

香港中央結算有限公司
(香港交易及結算所有限公司全資附屬公司)

HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: Amendments to the Terms and Conditions for Investor Participants (“T&Cs”) of Hong Kong Securities Clearing Company Limited (“HKSCC”)

Enquiry: Hotline¹: 2979 7888

Investor Participants are requested to note that the Securities and Futures Commission has approved amendments to the T&Cs relating to (1) the implementation of FINI, a mandatory platform for modernizing the IPO settlement process, and (2) the renaming of the “General Rules of CCASS” and the “CCASS Operational Procedures” to the “General Rules of HKSCC” and the “HKSCC Operational Procedures” respectively.

The amendments to the T&Cs, as set out in the Appendix, will come into effect on Wednesday, 22 November 2023.

The marked-up version of the amendments to the T&Cs can be downloaded from the [“Rule Update – Terms and Conditions for Investor Participants”](#) section of the HKEX website.

Florence Leung
Head of Legal

¹ Calls to and from the Hotline may be recorded. HKEX Privacy Notice is available [here](#).

Terms and Conditions for Investor Participants

1. Definitions

1.1 In this document, unless the context otherwise requires, the following expressions have the following meanings:-

“CMU”
means the Central Money markets Unit of the HKMA;

“Customer Service Centre”
means the location specified by HKSCC from time to time at which Investor Participants may give instructions (in such form as HKSCC may require) in connection with the HKSCC services available to them to HKSCC;

“Designated Bank”
means in relation to each Participant, any bank in Hong Kong designated by it and approved by HKSCC for money settlement purposes;

“Designated Bank Account”
means, in relation to each Participant, the account or accounts maintained with its Designated Bank(s) and approved by HKSCC for money settlement purposes;

“Electronic Payment Instruction” or “EPI”
means a payment instruction generated by HKSCC and forwarded for processing to the Designated Bank of a Participant via the Clearing House of HKAB, to effect (i) money settlement between two Participants in relation to Isolated Trades or SI or ISI Transactions in CCASS on a DVP basis; or (ii) payment of money by Clearing Participants or Custodian Participants to their SSA Statement Recipients in respect of STI Transfers on a DVP basis;

“Operational Procedures”
means the Operational Procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of the Systems, as from time to time in force;

“Prospectus”
means any prospectus, notice, circular or other document offering or calculated to invite offers by the public to subscribe for or purchase securities (including shares, warrants, Depositary Receipts, Debt Securities and Units), as supplemented or amended, and includes, unless inconsistent with the context, its associated application form or forms;

“Rules”
means the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the Operational Procedures;

“System”

means CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC;

5. HKSCC Services available to Investor Participant

5.1 Subject to these Terms and Conditions, HKSCC may open a Stock Account in the name of the Investor Participant and grant access to the Investor Participant to utilize the following HKSCC services and facilities with respect to Eligible Securities other than China Connect Securities as more fully described in these Terms and Conditions:-

- (i) depository and custodian services;
- (ii) nominee and similar services;
- (iii) settlement and similar services; and
- (iv) SMS.

An Investor Participant may subscribe for SMS which will be provided on such terms and conditions as HKSCC may determine from time to time. HKSCC may provide SMS through a mobile operator or such other person as HKSCC may from time to time consider appropriate.

An Investor Participant may instruct HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on its behalf and effect Transfer Instructions subject to the Rules. The nominee services in relation to Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, such as the distribution of interest and redemption monies are set out in the Rules.

5.3 An Investor Participant, in using any HKSCC services and facilities in respect of CMU Instruments, shall be deemed to have provided to HKSCC -

- (i) an acknowledgement in favour of the HKMA and its servants and agents that the holding of CMU Instruments for the Investor Participant on the CMU Account of HKSCC and all transactions over such CMU Account or otherwise in relation to facilities relating to HKSCC’s membership of the CMU Service will be subject to all of the provisions of the Membership Agreement in respect of Central Moneymarkets Unit Service entered into between the HKMA and HKSCC (“CMU Membership Agreement”) and to the CMU Rules (as defined in the CMU Membership Agreement) and in particular (but without limiting the generality of the foregoing)-
 - (a) that CMU Instruments are to be held in the CMU Service only if they have been purchased or are held on terms authorizing the holder to deal with them free from any proprietary or equitable interest (as defined in the CMU Membership Agreement) of any other person;
 - (b) that except as required by law the HKMA is not bound by or compelled to recognize any proprietary or equitable interest in or any other right in respect of any CMU Instrument other than an absolute right to the entirety of that CMU Instrument in the CMU Member to whose CMU Account that CMU Instrument is for the time being credited or for whose account that CMU Instrument is otherwise held for the time being, and that the Investor Participant will not assert or permit any person claiming under or through it to assert any such proprietary or

equitable interest or other right against the HKMA;

