

**Instructional Guide to Depository Receipts under the Stock  
Connect Scheme between Shenzhen Stock Exchange and  
Overseas Stock Exchanges No. 1: Cross-Border Conversion  
of Global Depository Receipts**

Shenzhen Stock Exchange

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## **Statement**

This Guide is formulated in accordance with the *Interim Measures for the Listing and Trading of Depository Receipts under the Stock Connect Scheme between Shenzhen Stock Exchange and Overseas Stock Exchanges* (hereinafter, the Interim Measures) and the *Guidelines on Depository Receipts under the Stock Connect Scheme between Shenzhen Stock Exchange and Overseas Stock Exchanges No. 1: Cross-Border Conversion of Depository Receipts* (hereinafter, the Cross-Border Conversion Guidelines) for the purposes of regulating the cross-border conversion of depository receipts under the Stock Connect scheme between Shenzhen Stock Exchange (hereinafter, the Exchange) and overseas stock exchanges.

This Guide mainly covers the registration and ongoing administration of the entities involved in the cross-border conversion of global depository receipts.

This Guide will be amended from time to time by the Exchange in line with the development of depository receipts under the Stock Connect scheme.

## **Chapter I Overview of GDRs**

The cross-border conversion of global depository receipts under the Stock Connect scheme (hereinafter, GDRs) refers to the process by which an overseas securities company engaged in cross-border conversion of GDRs (hereinafter, overseas cross-border conversion institution) purchases or otherwise lawfully acquires the underlying shares of any GDR on the Exchange and delivers the same to a depository which, in turn, issues the GDR as per the notice of the custodian and the instruction of the overseas cross-border conversion institution; or a depository cancels the GDR as per the instruction of the overseas cross-border conversion institution, and the custodian delivers the underlying shares of the GDR to the overseas cross-border conversion institution as per the notice of the depository.

## **Chapter II Registration of Cross-border Conversion Institutions**

### **1. Registration requirements for overseas cross-border conversion institutions**

An overseas securities institution applying to the Exchange to become an overseas cross-border conversion institution shall meet the following requirements:

(1) It is qualified for trading on the stock exchange on which GDRs are listed;

- (2) It is a qualified foreign institutional investor (hereinafter, QFII) or RMB qualified foreign institutional investor ((hereinafter, RQFII) itself, or it controls, is controlled by, or is under common control with any entity which is a QFII or RQFII, except as otherwise prescribed by the Exchange;
- (3) It is financially robust and has a good credit standing and a significant asset size;
- (4) It has in place a sound governance structure and internal control system, conducts business in accordance with laws and regulations, and has not received any major penalties from a regulatory authority in the most recent three years;
- (5) It is willing and able to comply with the regulatory requirements and relevant rules of the Exchange;
- (6) It has the corresponding capability to both exchange RMB into foreign currencies and exchange foreign currencies into RMB; and
- (7) Other requirements deemed necessary by the Exchange.

## 2. Application documents for registration as overseas cross-border conversion institutions

An overseas securities institution applying to become an overseas cross-border conversion institution shall appoint a member of the Exchange to submit the following documents to the Exchange on its behalf:

- (1) The *Application Form for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex I);
- (2) Certificate of the QFII or RQFII status of the applicant or the entity that has control relationship with the applicant or is under common control with the applicant;
- (3) Photocopy of its business license issued by the country or region of its domicile;
- (4) Certificate of the financial license issued by the financial regulatory authority in the country or region of its domicile;
- (5) Documentary proof of the applicant's qualification for trading on the stock exchange on which GDRs are listed;
- (6) Financial documents proving its net capital or the audited balance sheet for the most recent one year;
- (7) A written undertaking to abide by Chinese laws, regulations, competent authorities' rules, normative documents, and applicable rules of the Exchange (Annex II: *Key Points of the Letter of Undertaking on Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme*); and
- (8) Other documents as prescribed by the Exchange.

