

ETF Connect: Expanding China ETF access for cross-border investors

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Key takeaways

- ETF Connect has expanded two-way access between Hong Kong and mainland China, giving investors a more efficient route to eligible ETFs across both markets.
- The program builds on the existing Stock Connect infrastructure, allowing investors to trade eligible ETFs through familiar brokers and market channels.
- Growing product breadth, turnover and investor participation highlight ETF Connect's rising role in supporting cross-border diversification and access to China's long-term growth themes.

Since its launch in July 2022, ETF Connect has become an important milestone in the continued development of the mutual market access framework between Hong Kong and mainland China. Building on the Stock Connect, ETF Connect broadens cross-border investment opportunities by allowing eligible investors in Hong Kong and overseas markets to trade selected mainland-listed ETFs, while mainland investors can access eligible Hong Kong-listed ETFs through their local brokers. As China's capital markets continue to open, ETF Connect has broadened the channels through which investors can access ETFs across both markets.

From Stock Connect to ETF Connect

The foundation of ETF Connect was laid by the Shanghai-Hong Kong Stock Connect launched in November 2014 and the Shenzhen-Hong Kong Stock Connect launched in December 2016. Over the past decade, Stock Connect has become an established cross-border investment channel, supporting two-way capital flows between mainland China and Hong Kong. ETF Connect officially commenced trading on 4 July 2022, extending the mutual market access framework beyond individual stocks to exchange-traded funds.

The inclusion of ETFs marked a significant enhancement to the Connect ecosystem, supporting growing investor demand for diversified investment solutions and strengthening Hong Kong's role as an international ETF hub while promoting the internationalization of China's ETF market.

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How ETF Connect works

ETF Connect operates through the existing Stock Connect infrastructure. Investors do not need to open accounts in a different market; instead, they can trade eligible ETFs through their existing brokers and market intermediaries in their home market. For Northbound trading, Hong Kong and international investors can access eligible Shanghai and Shenzhen-listed ETFs via a Hong Kong Exchange (HKEX) trading account. For Southbound trading, mainland investors can access approved Hong Kong-listed ETFs using their existing stock trading accounts.

The program follows several key principles that have underpinned the success of Stock Connect:

- Home market rules apply, meaning investors follow the regulations of the market where the ETF is listed.
- Trading and settlement occur through existing exchange and clearing infrastructure.
- Only eligible ETFs meeting predefined criteria can be included.
- The framework operates within a closed-loop system that supports orderly cross-border capital flows.

To maintain quality and liquidity, eligible ETFs must meet requirements relating to assets under management, listing history, index methodology and constituent composition. For example, Southbound-eligible Hong Kong ETFs must generally be physically replicated, SFC-regulated, Hong Kong dollar denominated and meet minimum assets under management (AUM) and index eligibility requirements (see *Appendix* for full eligibility criteria). For ETF Connect eligibility reviews, HKEX conducts a semi-annual review (twice a year) of eligible ETFs for both Northbound and Southbound trading. ETFs can be added or removed based on whether they continue to meet the eligibility criteria.

Why ETF Connect matters for investors

1. Enhanced mutual market access

ETF Connect has significantly expanded cross-border investment opportunities for both international and mainland Chinese investors.

For international investors, ETF Connect provides a gateway to China's onshore A-share market without the need for dedicated QFI (Qualified Foreign Investor) licences or separate mainland market infrastructure. Investors can access broad-based indices, sector ETFs, thematic strategies and innovation-focused exposures through a familiar ETF structure.

In addition, ETF Connect allows investors to participate in China's long-term growth story. China's large capital markets are supported by ongoing economic transformation, innovation and consumption growth. ETF Connect can provide investors with efficient access to many of the themes shaping China's future, including advanced manufacturing, semiconductors, artificial intelligence, healthcare innovation, clean energy, digitalization and domestic consumption.

For mainland investors, Southbound ETF Connect offers access to Hong Kong-listed products tracking Hong Kong, mainland China and global markets, further broadening investment opportunities and supporting portfolio diversification. Compared with traditional outbound investment channels such as the Qualified Domestic Institutional Investor (QDII) scheme, ETF Connect can offer a more direct and efficient investment route to gain international market exposure. QDII products may face quota constraints, subscription limits, or even trade at significant premiums to net asset value in the secondary market. By contrast, ETFs available through Southbound ETF Connect can be traded throughout the trading day with real-time price discovery, providing greater liquidity, transparency and execution efficiency.

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2. Greater diversification opportunities