- (c) that the HKMA and its servants and agents, with the limited exceptions expressly provided in the CMU Membership Agreement, are exempt from liability caused directly by or indirectly by the operation of the CMU Service and entitling the HKMA without liability to act without further enquiry on instructions or information or purported instructions or information received through the CMU Service or otherwise in accordance with the CMU Manual (as defined in the CMU Membership Agreement); and
- (ii) an authorization for HKSCC on behalf of the Participant to do all such acts and things and execute all such documents as may be required to enable HKSCC fully to observe and perform its obligations under the CMU Membership Agreement and the CMU Rules, and enter into any arrangement which HKSCC considers proper for the purpose of facilitating clearance of transactions effected on behalf of the Investor Participant through the CMU Service.

Copies of the CMU Membership Agreement, CMU Rules and CMU Manual are available for inspection by Investor Participants at the Customer Service Centre.

7. Physical deposit of Eligible Securities into CCASS

- 7.1 Subject to these Terms and Conditions, HKSCC may accept Eligible Securities from an Investor Participant or direct from the issuers of Eligible Securities (or their agents or representatives) for deposit into the Stock Account of the Investor Participant.
- 7.3 Notwithstanding instructions to the contrary, HKSCC shall, in respect of Eligible Securities in registered form deposited with the CCASS Depository by an Investor Participant, submit such Eligible Securities for registration or re-issue in the name of HKSCC's nominee. No immediate credit of the Eligible Securities is made to the Stock Account of the Investor Participant upon deposit in accordance with clause 7.2. Such Eligible Securities will only be credited to the Stock Account of the Investor Participant at such other time as the registration or re-issue of such Eligible Securities in the name of HKSCC's nominee has been effected or at such time as HKSCC determines it would be in the interests of HKSCC to do so. In normal circumstances, and by way of guidance only, deposited securities will be credited into the Investor Participant's Stock Account within twelve Business Days provided that there are no rejections by the applicable registrars or the applicable Depositories.

9. Nominee and Similar Services

- 9.4 Subject to clause 24.2, in relation to certain types of corporate actions or activities including Tender Instructions, time limits will be prescribed by HKSCC on Investor Participants for the giving of instructions or the taking of relevant actions (e.g., putting HKSCC in funds).
- 9.7 Notwithstanding the provisions of clause 9.6, HKSCC reserves the right in such circumstances as it deems fit, to act on instructions (other than Tender Instructions) received from an Investor Participant when the relevant Eligible Securities and/or funds are not available in the Investor Participant's Stock Account or placed with HKSCC, as the case may be, provided that any securities or monies received by HKSCC as a result of its so acting will not be credited to the Investor Participant's Stock Account or Money Ledger until such time as the Investor Participant has provided HKSCC with the required amount of funds or credited its Stock Account with the required amount of Eligible Securities, as the case may be.

Any monies or securities received by HKSCC as a result of its acting on such instructions shall be credited to HKSCC's account pending receipt of funds by HKSCC or credit of Eligible Securities as aforesaid. All such monies may be set-off by HKSCC against amounts owing by the Investor Participant to HKSCC and HKSCC will also be entitled to purchase Eligible Securities with any such monies in satisfaction of the Eligible Securities deliverable to it by the Investor Participant. The Investor Participant also grants to HKSCC a first fixed charge over all of its right, title and interest (excluding any dividend or interest payments) in and to all securities delivered or deliverable to HKSCC as a result of its acting on the instructions of the Investor Participant, by way of a continuing security for all amounts paid and Eligible Securities delivered by HKSCC on the Investor Participant's behalf pursuant to such instructions. HKSCC may in its discretion sell any or all of the securities held by it without being under any obligation to obtain the best price for the same and to apply the proceeds of such sale against the amounts owing by the Investor Participant to HKSCC or to purchase Eligible Securities in satisfaction of the Eligible Securities deliverable to it by the Investor Participant. The Investor Participant shall remain liable for any balance which remains outstanding or Eligible Securities which are deliverable after application by HKSCC of any monies or proceeds of sale in accordance with this clause 9.7.