All application documents other than those specified in subparagraphs (2) to (6) of the

preceding paragraph shall be in Chinese (the company name and personal name shall be bilingual).

The Exchange member appointed by the applicant shall prudently examine the qualification, scale and experience of the overseas securities institution and prepare a list of application documents which shall be signed by its legal representative. The Exchange member shall make an undertaking in the list of application documents that the registration application documents are true, accurate, and complete and that it shall assume legal liability for any false statement, misleading statement and material omission in the application documents.

If an overseas cross-border conversion institution intends to appoint one more Exchange member or change its appointed Exchange member, it shall re-apply to the Exchange for registration. If an overseas cross-border conversion institution intends to carry out cross-border conversion on two or more exchanges where the GDRs are listed, it shall submit the documents enumerated in subparagraphs (1) to (5) of the first paragraph for each of such exchanges. If, in addition to the registered exchange where the GDRs are listed, an overseas cross-border conversion institution intends to choose one more exchange where the GDRs are listed for carrying out cross-border conversion, it shall re-submit the documents specified in subparagraphs (1) and (5) of the first paragraph to the Exchange together with a written undertaking that it still meets other registration requirements.

### 3. Acceptance and review of the registration application for overseas cross-border conversion institutions

If all the application documents submitted by an overseas securities company for registration as an overseas cross-border conversion institution are complete, the Exchange will duly accept its application. If the application documents are incomplete or not in compliance with the application requirements, the Exchange will, within five trading days of receiving the application documents, require the applicant to supplement or correct the application documents. If the applicant evidently does not meet the registration requirements or the supplemented or corrected application documents still do not meet relevant requirements, the Exchange may reject its application.

The Exchange will check the registration application documents from the overseas securities company. If the applicant meets the registration requirements, the Exchange will,

within 10 trading days following acceptance of the application, complete its registration, issue a registration notice to the overseas cross-border conversion institution through its appointed Exchange members, and announce the list of registered overseas cross-border conversion institutions as well as the market on which it is allowed to carry out cross-border conversion.

#### 4. Exit of overseas cross-border conversion institutions

##### (1) Voluntary termination of cross-border conversion on a particular overseas exchange

An overseas cross-border conversion institution may apply for terminating cross-border conversion on a particular overseas exchange. In such case, it shall, within 15 trading days in advance, instruct its appointed Exchange member to submit the *Application Form for Terminating Cross-border Conversion on a Particular Overseas Exchange by Overseas Cross-border Conversion Institutions under the Stock Connect Scheme* (Annex X) to the Exchange through the member service section on its behalf. The termination takes effect upon confirmation and announcement by the Exchange.

##### (2) Voluntary termination of the status as an overseas cross-border conversion institution

An overseas cross-border conversion institution may apply for terminating its status as an overseas cross-border conversion institution. In such case, it shall, within 15 trading days in advance, instruct its appointed Exchange member to submit the *Application Form for Terminating the Status as Overseas Cross-border Conversion Institution of Depository Receipts under the Stock Connect Scheme* (Annex XI) to the Exchange through the member service section on its behalf. The termination takes effect upon confirmation and announcement by the Exchange.

##### (3) Termination of registration of an overseas cross-border conversion institution by the Exchange

The Exchange may terminate the registration of an overseas cross-border conversion institution or its cross-border conversion on a particular overseas exchange upon the occurrence of any of the following circumstances:

- 1) The overseas cross-border conversion institution no longer meets the registration requirements set forth in Article 27 of the *Cross-border Conversion Guidelines*;
- 2) The Exchange terminates its registration in accordance with the *Interim Measures*; or

- 3) The overseas cross-border conversion institution is in any other circumstance where termination of its registration is deemed necessary by the Exchange.

The Exchange will announce the termination of the registration of any overseas cross-border conversion institution.

