No off-exchange trading and transfers

7.1 Unless otherwise provided by the CSRC, the Customer understands that the Bank shall not, with certain limited exceptions, provide services to facilitate trading of any Stock Connect Securities through any venue other than through the Stock Connect Market System, and the Bank shall not arrange to match or arrange to execute any sale and purchase instructions or any transfer instructions from the Customer in respect of any Stock Connect Securities in any manner otherwise than through Stock Connect in accordance with the Stock Connect Rules.

8 Placing Orders

8.1 Only limit orders with a specified price are allowed pursuant to Stock Connect Laws and Stock Connect Rules, where buy orders must not be lower than the current best price and sell orders may be executed at or higher than the specified price. Market orders will not be accepted.

9 Stock Connect Market Price Limits

9.1 Stock Connect Securities are subject to a general price limit of a range of percentages based on the previous trading day's closing price. The price limit may be changed from time to time. All orders in respect of Stock Connect Securities must be within the price limit and any orders with a price beyond the price limit will be rejected by the relevant Stock Connect Market.

10 Restrictions on selling Stock Connect Securities

10.1 The Customer is prohibited from using Stock Connect Securities purchased through Stock Connect to settle any sell orders placed through channels other than Stock Connect. Accordingly, there may be a limited market and/or lower liquidity for Stock Connect Securities purchased through Stock Connect (as compared to the same shares purchased through other channels). In addition, scrip

entitlements received by the Customer in respect of Stock Connect Securities may not be eligible for trading through Stock Connect. Accordingly, there is a risk of low/no liquidity for such shares received by way of scrip entitlement.

11 Delisting of companies listed on a Stock Connect Market

11.1 According to the SSE Listing Rules and the SZSE Listing Rules, if any SSE-listed company or SZSE-listed company (as the case may be) is in the delisting process, or its operation is unstable due to financial or other reasons such that there is a risk of being delisted or exposing the Customer's interest to undue damage, the SSE-listed company or SZSE-listed company (as the case may be) will be earmarked and traded on the "risk alert board". Any change to the risk alert board may occur without prior notice. The Customer understands that it will only be allowed to sell such shares and are restricted from further buying.

12 Account Information of Beneficial Owner

12.1 The Customer understands that its or the underlying investor's (as the case may be) identity as the beneficial owner of Stock Connect Securities which are the subject of a sell order may need to be disclosed to HKSCC and/or the relevant PRC authorities.

13 Scripless Securities

13.1 Stock Connect Securities are traded in scripless form and accordingly, Stock Connect Securities may not be physically deposited into and/or withdrawn from CCASS.

14 Amendment of Orders and Loss of Priority

14.1 Consistent with the current practice in the PRC, if the Customer wishes to amend an order, it must first cancel the original order and then input a new one. Accordingly, order priority will be lost and, subject to the daily quota restrictions, the subsequent order may not be filled on the same Trading Day.

15 Warning Statements

15.1 The Customer understands that SEHK may require the Execution Broker and in turn, the Bank (a) to issue warning statements to the Customer and/or (b) to cease to provide the RBC Stock Connect Service to the Customer.

16 Special Stock Connect Securities

16.1 The Customer understands that SEHK will accept or designate securities which cease to meet the eligibility criteria for Stock Connect Securities as Special Stock Connect Securities (provided that they remain listed on the relevant Stock Connect Market). In addition, any securities or options (which are not already accepted as Stock Connect Securities) received by the Customer as a result of any distribution of rights or entitlements, conversion, takeover, other

corporate actions or abnormal trading activities will be accepted or designated by SEHK as Special Stock Connect Securities. The Customer understands that it will only be able to sell, but not buy, any Special Stock Connect Securities.

17 Rights Issuances

- 17.1 Where the Customer receives as entitlements shares or other types of securities from the issuer of a Stock Connect Security, whether the Customer can buy and/or sell the entitlement security through Stock Connect will depend on a number of factors including whether the entitlement security is a Stock Connect Security, whether or not it is traded in RMB and whether or not HKSCC has put in place arrangements enabling the Customer to do so.

