



SSE and SZSE Released the Guidelines for Program Trading Reporting by Northbound Stock Connect Investors

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On 11 July 2025, the Shanghai Stock Exchange (“SSE”) and the Shenzhen Stock Exchange (“SZSE”) respectively released the *Guidelines No.2 on the Application of Securities Trading Rules of the Shanghai Stock Exchange – Program Trading Reporting by Shanghai-Hong Kong Stock Connect (Northbound Trading Link) Investors* and the *Guidelines No.3 on the Securities Trading Business of the Shenzhen Stock Exchange – Program Trading Reporting by Shenzhen-Hong Kong Stock Connect (Northbound Trading Link) Investors* (collectively, “**Program Trading Reporting Guidelines**”), formally bringing investors who conduct program trading of stocks, funds and other securities on the SSE and the SZSE through the Northbound Trading Links of Mainland-Hong Kong Stock Connect (“**Northbound Stock Connect Investors**”) within the scope of program trading reporting. The Program Trading Reporting Guidelines will take effect on 12 January 2026.

Previously, the China Securities Regulatory Commission released the *Provisions on the Administration of Program Trading in the Securities Market (Trial)* on 15 May 2024, establishing that Northbound Stock Connect Investors would be subject to the same reporting arrangements in line with the principle of equivalent treatment for domestic and foreign investors. The SSE and the SZSE respectively released the *Implementation Rules of the Shanghai Stock Exchange on Program Trading Regulation* and the *Implementation Rules of the Shenzhen Stock Exchange on Program Trading Regulation* (collectively, “**Program Trading Implementation Rules**”) on 3 April 2025, clarifying the framework requirements for Northbound Stock Connect Investors’ reporting system such as the reporting route and information to be reported. The Program Trading Reporting Guidelines now seamlessly integrate and elaborate on the relevant requirements of the *Provisions on the Administration of Program Trading in the Securities Market (Trial)* and the Program Trading Implementation Rules, stipulating detailed provisions on the information to be reported, reporting timeline, reporting route, management requirements and other matters applicable to Northbound Stock Connect Investors.

This article outlines the key takeaways of the Program Trading Reporting Guidelines to serve as a reference for Northbound Stock Connect Investors.

I. Scope of Application and Transition Period

1. Scope of Application

The Program Trading Reporting Guidelines apply to the following Northbound Stock Connect Investors:

- (1) Clients of participants of the Stock Exchange of Hong Kong Limited (“SEHK”)¹;
- (2) SEHK participants engaging in proprietary trading, asset management or other business;
- (3) Other Northbound Stock Connect Investors recognized by the SSE and the SZSE.

In the filling instructions of the information reporting sheet for program trading attached to the Program Trading Reporting Guidelines, the SSE and the SZSE further define the scope of Northbound Stock Connect Investors that are required to conduct program trading reporting. Specifically, a Northbound Stock Connect Investor must fulfill the reporting obligation if any of the following circumstances apply to its trading on the SSE or the SZSE:

- (1) High degree of automation in order placements. Program trading investors with core elements of instructions such as securities code, buy/sell direction, order quantity, order price, as well as the timing of instruction execution being automatically determined by computer.
- (2) Fast placement/cancelation frequency. Program trading investors with ten or more declarations (including order placements and cancellations) within one second occurring on at least ten occasions within one day.
- (3) Extensive stock coverage and high turnover. Program trading investors that, on each of the most recent thirty Northbound trading days of the Shanghai-Hong Kong Stock Connect/Shenzhen-Hong Kong Stock Connect (“**Northbound Trading Days**”), trade at least fifty SSE/SZSE listed stocks on average and whose annualized turnover rate² over those thirty trading days exceeds thirty times.
- (4) Program trading investors that use self-developed or other customized software.
- (5) Other circumstances determined by the SSE or the SZSE.

Investors who trade using client software with certain automated functions provided by SEHK participants for their clients, and who do not fall under the above circumstances, are not required to conduct the reporting.