- 9.8 An Investor Participant may give electronic instructions in relation to Tender Instructions, all in accordance with the Rules and Operational Procedures.

13. Obligations of Investor Participants

- 13.1 Investor Participants who wish (i) to instruct HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on their behalf or (ii) to participate in corporate actions must read the terms and conditions of the Prospectus or the issuing document. Investor Participants who instruct HKSCC to cause HKSCC Nominees to apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on their behalf or to participate in corporate actions are deemed to have complied with such terms and conditions and agree to indemnify HKSCC against all expenses, costs, damages and claims suffered or incurred by or made against HKSCC as a result of non-compliance of such terms and conditions. The rights following an application or exercise of the securities are determined by the terms and conditions of the issue.
- 13.2 In respect of certain nominee and similar functions such as Tender Instructions, open offer, excess open offer, rights subscription, excess rights subscription, take-over offer, conversion of warrant/bond, the Investor Participant is liable to HKSCC for the subscription money. For warrant subscription, take-over offer, conversion of warrant/bond, the Investor Participant is also liable for payment of the relevant stamp duty. Failure by an Investor Participant to observe such obligations will result in HKSCC not giving effect to such nominee or similar instructions.

18. Suspension of Stock Account or services

- 18.1 Without prejudice to any other rights HKSCC may have against an Investor Participant, HKSCC may suspend the Stock Account of an Investor Participant and/or at the same time suspend or limit the services or facilities to an Investor Participant, including, without limitation, settlement, depository and nominee services and SMS, under any one or more of the following circumstances:-
- (i) the Investor Participant defaults in payment of any sum payable to HKSCC;
 - (ii) the Investor Participant has breached any one or more of the conditions in these Terms and Conditions (including a breach of representation or warranty);

- (iii) provision to HKSCC of any information (for the purpose of becoming an Investor Participant) which is false, misleading or inaccurate in any respect which HKSCC considers to be material;
- (iv) a failure to co-operate with HKSCC in matters relating to its participation in any System, which failure affects the interest of HKSCC or other Participants in a manner which HKSCC considers to be material;
- (v) in the event of the death of an Individual Investor Participant or all individuals comprising the Joint Individual Investor Participant;
- (vi) in the event of the legal incapacity of an Individual Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant;
- (vii) in the event of the bankruptcy, liquidation or winding up of the Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant, as the case may be, or the initiation of any proceedings in relation thereto; or
- (viii) a failure of the Investor Participant to provide information to HKSCC pursuant to Clause 13.9 (ii) or (iii).

23. Force majeure

- 23.1 HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any action taken or for any failure, hindrance or delay in the provision of services or for any failure to give effect to or delay in giving effect to any instructions from Investor Participants with respect to any nominee, depository or other services of HKSCC or the performance in whole or in part of its obligations under the Terms and Conditions and the Rules if such action, failure, hindrance or delay arises out of causes beyond its reasonable control. Such causes may include, but shall not be limited to, acts of God or the public enemy, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, delay or inability to act by any registrar or any Depository, unavailability of or restrictions on any communication media for whatever reason (whether or not such media is used by Investor Participants), interruptions (whether in whole or in part) of power supplies or other utility or services, any law, decree, regulation or order of any government, competent authority or any court or tribunal, and any other causes beyond HKSCC's reasonable control including, without limitation to the foregoing, any similar causes affecting the Exchange or Hong Kong Interbank Clearing Limited (whether or not specified in the rules of the Exchange or the rules and regulations of Hong Kong Interbank Clearing Limited).
- 23.2 In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any delay, error, loss, cost or expense suffered or incurred by an Investor Participant as a result of:-
- (i) a failure by an Investor Participant to comply with these Terms and Conditions;
 - (ii) the taking by HKSCC of action authorized, permitted or contemplated in these Terms and Conditions or in any of the arrangements under Rule 703;