### **Chapter III Ongoing Administration of Cross-Border Conversion of GDRs**

#### **1. Filing of information on cross-border conversion of GDRs**

After registration with the Exchange, an overseas cross-border conversion institution shall, in accordance with the relevant regulations of China Securities Depository and Clearing Corporation Limited (hereinafter, CSDC), open a dedicated securities account, appoint a custodian of QFII or a custodian of securities investment funds as its custodian in the PRC (hereinafter, domestic custodian) and to be responsible for custody of its assets. Before conducting cross-border conversion, an overseas cross-border conversion institution shall instruct an Exchange member to file the following information with the Exchange through the member service section on its behalf:

- (1) Information on its dedicated securities account for cross-border conversion;
- (2) Information on its domestic custodian;
- (3) The custody agreement entered into with its domestic custodian; and
- (4) Other information as prescribed by the Exchange.

The information specified in subparagraphs (1) and (2) of the preceding paragraph shall be filed using the *Information Filing Form for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex III) (the company name and personal name in the form shall be bilingual). 5 trading days before carrying out cross-border conversion, an overseas cross-border conversion institution shall instruct its appointed Exchange member to submit the *Information Filing Form for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex III) signed by the duly authorized person as well as the custodian agreement entered into with its domestic custodian and other documents through the member service section on its behalf. Upon confirmation by the Exchange, it can carry out cross-border conversion.

If an overseas cross-border conversion institution intends to appoint one more Exchange member or change its appointed Exchange member, it shall re-file the information on cross-border conversion of GDRs before it carries out cross-border conversion.

## 2. Change of filing information of cross-border conversion institutions

If an overseas cross-border conversion institution intends to change its dedicated securities account for cross-border conversion, its appointed Exchange member shall submit the *Filing Form for Change of Dedicated Securities Accounts for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex IV) signed by the duly authorized person and the updated *Information Filing Form for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex III) signed by the duly authorized person through the member service section 15 trading days in advance. The company name and personal name in such forms shall be bilingual. The change is completed upon confirmation by the Exchange.

If an overseas cross-border conversion institution alters its agreement with its domestic custodian, its appointed Exchange member shall upload the updated custody agreement through the member service section within two trading days after the completion of the alteration.

In the case of change of any other filing information of an overseas cross-border conversion institution, its appointed Exchange member shall submit the updated *Information Filing Form for Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme* (Annex III) signed by the duly authorized person to the Exchange through the member service section within two trading days after the completion of the change.

## 3. Ongoing filing of information by the domestic custodian appointed by an overseas cross-border conversion institution

Before 16:00 (Beijing time) on each trading day, the domestic custodian appointed by the overseas cross-border conversion institution shall submit a report on the cross-border conversion data of the cross-border conversion institution on the previous trading day (with reference to the *Description of the Information to be Filed by Domestic Custodian Appointed by Overseas Cross-border Conversion Institution under the Stock Connect Scheme* (Annex VII)) in the agreed format to the Exchange through the member service section.

A domestic custodian appointed by more than one overseas cross-border conversion institution shall submit such report for each overseas cross-border conversion institution



separately.

## **Chapter IV Registration and Ongoing Administration of Depositories for GDRs**

### **1. Application documents for registration of depositories for GDRs**

A depository for GDRs shall instruct its appointed Exchange member to submit the following registration application documents to the Exchange through the member service section on its behalf:

- (1) The *Information Filing Form for Depositories for Global Depository Receipts under the Stock Connect Scheme* (Annex VIII);
- (2) Photocopy of its business license issued by the country or region of its domicile;
- (3) A written undertaking signed by its duly authorized person to abide by Chinese laws, regulations, competent authorities' rules, normative documents, and applicable rules of the Exchange; and
- (4) Other documents as prescribed by the Exchange.

All application documents other than that in subparagraph (2) of the preceding paragraph shall be in Chinese (the company name and person name shall be bilingual). The appointed Exchange member shall prepare a list of application documents which shall be signed by its legal representative. The Exchange member shall make an undertaking in the list of application documents that the registration application documents are true, accurate, and complete and it shall assume legal liability for any false statement, misleading statement and material omission in the application documents.