The above standards are the same as the program trading reporting standards applicable to non-Northbound Stock Connect Investors set forth in the *Notice on Matters Related to Stock Program Trading Reporting* issued by the SSE and the SZSE respectively on 1 September 2023.

¹ The “SEHK participants” under item (1) mainly refer to Hong Kong brokers.

² Annualized turnover rate = (Average daily trading amount on SSE/SZSE over the most recent thirty Northbound Trading Days) / (Average daily holding amount on SSE/SZSE over the most recent thirty Northbound Trading Days) of this account × Number of Northbound Trading Days in the current year.

2. Reporting Requirements for Existing Investors

The Program Trading Reporting Guidelines provide a three-month transition period for existing investors. The SSE and the SZSE define “existing investors” as investors who, during the year prior to the effectiveness of the Program Trading Reporting Guidelines, conduct program trading that meets the relevant standards and intend to continue such trading after the Program Trading Reporting Guidelines take effect. These existing investors must complete the required reporting within three months after the implementation of the Program Trading Reporting Guidelines (i.e., no later than 10 April 2026).

II. Information to Be Reported

Based on the principle of equivalent treatment for domestic and foreign investors, the Program Trading Reporting Guidelines impose requirements that mirror those applied domestically, ensuring that all investors conducting program trading on the SSE and the SZSE are subject to the same reporting obligations.

1. General Reporting Requirements

Northbound Stock Connect Investors that conduct program trading shall report the following information:

- (1) Basic information, including the investor’s name, the broker’s client code, the appointed SEHK participant, the product manager, etc.;
- (2) Capital information, including the scale and source of capital under the broker’s client code, the scale and source of leveraged capital, leverage ratio, etc.;
- (3) Trading information, including the type and main content of the trading strategy under the broker’s client code, the trade execution method, the maximum order placement/cancellation frequency, the maximum number of order placements/cancellations within a single day, etc.;
- (4) Information regarding trading software, including the name, version number, developer, etc. of the software;
- (5) Other information required by the SSE or the SZSE.

The information reporting sheet for Northbound Stock Connect Investors is generally aligned with the domestic version. The SSE and the SZSE, taking into account the actual situation of Hong Kong market, make adaptive adjustments to certain fields, which are clearly explained in the filling instructions. For instance, under the regulatory cooperation arrangements between Hong Kong and the Mainland, if a Northbound Stock Connect

Investor exhibits any abnormality, the SSE or the SZSE will request the SEHK to promptly contact the relevant participant for clarification. Therefore, it is not necessary to provide the participant's or its client's contact details to the SSE and the SZSE, and the corresponding fields are made optional. Similarly, fields such as product codes that have no direct counterparts in Hong Kong are also designated optional.

It will constitute a material change and must be reported if the reported information has any of the following circumstances:

- (1) The account's capital scale increases by more than 5 times and the change in capital scale is more than RMB 10 million;
- (2) The account's capital scale decreases by more than 50% and the change in capital scale is more than RMB 10 million³;
- (3) Change in the source of leveraged capital;
- (4) The scale of leveraged capital changes by more than 1 time and the change in scale is more than RMB 5 million;
- (5) Change in the account's maximum order placement/cancellation frequency or the maximum number of order placements/cancellations within a single day;
- (6) Change in the type of main strategy;
- (7) Change in the information of the program trading system;
- (8) The account's cessation of program trading.

Regarding the specific reporting route and timeline, please refer to the introduction in Part III below.

2. Enhanced Regulation on High-Frequency Trading

Continuing the regulatory principles contemplated in the previously released series of program trading rules, the Program Trading Reporting Guidelines also implement enhanced regulation on high-frequency trading ("**HFT**"), imposing additional reporting requirements for HFT while clarifying specific exemption circumstances. The relevant provisions are consistent with the Program Trading Implementation Rules.

³ It is worth noting that this item is not included in the circumstances constituting material change of reported information for non-Northbound Stock Connect Investors.