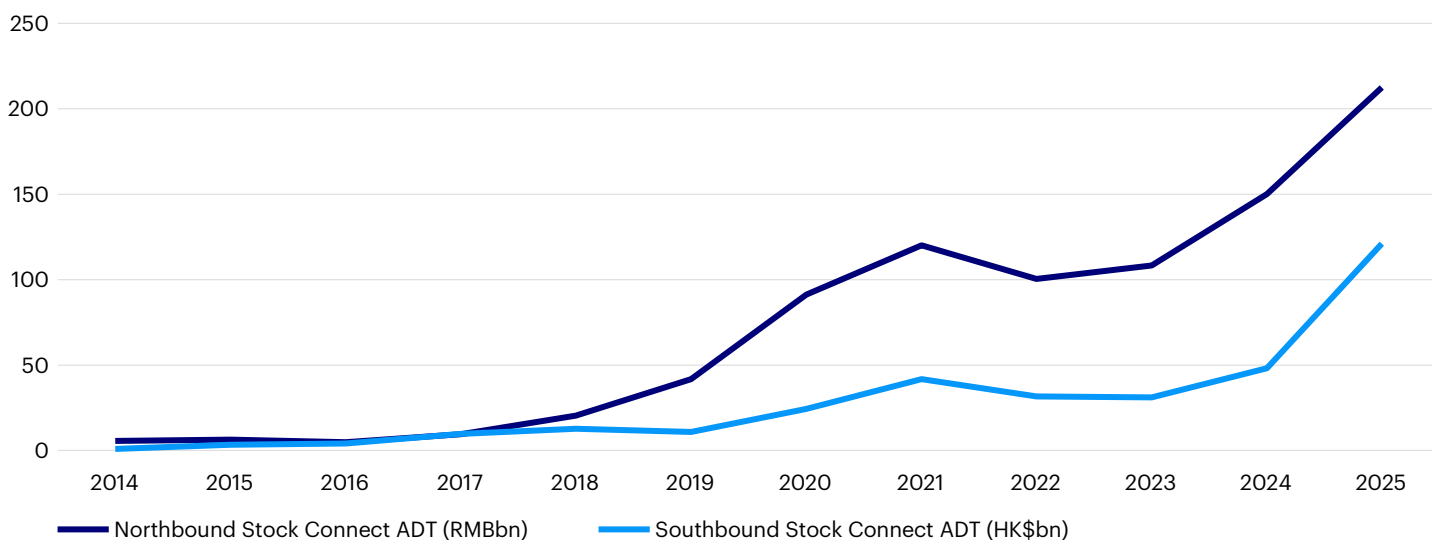
ETF Connect has significantly increased the range of investable products available through the Connect program. By the end of 2025, investors had access to 365 eligible Northbound ETFs and 23 eligible Southbound ETFs, covering broad-market equity benchmarks, technology, semiconductors, healthcare, consumption, dividend strategies, ESG themes, STAR (Shanghai Stock Exchange Science and Technology Innovation Board) Market innovation companies and other sectors.¹

3. Growing liquidity and market participation

Trading activity in ETF Connect has grown since launch. According to HKEX, Northbound ETF average daily turnover (ADT) reached RMB 3.4 billion in 2025, while Southbound ETF ADT climbed to HK \$3.9 billion, representing year-on-year growth of 72.1% and 61.7% respectively. At the end of 4Q 2025, Southbound turnover accounted for 23.0% of Hong Kong cash equities turnover, compared with 20.9% at the end of 4Q 2024.²

The increasing trading activity reflects rising adoption by both international and mainland investors, improving liquidity and helping to enhance price discovery across participating ETFs.

Figure 1: ETF Connect Northbound and Southbound average daily turnover



Source: HKEX, February 2026.

Looking ahead

ETF Connect represents a natural evolution of the broader Connect framework and is a key component of China's continued capital market opening. By using existing Stock Connect infrastructure, the program strengthens connectivity between Hong Kong and mainland China and creates new opportunities for investors on both sides of the border. As product eligibility continues to expand and investor participation grows, we believe ETF Connect will play an increasingly important role in facilitating cross-border portfolio diversification and long-term access to China's growth opportunities.

1. Hong Kong Exchange (HKEX)

2. Ibid.

Appendix

Eligibility	Northbound	Southbound
Eligible Investor	Main board: All Hong Kong and overseas institutional and individual investors STAR board: All Hong Kong and overseas Institutional Professional Investors (IPI)	All mainland institutional investors; Qualified individual investors (with minimum securities and cash asset value of RMB 500,000)
Eligible Participant	All SEHK and HKSCC Participants	All SSE Members and CSDC Participants
Eligible Securities	ETF: ETF meets all the following conditions: 1. Denominated in RMB and with an average AUM of no less than RMB 500 million in the last 6 months; 2. has been listed at least 6 months; 3. The underlying index has been published for at least one year; 4. Among the underlying index constituent, the weighting of stocks listed on both SSE and SZSE shall not be less than 60%, and the weighting of Stocks that are eligible for Stock Connect Northbound shall not be less than 60%; 5. Other requirements the underlying index needs to meet.	ETF: ETF meets all the following conditions: 1. Primarily supervised by SFC; 2. Denominated in Hong Kong dollars and with an average AUM of not less than HK\$550 million in the last 6 months; 3. has been listed at least 6 months; 4. The underlying index has been published for at least one year; 5. Among the underlying index constituent, the weighting of stocks listed on the HKEX shall not be less than 60%, and the weighting of stocks that are eligible Stock Connect Southbound shall not be less than 60%; 6. Other requirements the underlying index needs to meet; 7. are not synthetic ETFs, leveraged ETF and inverse ETF.

Source: SSE, HKEX.

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Investment risks

Investment involves risks. The value of investments, and any income from them, will fluctuate. This may partly be the result of changes in exchange rates. Investors may not get back the full amount invested. Past performance is not indicative of future performance.

There are risks involved with investing in Exchange-Traded Funds ("ETFs"), including the possible loss of money. Index-based ETFs are not actively managed, and their returns may not match the returns of the underlying index. Actively managed ETFs do not necessarily seek to replicate the performance of a specific index. Both index-based and actively managed ETFs are subject to risks similar to those of stocks, including risks related to short selling and margin maintenance requirements. Ordinary brokerage commissions apply.

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