18 Odd Lot Trading

- 18.1 Odd lot trading in Stock Connect Securities is available only for sell orders and all odd lots must be sold in one single order. A board lot order may be matched with different odd lot sell orders, resulting in odd lot trades. Board lot and odd lot orders are matched on the same platform on Stock Connect and subject to the same share price. The maximum order size is 1 million shares and the tick size is uniformly set at RMB0.01.

PRC and Hong Kong Legal Issues

19 Disclosure of Interests

- 19.1 Under PRC laws, rules and regulations, if the Customer holds or controls shares (on an aggregate basis, i.e., including both domestically and overseas issued shares of the same PRC Listco, whether the relevant holdings are through Northbound trading, the QFII/RQFII regime or other investment channels) in a PRC Listco up to a certain threshold (as may be specified from time to time by the relevant Stock Connect Authorities), it must disclose such interest within the period specified by the relevant Stock Connect Authority, and the Customer must not buy or sell any such shares within the period specified by the relevant Stock Connect Authority. The Customer must also disclose any substantial change in his holding as required by the relevant Stock Connect Authority.
- 19.2 At the same time, the Customer may also be required to comply with Hong Kong disclosure obligations under Part XV of the SFO.
- 19.3 It is the Customer's responsibility to comply with any disclosure of interests rules from time to time imposed by the relevant Stock Connect Authority and to arrange for any relevant filings. The Bank will have no responsibility in assisting the Customer in complying with these disclosure obligations.

20 Short Swing Profit Rule

- 20.1 Under PRC laws, rules and regulations, the

"short swing profit rule" requires the Customer to return any profits made from purchases and sales in respect of Stock Connect Securities of a PRC Listco if (a) the Customer's shareholding in the PRC Listco exceeds the threshold prescribed by the relevant Stock Connect Authority from time to time and (b) the corresponding sale transaction occurs within the six months after a purchase transaction, or vice versa. It is the Customer's responsibility to comply with the "short swing profit rule". The Bank will have no responsibility in assisting the Customer in complying with the "short swing profit rule".

21 Foreign Ownership Limits

- 21.1 PRC law limits the number of shares a foreign investor is permitted to hold in a single PRC Listco, and on the maximum combined holdings of all foreign investors in a single PRC Listco. Such foreign ownership limits may be applied on an aggregate basis (i.e. across both domestically and overseas issued shares of the same issuer, whether the relevant holdings are through Northbound trading, the QFII/RQFII regime or other investment channels). It is the Customer's responsibility to comply with all foreign ownership limits from time to time imposed by applicable laws.

- 21.2 The foreign ownership restrictions described above may have an adverse effect on the liquidity and performance of an investment in Stock Connect Securities. As a result, the Customer may suffer losses in Stock Connect Securities.

- 21.3 The Customer understands that if the Bank becomes aware that the Customer has breached (or reasonably believes that the Customer may breach upon execution of further Northbound buy orders) any foreign ownership limits, or if the Bank (through the Execution Broker) is so required by any Stock Connect Authority, including, without limitation, to comply with any Forced-sale Notice issued by the relevant Stock Connect Market, the Bank will arrange to sell any Stock Connect Securities pursuant to Clause 10 (*Sale, Transfer and Disgorgement*) in Section A of these Stock Connect Terms if the Customer fails to comply with the corresponding Client Forced-sale Notice in order to ensure compliance with all Stock Connect Laws and Stock Connect Rules. In such case, no Stock Connect Securities buy orders for the relevant Stock Connect Securities will be accepted until the relevant Stock Connect Market informs the corresponding SEHK Subsidiary or SEHK that the aggregate foreign shareholding has fallen below a certain percentage. SEHK may determine in its absolute discretion which Exchange Participants and what quantity of Stock Connect Securities should be subject to a Forced-sale Notice (this will generally be on a "last-in, first-out" basis), and SEHK's (or the relevant SEHK Subsidiary's) own records shall be final and conclusive.