(1) Additional Reporting Requirements for HFT

Where the trading behaviors of a Northbound Stock Connect Investor trigger the HFT criteria as stipulated in the Program Trading Implementation Rules⁴, in addition to the information listed under “General Reporting Requirements” above, the following information shall also be reported:

- (a) The server location of the HFT system;
- (b) The testing reports of the HFT system;
- (c) The contingency plans for failures of the HFT system;
- (d) Other information required by the SSE or the SZSE.

These additional reporting requirements are the same as the additional information that domestic HFT investors need to report.

(2) Circumstances Where Additional Reporting Requirements for HFT May Be Exempted

According to the Program Trading Reporting Guidelines, the above additional reporting requirements for HFT may be exempted if all of the following conditions are met:

- (a) The investor is (i) a fund manager that only launches retail funds; (ii) an SEHK participant that engages in asset management business and meets relevant requirements; (iii) a Northbound Stock Connect Investor with a QFI license conducting program trading; or (iv) other investor recognized by the SSE or the SZSE;
- (b) For the purposes of mitigating the market impact of large orders or ensuring fair execution across different investment portfolios, the trading instructions are only automatically executed in the trading process according to the pre-set order-splitting algorithms;
- (c) The general reporting requirements have been fulfilled.

For exempted entities, the SSE and the SZSE further clarify that: “retail funds” refer to funds approved by the Hong Kong Securities and Futures Commission for offering to retail investors; an SEHK participant that engages in asset management business must hold the asset management business license (Type 9) approved by the Hong Kong

⁴ According to the Program Trading Implementation Rules, an investor’s trading behavior is deemed HFT if it triggers any of the following thresholds:

- (1) Maximum order placement/cancellation frequency of a single account is 300 orders per second or higher;
- (2) Maximum number of daily order placements/cancellations of a single account is 20,000 or more;
- (3) Other circumstances recognized by the SSE or the SZSE.

Securities and Futures Commission for at least five years. When undergoing the reporting process, the aforementioned entities need to submit relevant supporting documents proving that they meet the exemption conditions and obtain confirmation from the SEHK, with specific information being subject to what the SEHK provides to the SSE and the SZSE. Additionally, “only conducting order-splitting transactions” means there are no other program trading behaviors besides order-splitting transactions, and quantitative trading does not fall within the scope of only conducting order-splitting transactions.

III. Reporting Route and Timeline

1. Reporting Entity

Regarding the reporting entity, a Northbound Stock Connect Investor shall conduct the reporting based on the Broker-to-Client Assigned Number (BCAN, “**Account**”). In principle, one report per Account is required. All Account holders, including, without limitation, SEHK participants (and their affiliates) as well as their clients, must conduct reporting for every Account that meets the relevant requirements.

2. Reporting Route and Timeline

In line with domestic requirements, Northbound Stock Connect Investors are subject to the same “report first, trade later” rule for program trading.

(1) Clients of SEHK Participants

Before conducting program trading for the first time, clients of SEHK participants shall report to the SEHK participants appointed by them. Only after the SEHK participants conduct verification and confirm accuracy may the program trading be conducted. The SEHK participants shall provide the required information to the SSE/SZSE for confirmation through the securities service company established by the SEHK in Shanghai/Shenzhen (“**SEHK Service Company**”) within five Northbound Trading Days upon clients’ reporting.

Where clients and SEHK participants agree through mandate agreements or other appropriate means to allow SEHK participants to automatically generate or place trading orders through computer programs, the SEHK participants may fulfill the corresponding program trading reporting obligations on behalf of the clients.

Investors who maintain multiple Accounts with different SEHK participants shall report separately through each corresponding SEHK participant. Institutional investors who maintain Accounts with multiple SEHK participants under the same identification number may select one SEHK participant to conduct consolidated reporting regarding the Account's capital information at the institution's level.

(2) SEHK Participants Engaging in Proprietary Trading, Asset Management or Other Business

Before conducting program trading for the first time, SEHK participants shall report to the SEHK Service Company. Only after the SEHK Service Company receives the required information and provides the same to the SSE/SZSE for confirmation may the program trading be conducted.

(3) SEHK Service Company

On each Northbound Trading Day, the SEHK Service Company shall provide the program trading related information it receives from Northbound Stock Connect Investors to the SSE/SZSE, and the SSE/SZSE shall make confirmation upon receipt.