If a depository for GDRs intends to appoint one more Exchange member or change its appointed Exchange member, it shall re-apply to the Exchange for registration. If, in addition to the registered exchange where the GDRs are listed, a depository intends to choose one more exchange where the GDRs are listed for providing depository service, it shall re-submit the document specified in subparagraph (1) of the first paragraph to the Exchange.

### **2. Ongoing Administration of depositories for GDRs**

After registration with the Exchange, a depository for GDRs shall, in accordance with the relevant regulations of the CSDC, open a dedicated securities account for depository service and, before providing depository service, file the dedicated securities account with

the Exchange. Such dedicated securities account is only for GDR purposes and used for the non-transaction transfer of domestic underlying shares arising from the creation and redemption of GDRs as well as the sale of domestic underlying shares under the depository agreement. It cannot be used for securities trading unrelated to depository receipts.

Before providing depository service, the depository shall instruct its appointed Exchange member to submit the *Information Filing Form for Depository Accounts and Underlying Shares of Global Depository Receipts under the Stock Connect Scheme* (Annex IX) signed by the duly authorized person through the member service section on its behalf. The company name and person name in such form shall be bilingual.

If the depository provides depository service for more GDRs, it shall instruct its appointed Exchange member to submit the updated *Information Filing Form for Depository Accounts and Underlying Shares of Global Depository Receipts under the Stock Connect Scheme* (Annex IX) signed by the duly authorized person through the member service section on its behalf two trading days in advance.

If a depository intends to open more dedicated securities accounts or change its dedicated securities account for depository service, its appointed Exchange member shall submit the *Information Filing Form for Depository Accounts and Underlying Shares of Global Depository Receipts under the Stock Connect Scheme* (Annex IX) signed by the duly authorized person through the member service section on its behalf 15 trading days in advance and effect such change upon confirmation by the Exchange. Any other change in its information shall be filed with the Exchange within two trading days after the completion of the change.

## **Chapter V Contact Information**

Contact details for cross-border conversion of GDRs under the Stock Connect scheme are as follows:

Contact person for service: Mr. Qiu, Tel: +86 755-88666147, E-mail: [qnqiu@szse.cn](mailto:qnqiu@szse.cn)

Contact person for technical issues: Mr. Jiang, Tel: +86 755-25918641, E-mail: [fjiang.oth@szse.cn](mailto:fjiang.oth@szse.cn)

**Annex I: Application Form for Cross-border Conversion of Global Depository  
Receipts under the Stock Connect Scheme**

Company name				
Appointed SZSE member				
Overseas exchange selected for conducting cross-border conversion of GDRs				
Person in charge of cross-border conversion	Name		Department	
	Title		E-mail	
	Tel		Mobile	
Contact person for cross-border conversion business	Name		Department	
	Title		E-mail	
	Tel		Mobile	
Contact person of appointed SZSE member	Name		Department	
	Title		E-mail	
	Tel		Mobile	

Date:

Duly authorized person:

## **Annex II: Key Points of the Letter of Undertaking on Cross-border Conversion of Global Depository Receipts under the Stock Connect Scheme**

An overseas cross-border conversion institution seeking registration with the Exchange shall submit a written undertaking signed by the duly authorized person which includes at least the following information:

- (1) We have in place a sound governance structure and internal control system, conduct business in accordance with laws and regulations, and have not received any major penalties from a regulatory authority in the most recent three years;
- (2) We are willing and able to comply with the regulatory requirements and relevant rules of the Exchange;
- (3) We have the corresponding capability to both exchange RMB into foreign currencies and exchange foreign currencies into RMB; and
- (4) We will comply with Chinese laws, regulations, competent authorities' rules, normative documents, and applicable rules of the Exchange.

