

## **TSF Participant Registration Criteria**

### *List of “TSF Participants” on HKEx website*

1. Use of TSF the FX services is not mandatory. However, EPs, CCASS Clearing Participants and CCASS Custodian Participants who wish to utilize the TSF are required to comply with certain registration criteria. Upon successful registration with the TSF, the EPs, CCASS Clearing Participants or CCASS Custodian Participants will become a “TSF Participant”. The list of TSF Participants will be published on the HKEx website for reference by the investing public.

### *Types of EPs and CCASS Participants who can apply to become a TSF Participant*

2. The following types of EPs can apply to become a TSF Participant for the purposes of using the FX services of the TSF:
  - a) EPs who are themselves Direct Clearing Participants<sup>1</sup> or General Clearing Participants<sup>2</sup> under the CCASS Rules; and
  - b) EPs who are not CCASS Participants but who have entered into a Clearing Agreement with a General Clearing Participant under the CCASS Rules and where the General Clearing Participant is a TSF Participant.
3. The following types of CCASS Participants can apply to become a TSF Participant for the purposes of clearing and settling TSF Exchange Trades:
  - a) Direct Clearing Participants under the CCASS Rules; and
  - b) General Clearing Participants under the CCASS Rules.
4. CCASS Custodian Participants can also apply to become a TSF Participant to hold and act as the custodian of RMB-traded shares purchased through the TSF FX services.
5. For the avoidance of doubt, Clearing Agency Participants, Investor Participants, Stock Lender Participants and Stock Pledgee Participants under the CCASS Rules will not be permitted to use the TSF at the initial stage.

### *Registration Criteria*

6. An EP or a CCASS Participant who applies to become a TSF Participant should also comply with the following registration criteria:

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<sup>1</sup> Direct Clearing Participants are CCASS Participants who can clear and settle their own trades executed on SEHK.

<sup>2</sup> General Clearing Participants are CCASS Participants who can clear their own trades executed on SEHK as well as trades executed by other EPs who have entered into Clearing Agreements with them.

- a) The applicant should demonstrate to the satisfaction of the SEHK and/or HKSCC that it has adequate internal controls to differentiate earmarked securities under the TSF;
  - b) The applicant should successfully complete the system test(s) prescribed by the SEHK and/or HKSCC from time to time or prove to the satisfaction of SEHK and/or HKSCC of its system readiness for conducting and/or clearing TSF Exchange Trades; and
  - c) The applicant should declare its readiness to the SEHK and/or HKSCC to use the TSF and to deal in and/or clear RMB securities.
7. EPs and CCASS Participants who are interested in becoming TSF Participants should contact their internal IT department and/or back office system vendors to make necessary system enhancements to support the TSF operations (e.g. capability to handle orders requesting for the TSF FX services, segregation of earmarked and non-earmarked shares, etc). They should also review and make any necessary changes to their internal policies, risk management measures, and procedures including documents such as client agreements, contract notes, client statements, etc.
8. A checklist for TSF applicants is available on Appendix I of the TSF Information Paper for EPs' and CCASS Participants' reference to assess their readiness in participating in the TSF.

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