- (iii) the insolvency of the Appointed Depositaries, HKSCC's own banker, or any sub-custodians, depositaries, entities or other clearing entities appointed or used by HKSCC in relation to Eligible Securities (provided that the selection by HKSCC of such persons shall not have been unreasonable);
- (iv) the delay, acts or omissions of any Designated Banks or of, or of any operator of, any clearing house for an Eligible Currency or of any institution or person providing clearing and settlement services in any Eligible Currency or the insolvency of any of the foregoing;
- (v) the inability of HKSCC to perform as a result of the invalidity or, cancellation of any insurance or assurances effected by HKSCC or the insolvency of such insurers or assurers (provided that the selection of such insurance, assurances or insurers by HKSCC shall not have been unreasonable at the time of selection);
- (vi) the taking by HKSCC of any action or omission in accordance with the directions of any governmental or regulatory body, or an order made or directions given by a court in exercise of its proper jurisdiction, where it is required to do so by law;
- (vii) [Repealed]
- (viii) [Repealed]
- (ix) any acts or omissions of the HKMA or the employees or agents of the HKMA including (a) termination or suspension of HKSCC's appointment as a Recognized Dealer or HKSCC's membership of the CMU Service, (b) closure, termination, suspension or freezing of HKSCC's CMU Account or any sub-account(s) under it, (c) cancellation, freezing or suspension of trading in any Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments credited to HKSCC's CMU Account or tendered or applied for by HKSCC in response to Tender Instructions, (d) the conduct of any issue of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments, including the tendering or application process and any suspension or cancellation of the issue or the tendering or application process or (e) suspension, failure, malfunction, overload, variation or termination of the CMU Service whether wholly or partially or in a particular case or in respect of one or more processes or transactions;
- (x) any acts or omissions of the owners and licensees of all hardware and software operated or used by the HKMA or HKSCC for the purposes of or in connection with the CMU (including the CMT Terminal and the hardware referred to in and the software which is the subject of the CMU Software Sub-licence Agreement between Hong Kong Interbank Clearing Limited and HKSCC) (or any acts or omissions of the employees or agents of those owners and licensees) or any loss or damage whatsoever or howsoever caused arising directly or indirectly out of or in connection with the use of the CMT Terminal and any such hardware or software or any failure of or error or inaccuracy in the operation of the CMU;
- (xi) any acts, omissions or delays of the issuer of Exchange Fund Notes, Government Bonds, any Specified Instruments or any CMU Instruments, or any arranger or promoter or co-ordinator of any such issue (or any other person involved in any such issue) or the employees or agents of the foregoing;
- (xii) any acts, omissions or delays of the manager or trustee of any Unit Trust or the arranger or

promoter of any issue of Units (or any other person involved in their issue) or the employees or agents of any of the foregoing;

- (xiii) any acts, omissions or delays of any Appointed Depository or its employees or agents;
- (xiv) any proceeding or investigation brought by or on behalf of any government, regulatory body, self-regulatory organization, or other regulatory authority exercising any disciplinary functions to which the Investor Participant is subject;
- (xv) any acts, omissions, defaults or delays of the Issuer of any Eligible Securities, or any other party involved in any Eligible Securities or the employees or agents, representatives or intermediaries of any of the foregoing (including an Issuer's principal or branch share registrar), or the insolvency of any of the foregoing;
- (xvi) the operation of the CMU Service or the taking by HKSCC of any action or omission in accordance with the provisions in the CMU Membership Agreement including the CMU Rules and CMU Manual (as referred to in Rule 703) including compliance with any notice or requirement of the HKMA not to make or allow any transfer, dealing or disposition of CMU Instruments in CMU Account or compliance with directions given by the HKMA thereunder;
- (xvii) any acts, omissions or delays of any mobile operator or any other person through which SMS and/or Email is provided or its employees or agents;
- (xviii) any acts, omissions or delays of any Depository or its employees or agents; and/or
- (xix) any acts, omissions or delays of any entity, as referred to in Rule 823, with which an Overseas Account is maintained or with which HKSCC or its nominee has entered into relevant arrangements, or the insolvency of such entity.