- 21.4 Moreover, under PRC laws, where foreign investors hold in aggregate more than a specified percentage (the "Cautionary

Level”) of the issued shares of a single PRC Listco, upon notification by the relevant Stock Connect Market to the corresponding SEHK Subsidiary, SEHK and the relevant SEHK Subsidiary are required as soon as practicable thereafter to suspend accepting Stock Connect Securities buy orders in respect of the relevant Stock Connect Securities. In such circumstances, the Bank may reject the Customer’s buy orders until the aggregate shareholding of foreign investors is reduced to below the specified percentage (the “Permitted Level”) as advised by the relevant Stock Connect Market.

22 Taxation

- 22.1 The Customer will be fully responsible for any Taxes in respect of Stock Connect Securities including, without limitation, any other PRC Taxes, and will indemnify the Bank from and against all Taxes which the Bank and/or any Related Person may incur arising in connection with any Stock Connect Securities which the Customer holds, trades or otherwise deals in.
- 22.2 The Customer understands and agree that the Bank assumes no responsibility for advising on or handling any Tax issues, liabilities and/or obligations in connection with Stock Connect, nor will the Bank provide any service or assistance in this regard. Prior to investing in Stock Connect Securities, the Customer understands that it should consult its own tax advisers regarding the possible tax consequences to the Customer of such investment since such tax consequences may differ in respect of different investors.

23 Insider Dealing, Market Manipulation and Other Market Conduct Rules

- 23.1 Northbound trading through the Stock Connect will be subject to PRC laws and regulations prohibiting activities that constitute market manipulation, insider dealing and related offences. The scope of these restrictions may not be the same as equivalent requirements under Hong Kong law. In particular, defences applicable under Hong Kong market misconduct rules may not be applicable under PRC laws and regulations. The Customer understands that it should seek specialist advice before engaging in trading through Stock Connect.

24 Client Securities Rules

- 24.1 The Customer understands that as the Stock Connect Securities traded through Stock Connect are not listed or traded on SEHK, it will not have protection under the Client Securities Rules.

25 Hong Kong Investor Compensation Fund

- 25.1 The Customer understands that, in trading Stock Connect Securities, it is not protected by the China Securities Investor Protection Fund but it is protected by the Hong Kong Investor Compensation Fund which is established under the SFO.

26 Ownership of Stock Connect Securities

- 26.1 Stock Connect Securities acquired by overseas investors via Stock Connect are held by HKSCC in an omnibus account maintained by HKSCC with the relevant Stock Connect clearing house. Underlying investors are the beneficial owners of the relevant Stock Connect Securities, with HKSCC holding each such Stock Connect Security for and on behalf of the relevant underlying beneficial owner.
- 26.2 The Customer acknowledges that (i) the Customer should conduct its own review of the materials published by HKEx on Stock Connect in relation to the ownership of Stock Connect Securities and the applicable Stock Connect Rules as they may be amended and supplemented from time to time; and (ii) the Customer should also consult its own legal advisers to make its own assessment of its rights as a Northbound investor in Stock Connect Securities.
- 26.3 Under the rules of CCASS, HKSCC is prepared to provide assistance to the beneficial owners of Stock Connect Securities where necessary. HKEx notes that any beneficial owner who decides to take legal action is responsible for seeking its own independent legal advice to satisfy itself and HKSCC that a cause of action exists and the beneficial owner should be prepared to conduct the action and take up all costs in relation to the action, including providing HKSCC with indemnities and legal representation in proceedings. Further details are set out in the HKEx published materials.

Clearing house Risk

27 Risk of ChinaClear Default

- 27.1 If ChinaClear defaults, HKSCC may, but has no obligation to, take any legal action or court proceedings to seek recovery of outstanding Stock Connect Securities and monies from ChinaClear. If it does so, HKSCC will distribute the Stock Connect Securities and/or monies recovered to clearing participants on a pro-rata basis as prescribed by the relevant Stock Connect Authorities. The Bank will therefore only be distributing the Stock Connect Securities and/or monies to the extent recovered through the Execution Broker and/or the Custodian from HKSCC (directly or indirectly). Although the likelihood of a default by ChinaClear is considered to be remote, the Customer understands that it should be aware of this arrangement and of this potential exposure before engaging in Northbound trading.