3. Material Change Reporting

Where there is any "material change" to the reported information as described in Part II above, reporting shall be conducted according to the following requirements:

(1) Clients of SEHK Participants

Where there is any material change to the information reported by clients, clients shall report to SEHK participants within the first five Northbound Trading Days of the next natural month after the change occurs. SEHK participants shall report to the SEHK Service Company within five Northbound Trading Days from the date of clients' reporting.

(2) SEHK Participants Engaging in Proprietary Trading, Asset Management or Other Business

Where there is any material change to the information reported by SEHK participants, SEHK participants shall report to the SEHK Service Company within the first five Northbound Trading Days of the next natural month after the change occurs.

(3) Specific Types of Investors

For entities that may be exempted from additional HFT reporting requirements as described in Part II above, where there is any material change to the account's capital scale, the source of leveraged capital, the scale of leveraged capital reported by them, they shall conduct reporting within the first five Northbound Trading Days of the next quarter after the change occurs.

IV. Responsibilities of Relevant Parties

1. Conclusion of Mandate Agreements or Other Written Agreements

When SEHK participants accept clients' engagement for program trading, they shall agree with clients through mandate agreements or other appropriate means on rights, obligations and other matters of both parties concerning program trading, and clarify management responsibilities and risk control requirements for clients.

2. Establishment of Relevant Mechanisms for Program Trading

SEHK participants shall inform clients in appropriate ways that Northbound Stock Connect Investors with any of the prescribed circumstances shall fulfill program trading reporting obligations.

For circumstances of "fast placement/cancelation frequency" and "extensive stock coverage and high turnover", SEHK participants shall establish monitoring and identification mechanisms to promptly detect clients who trigger reporting requirements based on the information available to them.

Where SEHK participants are aware that clients have circumstances of "high degree of automation in order placements" or are "program trading investors that use self-developed or other customized software", including but not limited to SEHK participants customizing trading software for particular clients or jointly developing trading software with clients, executing quantitative trading strategies for quantitative clients, etc., they shall urge and remind relevant clients to fulfill reporting obligations.

3. Refusal of Engagement and Reporting

Where clients fail to report relevant information or any changes thereto as required, or report false information, SEHK participants shall urge and remind clients to fulfill their

reporting obligations in compliance with relevant requirements. After such urging and reminding, if they still fail to report relevant information or any changes thereto as required, or refuse to cooperate with SEHK participants in conducting verification, SEHK participants shall refuse to accept their engagement for program trading in accordance with the mandate agreements or other written arrangements, and report the matter to the SEHK Service Company.

The SEHK Service Company shall strengthen management of Northbound Stock Connect Investors that conduct program trading, take appropriate measures to urge and remind SEHK participants to comply with relevant provisions of the Program Trading Implementation Rules and the Program Trading Reporting Guidelines, require SEHK participants to urge and remind their clients to comply with relevant provisions of the Program Trading Implementation Rules and the Program Trading Reporting Guidelines, and fully disclose to their clients the risks of assuming liabilities for violating the aforementioned provisions.

V. Supervision and Self-Regulation

1. Regular Screening

The SSE and the SZSE conduct data screening on a regular basis to verify the alignment between the trading behaviors of Northbound Stock Connect Investors and the trading strategies, frequencies and other information reported by them.

2. Self-Regulatory Measures

For entities that violate the provisions of the Program Trading Reporting Guidelines, such as failing to report relevant information or any changes thereto as required, reporting incomplete information, or reporting information inconsistent with trading behaviors, the SSE and the SZSE may request the SEHK to assist in taking corresponding regulatory measures or disciplinary actions. For suspected violations of laws and regulations, the SSE and the SZSE will report to the China Securities Regulatory Commission for investigation and punishment.

3. Look-Through Disclosure

Where Northbound Stock Connect Investors engage in return swaps and other business with clients and conduct program trading on the SSE and the SZSE through their own accounts, the SSE and the SZSE may obtain relevant client information through the regulatory cooperation arrangements under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect.

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