24. Temporary Suspension of Services, Typhoon and Black Rainstorm

- 24.1 If in the opinion of HKSCC that the functioning of a System is or is likely to be impaired by any event or circumstances, HKSCC may suspend the whole of any part of the operation including the operation of CCASS, depository, nominee services, money settlement services and SMS for such duration as it sees fit. HKSCC shall notify Investor Participants as soon as practicable upon a decision to suspend any operation or service of the System and shall also use its reasonable endeavours to provide information as to any other action it proposes to take via the CCASS Phone System or the CCASS Internet System.

26. Indemnity

- 26.1 Each Investor Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and their respective agents, nominees, representatives, officers and employees and hold each of them harmless against all costs (including reasonable legal costs), fees, expenses, liabilities, taxes, assessments, losses, fines, penalties, and damages of any nature whatsoever (including the interest accrued to any such amount) suffered or incurred by any of them directly or indirectly as a result of or in connection with the following matters (except where HKSCC is guilty of anything not done or not omitted to be done in good faith on its part and is directly responsible for any such costs, fees, expenses, liabilities, taxes, assessments, losses and damages):

- (i) the participation in any System by the Participant and/or its activities in any System and the provision of services by HKSCC to the Participant in respect of Eligible Securities held or recorded in CCASS and all matters relating thereto as contemplated in these Terms and Conditions and in the Rules;
- (ii) the failure by the Investor Participant to comply with the provisions of these Terms and Condition or the Rules or the breach of any representation or warranty made by the Investor Participant;
- (iii) the actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in reliance on instructions or communications believed in good faith by any of them to have been given by or on behalf of the Investor Participant (including, but not limited to, the giving of effect to such instructions or communications by any of them) or the failure of the Investor Participant to give instructions to HKSCC as contemplated in these Terms and Conditions and the Rules;
- (iv) the acceptance by HKSCC of Eligible Securities deposited by the Investor Participant and the giving effect to transactions relating thereto by HKSCC in accordance with these Terms and Conditions and the Rules; and the withdrawal of Eligible Securities by the Investor Participant;
- (v) the registration of Eligible Securities in the name of HKSCC or HKSCC's nominee and the withdrawal of such Eligible Securities by the Investor Participant (including, without limitation, all assessments, calls, taxes and charges in respect thereof; losses, liabilities and expenses arising from claims by third parties; and the inability of any person entitled to exercise or enjoy any rights, entitlements and benefits accruing thereto on a timely basis);
- (vi) the failure by the Investor Participant to make payment or to deliver Eligible Securities, or to perform such other duties or obligations contemplated in these Terms and Conditions and the Rules;
- (vii) the failure of any Designated Bank or any clearing house for an Eligible Currency to perform in relation to money settlement services in CCASS and other matters involving payments as contemplated in these Terms and Conditions and the Rules;
- (viii) anything done, omitted or suffered by HKSCC under, arising out of or in connection with the CMU Software Sub-license Agreement, the CMU Membership Agreement including the CMU Rules and CMU Manual referred to therein (as referred to in Rule 703) or the CMU Service, insofar as the same arises out of or is connected with or related to Tender Instructions or Transfer Instructions given by the Participant;
- (ix) any proceeding or investigation brought by or on behalf of any government, regulatory body, self-regulatory organization, or any other regulatory authority exercising disciplinary functions to which the Investor Participant is subject;
- (x) any action by HKSCC or its agents, nominees, representatives, officers and employees in respect of Eligible Securities held or recorded in CCASS or by an Appointed Depository, taken in good faith to comply with any law, decree, regulation or order of any government, competent authority or any court or tribunal;

- (xi) any actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in relation to SSA Statement Recipients (including but not limited to any acts or omissions in reliance on or pursuant to the authorization of the Participant under Section 3.4A of the Operational Procedures) and all matters relating thereto as contemplated in the Rules; and/or
- (xii) anything done, omitted or suffered by HKSCC, its agents, nominees, representatives, officers and employees under, arising out of, in connection with or otherwise related to Cross-Border Transfer Instructions given by the Participant.

27. Rules and Operational Procedures binding on Investor Participants

- 27.1 All activities in the Systems are subject to the Rules and Operational Procedures. The Rules and Operational Procedures shall have effect and be binding on Investor Participants and the Investor Participants agree to comply with those terms.