28 Risk of HKSCC Default

- 28.1 The Bank’s provision of services pursuant to these Stock Connect Terms also depends upon the performance by HKSCC of its obligations. Any action or inaction of the HKSCC or a failure or delay by the HKSCC in the performance of its obligations may result in a failure of settlement of Stock Connect Securities and/or monies in connection with

it and the Customer may suffer losses as a result. The Bank and/or any Related Person shall have no responsibility or liability for any such losses.

Other Operational Issues

29 Company Announcements on Corporate Actions

- 29.1 The Customer understands that it should refer to the website of the relevant Stock Connect Market and the relevant newspapers for the latest listed company announcements or, alternatively, the HKEx website for corporate actions in respect of Stock Connect Securities. The Customer understands that SSE-listed and/or SZSE-listed issuers (as the case may be) publish corporate documents in Chinese only, and English translations will not be available.
- 29.2 In addition, HKSCC will endeavour to collect and distribute cash dividends relating to Stock Connect Securities to Clearing Participants participating in Stock Connect in a timely manner.
- 29.3 Unlike the current practice in Hong Kong in respect of SEHK-listed shares, the Customer understands that it may not be able to attend meetings by proxy or in person.
- 29.4 The Customer understands the Bank does not and cannot ensure the accuracy, reliability or timeliness of any company announcements of corporate actions and accepts no liability (whether in tort or contract or otherwise) for any loss or damage arising from any errors, inaccuracies, delays or omissions or any actions taken in reliance thereon. The Customer understands the Bank has expressly disclaimed all warranties, expressed or implied, as to the accuracy of any company announcement or as to the fitness of the information for any purpose.

30 Disclosure of Information and Publication of Trade Information

- 30.1 The Customer understands that SEHK may require the Bank (through the Execution Broker) to provide information on the Customer's identity, profile, and the type and value of the Customer's orders in relation to Northbound trading of Stock Connect Securities and the trades which the Bank arranges to execute for the Customer at such intervals and in such form as SEHK may specify from time to time for purposes of their publication, dissemination or public distribution of aggregated information in respect of Stock Connect Securities trades under Stock Connect, trading volumes, investor profiles and other related data. SEHK may forward such information to the relevant Stock Connect Market for surveillance and investigation purposes.

31 Client Error

- 31.1 The Customer understands that the Bank and/or any Related Person will not be liable

for any loss, damage or expense or consequential loss, damage or expense suffered by the Customer as a result of any trading based on the Customer's instructions. The Bank will not be able to arrange to unwind any trade, and the Customer should also take note of the settlement arrangements in respect of Stock Connect Securities under Stock Connect, including but not limited to quota restrictions which may affect the Customer's ability to mitigate the consequences of any error trades. The Bank and/or any Related Person shall have no liability for any losses which may result directly or indirectly from such error trades.

- 31.2 The Bank shall have absolute discretion to determine whether to arrange to conduct any transfer to rectify any error trade and shall have no obligation to do so. The Bank and/or any Related Person shall have no liability for any losses which may result directly or indirectly from such error trades or any refusal to arrange to conduct a transfer to correct an error trade.

32 Retention of Information

- 32.1 The Customer acknowledges and accepts that the Bank may (pursuant to Stock Connect Law and Stock Connect Rules) retain records of the orders and trades executed and the related Customer instructions and information (including telephone recording) in relation to Northbound trading under these Stock Connect Terms for a period of not less than 20 years.

33 Stock Connect Market System

- 33.1 The Stock Connect Market System is a platform for trading of Stock Connect Securities under Stock Connect. The Bank is not responsible for any delay or failure caused by any Stock Connect Market System and the Customer accepts all risks arising from trading Stock Connect Securities through any Stock Connect Market System. The Customer understands that the Bank shall not be responsible or held liable for any loss or damage directly or indirectly suffered by the Customer arising from or in connection with the RBC Stock Connect Service and/or Stock Connect Service and/or the CSC through Northbound trading including, without limitation, the following:

- (a) a suspension, restriction or cessation of the Stock Connect Service or the CSC, or any inability to access or use the CSC or the Stock Connect Service;
- (b) any special arrangement put in place or any action, step or measure taken or not taken to deal with an emergency, including but not limited to the cancellation of any or all Stock Connect orders input by Exchange Participants;
- (c) any suspension, delay, interruption or cessation of trading of any Stock Connect Securities;

- (d) any delay, suspension, interruption of trading or of any order cancellation in respect of Stock Connect Securities as a result of the hoisting of a Typhoon Signal No. 8 or above or the issuance of the Black Rainstorm Warning in Hong Kong;
- (e) any delay or failure to route any Stock Connect orders, any delay or failure to send any order cancellation requests or to provide access to the Stock Connect Service due to any system, communication or connection failure, power outage, software or hardware malfunction or events beyond the control of the Bank and/or the Execution Broker and/or the Custodian and/or SEHK;
- (f) in the event that a Stock Connect order which an Exchange Participant has requested to be cancelled is not cancelled for any reason whatsoever;
- (g) in the event that SEHK or the relevant Stock Connect Market requires that the Execution Broker (and in turn, the Bank) reject any order for Stock Connect Service;
- (h) any delay, failure or error of any Stock Connect Market System or any system upon which the relevant SEHK Subsidiary is reliant in providing the Stock Connect Service; and
- (i) any delay or failure to execute, or any error in matching or executing any, Stock Connect order due to reasons beyond the control of the Bank, the Execution Broker, the Custodian, SEHK, HKEx or the relevant SEHK Subsidiary including, but not limited to, any action or decision taken or made, or not taken or made, by a Stock Connect Market, any Stock Connect Authority or a relevant governmental or regulatory body.
- 33.2 If there is any delay or failure to send any order cancellation requests in the circumstances described in paragraph (e) or (f) above, the Customer shall, in the event that the order is matched and executed, remain responsible to the Bank for any settlement obligations in respect of such order.
- 34 Operational Hours**
- 34.1 SEHK has absolute discretion to determine from time to time the operational hours of the Stock Connect Service, and will have absolute discretion to change the operational hours and arrangements of the Stock Connect Service, whether on a temporary basis or otherwise, at any time and without prior notice. Any such change in operational hours and arrangements with respect to the Stock Connect Service will affect the Bank's ability to accept and process the Customer's orders and generally to provide RBC Stock Connect Service in a timely manner.
- 34.2 The Customer acknowledges and understands that Stock Connect Securities may only be traded through the Stock Connect Service on a day where both the SEHK and the relevant Stock Connect Market are opened for business.
- 34.3 The Bank shall not be under any obligation to inform the Customer of any change in operational hours and arrangements by the SEHK of the Stock Connect Service.
- 35 RMB Conversion and RMB Risks**
- 35.1 If the Customer belongs to certain counterparty types (such as an individual) in certain jurisdictions that are subject to currency conversion restrictions, (as required by the relevant authority from time to time) any conversion of any currency into RMB pursuant to Clause 9 (*Settlement and Currency Conversion*) of Section A of these Stock Connect Terms is subject to any applicable daily maximum conversion limit. Settlement of a Northbound buy order may be delayed and/or fail if there is a delay in converting the relevant currency into RMB. Any risk, loss or cost resulting from any such delay or failure of settlement shall be borne by the Customer.
- 35.2 There are also significant restrictions on the remittance of RMB into and out of the PRC. If the issuer of the RMB securities is not able to remit RMB to Hong Kong or make distributions in RMB due to exchange controls or other restrictions, the issuer may make distributions (including dividends and other payments) in other currencies. The Customer may therefore be exposed to additional foreign exchange risk and liquidity exposures.
- 35.3 The liquidity and trading price of Stock Connect Securities may be adversely affected by the limited availability of RMB outside the PRC and the restrictions on the conversion of RMB.
- 35.4 These factors may affect the amount of liquidity in RMB and accordingly adversely affect the market demand for Stock Connect Securities.
- 36 Other risks associated with investing in Stock Connect Securities**
- General PRC related risk*
- 36.1 PRC is an emerging market that possesses one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. Emerging markets investments usually result in higher risks such as event risk, political risk, economic risk, credit risk, currency rate risk, market risk, liquidity/gapping risk, regulatory/legal risk, trade settlement, processing and clearing risks and bondholder/shareholder risk.

Market risk

- 36.2 The market value of Stock Connect Securities and the income from them may fluctuate. There can be no assurance that the Customer will achieve profits or avoid losses from trading Stock Connect Securities. The return the Customer receives from Stock Connect Securities (if any) will fluctuate in response to changes in capital appreciation and/or income relating to such Stock Connect Securities. In addition, Stock Connect Securities may experience volatility and decline depending on market conditions.
- 36.3 By trading Stock Connect Securities, the Customer is exposed to various forms of risk, including interest rate risks, income risks and credit risk (i.e. risk of a default by an issuer of Stock Connect Securities).

Corporate failures

- 36.4 In the current economic climate, global markets are experiencing very high levels of volatility and an increased risk of corporate failures. The insolvency or other corporate failure of any issuer of Stock Connect Securities may have an adverse effect on the Customer's investment. The Customer may lose all or part of their money by investing in Stock Connect Securities.

Equity risk

- 36.5 Investing in Stock Connect Securities may offer a higher rate of return than investing in short term and longer term debt securities. However, the Customer understands that the risks associated with investments in Stock Connect Securities may also be higher, because the investment performance of Stock Connect Securities depends upon factors which are difficult to predict. Such factors include the possibility of sudden or prolonged market declines and risks associated with individual companies. The fundamental risk associated with any equity portfolio is the risk that the value of the investments it holds might suddenly and substantially decrease.

Liquidity risk

- 36.6 Although Stock Connect Securities are listed for trading on a Stock Connect Market and available for trading through SEHK by Stock Connect, there can be no assurance that an active trading market for Stock Connect Securities will develop or be maintained. If spreads on Stock Connect Securities are wide, this may adversely affect the Customer's ability to dispose of Stock Connect Securities at the desired price. If the Customer needs to sell Stock Connect Securities at a time when no active market for them exists, the price the Customer receives for its Stock Connect Securities (assuming it is able to sell them) is likely to be lower than the price received if an active market did exist.

Dividend risk

- 36.7 The payment of dividends is subject to the dividend policy of the relevant issuer of Stock Connect Securities. Such dividend policy may vary between issuers. Dividend payment rates in respect of Stock Connect Securities may depend on factors including general economic conditions and the financial positions of the relevant issuers. There can be no assurance that any dividends or distributions in respect of Stock Connect Securities will be declared or paid.

Currency risk

- 36.8 The value of RMB against Hong Kong dollars or other foreign currencies may be affected by a wide range of factors. There is no guarantee that RMB will not depreciate. A depreciation of RMB may result in a decrease in the market value of RMB securities and the realisation price of RMB securities. Investors who are wishing to trade in RMB securities may also sustain loss if they are required convert any RMB proceeds back to Hong Kong dollars or other base currencies.

General legal and regulatory risk

- 36.9 The Customer must comply with all Stock Connect Laws and Stock Connect Rules. Furthermore, the Customer understands that any change in any Stock Connect Laws or Stock Connect Rules may have an impact on the market sentiment which may in turn affect the performance of Stock Connect Securities. The Customer understands that it is impossible to predict whether such an impact caused by any such change will be positive or negative for Stock Connect Securities. The Customer understands that in the worst case scenario, it may lose all of its investment in Stock Connect Securities.