**Annex III: Application Form for Terminating Cross-border Conversion on a Particular Overseas Exchange by Overseas Cross-border Conversion Institutions under the Stock Connect Scheme**

Company name	
Overseas exchange on which cross-border conversion is to be terminated	
Appointed SZSE member	
Proposed effective date	
Reasons for termination	(Description can be uploaded as attachment )

Date:

Duly authorized person:

**Annex IV: Application Form for Terminating the Status as Overseas Cross-border  
Conversion Institution of Depository Receipts under the Stock Connect Scheme**

Company name	
Appointed SZSE member	
Proposed effective date	
Reasons for termination	(Description can be uploaded as attachment )

Date:

Duly authorized person:

**Annex X: Information Filing Form for Cross-border Conversion of Global  
Depository Receipts under the Stock Connect Scheme**

Company name				
Dedicated securities accounts for cross-border conversion	No.	Account name	Account number	
	1			
	2			
	.....			
Domestic custodian	Name			
	Contact person		Department	
	Title		E-mail	
	Tel		Mobile	

Date:

Duly authorized person:

**Annex VI: Filing Form for Change of Dedicated Securities Accounts for  
Cross-border Conversion of Global Depository Receipts under the Stock Connect  
Scheme**

Company name			
Former dedicated securities account for cross-border conversion of GDRs	Account name		Effective date
	Account number		
New dedicated securities account for cross-border conversion of GDRs	Account name		Proposed effective date
	Account number		

Date:

Duly authorized person:



**Annex VII: Description of the Information to be Filed by Domestic Custodian  
Appointed by Overseas Cross-border Conversion Institution under the Stock  
Connect Scheme**

The domestic custodian appointed by the overseas cross-border conversion institution shall file the following data of the overseas cross-border conversion through the member service section.

Data submission day (T day)	Cross-border conversion institution
Short name of underlying shares	Code of underlying shares
Quantity of underlying shares held at the end of T-1 day	Market cap of underlying shares held at the end of T-1 day
Balance of capital available at the end of T-1 day	Balance of other assets at the end of T-1 day
Balance of domestic assets at the end of T-1 day	Balance of domestic assets at the end of T-1 day, exclusive of redemption made according to client instruction
Quantity of underlying shares corresponding to creation order on T-1 day	Quantity of underlying shares transferred on a non-transaction basis as a result of creation of GDRs on T-1 day
Quantity of underlying shares corresponding to redemption order on T-1 day	Quantity of underlying shares transferred on a non-transaction basis as a result of redemption of GDRs on T-1 day
Quantity of underlying shares bought on T-1 day	Amount of underlying shares bought on T-1 day
Quantity of underlying shares sold on T-1 day	Amount of underlying shares sold on T-1 day
Amount of funds remitted on T-1 day	Amount of funds repatriated on T-1 day

**Annex VIII: Information Filing Form for Depositories for Global Depositary Receipts  
under the Stock Connect Scheme**

Company name				
Overseas exchange where GDRs are listed				
Person in charge of depository service	Name		Department	
	Title		E-mail	
	Tel		Mobile	
Contact person for depository service	Name		Department	
	Title		E-mail	
	Tel		Mobile	
Contact person of appointed SZSE member	Company name			
	Name		Department	
	Title		E-mail	
	Tel		Mobile	
Overseas custodian	Company name			
	Contact person		Department	
	Title		E-mail	

	Tel		Mobile	
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Date:

Duly authorized person:

**Annex IX: Information Filing Form for Depository Accounts and Underlying Shares  
of Global Depository Receipts under the Stock Connect Scheme**

Company name				
Dedicated depository accounts	No.	Account name	Account number	
	1			
	2			
	.....			
Basic information on underlying shares	No.	Short name of underlying shares	Code of underlying shares	Overseas exchange where GDRs are listed
	1			
	2			
	3			
	...			

Date:

Duly authorized person: