

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

致
To: CCASS Participants

事項
Subject: Tentative launch date and preparation for the HKSCC Risk Management Reform Measures

查詢
Enquiry: Hotline 2979 7111 or Iris Lui 2211 6907

Reference is made to circulars issued on 14 May 2012 ([Ref. No.: RMD/CCRM/002/2012](#)), 25 June 2012 ([Ref. No.: RMD/CCRM/003/2012](#)) and 23 July 2012 ([Ref. No.: RMD/CCRM/005/2012](#)). The HKSCC Risk Management Reform Measures (Reform Measures) is scheduled to be launched on 5 November 2012, subject to the approval of the necessary amendments to the General Rules of CCASS and CCASS Operational Procedures (Rules and Operational Procedures) by the Securities and Futures Commission (SFC).

Terminal User Guide Updates

1. Relevant sections of the CCASS Terminal User Guide have been updated to reflect the system enhancements related to the Reform Measures (please refer to **Attachment I** for details of the enhanced functions and reports). The updated Terminal User Guide are available on the HKEx website:
<http://www.hkex.com.hk/eng/market/clr/secclr/ccass3/parttug/parttugii.htm>

Funding and Settlement Arrangements

2. With the introduction of Reform Measures, Clearing Participants (CPs) are reminded to have the necessary funding arrangements with their Designated Banks to fulfill the obligations of Marks, Margin, Concentration Collateral and Guarantee Fund Contributions.

3. Currently, payment for intra-day Marks is made by direct payment instruction through the Real Time Gross Settlement System (RTGS) from CPs' Designated Bank if CPs have submitted standing instructions to HKSCC for such purpose. Unless CPs inform HKSCC otherwise, such standing instruction currently established for payment of intra-day Marks will be extended to cover payment of intra-day Margin upon the launch of the Reform Measures. CP should also note that the existing standing instruction applies to Hong Kong dollar only. CPs who wish to pay intra-day Marks and intra-day Margin in currencies other than Hong Kong dollar through RTGS should submit to HKSCC the modified "Standing Instruction for Settlement of Intra-day Marks and Margin by CHATS Payment Instruction (CPI)" (**Attachment II**) which covers both Hong Kong dollar and foreign currencies. We will then generate CPI in the relevant currency on behalf of CPs to their Designated Banks whenever CPs are required to pay intra-day Marks and/or intra-day Margin.
4. CPs should ensure that they have valid authorization with their Designated Bank to accept CPI from HKSCC. If not, CPs may call the CCASS Hotline to help arrange for the set up. It may take about 1 to 2 weeks for the bank to process.
5. Completed standing instruction should be faxed to 2579-0111. We will notify you once the RTGS payment arrangement for intra-day Marks and intra-day Margin is ready for use.

Apportionment of Bank Guarantee

6. Upon the launch of the Reform Measures, CPs may use bank guarantee to meet their obligations of Marks, Margin and Concentration Collateral up to 50% (HKSCC may vary such percentage at its discretion from time to time).
7. Currently, bank guarantees accepted by HKSCC will first be used to cover CPs' Guarantee Fund Contributions requirement in excess of the minimum cash contribution requirement, with any remaining amount be used to cover cash pre-payment requirement for early release of securities-on-hold (please refer to Section 10.12.3 of the CCASS Operational Procedures).
8. After the launch of the Reform Measures, bank guarantee arrangements currently in place will continue to be used for in the same way as described in paragraph 7 above. If a CP wants to change the existing bank guarantee apportionment, it has to submit the completed "Change in Bank Guarantee Apportionment" form (**Attachment III**) to HKSCC indicating its new apportionment arrangement.
9. For the acceptance of new bank guarantee, the existing procedures will remain unchanged except that CPs are required to submit the completed "Change in Bank Guarantee Apportionment" form with their applications indicating their intended apportionment.
10. Unless otherwise agreed by HKSCC, change in bank guarantee apportionment will only be accepted every 3 months and will take at least 2 business days to take effect. HKSCC will inform the relevant CP the effective date of change.

Draft amendments to the Rules and Operational Procedures

11. While the SFC is in the process of reviewing the amendments to the Rules and Operational Procedures, CPs may refer to the following link for the draft amendments for information:
[http://www.hkex.com.hk/eng/market/rm/rm_reform/Documents/HKSCC%20Rules%20amendments%20\(2012.10.03\)%20Final.pdf](http://www.hkex.com.hk/eng/market/rm/rm_reform/Documents/HKSCC%20Rules%20amendments%20(2012.10.03)%20Final.pdf)

Once we have obtained approval from the SFC, we will circulate the amended Rules and Operational Procedures to CP in due course.

More information related to Reform Measures is available at:
http://www.hkex.com.hk/eng/market/rm/rm_reform/RM_Reform.htm

Should you have any enquiries regarding the above, please contact our hotline at 2979 7111 or Iris Lui at 2211 6907.

Wallace Chan
Vice President
Cash Clearing Risk Management
Risk Management Division

Enhancement Description		CCASS Terminal User Guide Section
1.	<p>(a) Marks and Collateral Collection Report (CFIPM01) & Intra-day Marks and Collateral Collection Report (CRMIM01)</p> <ul style="list-style-type: none"> To show the calculation of Marks and Concentration Collateral in original trade currencies of the CNS stock positions <p>(b) NCP Marks Projection Report (CRMNP01/02)</p> <ul style="list-style-type: none"> To show the estimated Marks on pending CNS stock positions of each NCP of the GCP in original trade currencies of CNS stock positions <p>(c) Specific Cash Collateral Instruction Activity Report (CCMSC01)</p> <ul style="list-style-type: none"> To show the activity of Specific Cash Collateral (SCC) deposit instruction input by CPs <p>(d) Maintain Preferred Single Settlement Currency Activity Report (CCMPS01)</p> <ul style="list-style-type: none"> To show activity of Preferred Single Settlement Currency for Marks, Concentration Collateral & Margin maintained by CPs <p>(e) Statement of Guarantee Fund Contribution Under CCASS (GFR608)</p> <ul style="list-style-type: none"> To rename the report to “Statement of Guarantee Fund Contributions” and to revise the contents of the report due to introduction of a dynamic component to the existing Guarantee Fund <p>(f) NCP(s) Guarantee Fund Contribution Projection By Position (GFR616)</p> <ul style="list-style-type: none"> To show the projected Guarantee Fund Contributions of each NCP of the GCP 	4.2 / 4.3 / 6
2.	<p>(g) Intra-day Margin Payable Report (CRMMG01)</p> <ul style="list-style-type: none"> Available at around 11:45am or 2:45pm where applicable to notify CPs of their Margin requirements on the days having an intra-day Margin <p>(h) Margin Payable Report (CRMMG02)</p> <ul style="list-style-type: none"> Available at around 8:15pm on each trading day to notify CPs of their Margin requirements <p>(i) NCP Margin Projection Report (CRMNP03/04)</p> <ul style="list-style-type: none"> To show an estimated allocation of Margin requirements of each NCP of the GCP on pending CNS stock positions in original trade currencies 	2 / 4.2 / 4.3 / 6 / 7.2
3.	<p>(j) Collateral Account Balance Report (CCMCA02)</p>	4.3 / 6

Enhancement Description		CCASS Terminal User Guide Section
	<ul style="list-style-type: none"> • To show SCC information <p>(k) Participant Collateral Account Movement Report (CCMMV01)</p> <ul style="list-style-type: none"> • To show the movement of SCC in the CCMS Collateral Account <p>(l) Posting / Collateralisation Result Report (CCMPY01/02)</p> <ul style="list-style-type: none"> • To show the shortfall amounts before and after the application of tolerance limit for intra-day Marks and Concentration Collateral • To show the Preferred Single Settlement Currency conversion result if there is conversion of Marks, Concentration Collateral and Margin shortfall from original trade currencies to a Preferred Single Settlement Currency for payment collection 	
4.	<p>(m) Statement of Collateral Account (CCMDS01)</p> <ul style="list-style-type: none"> • To show the balances and transaction movements for SCC <p>(n) Statement of Money Ledger (CSEMA08/CSEMS08)</p> <ul style="list-style-type: none"> • To separate the accounts by currencies • The currency field will be added before each set of accounts 	4.3 / 4.4 / 6
5.	<p>(o) Preferred Single Settlement Currency for Marks & Margin Maintenance Function</p> <ul style="list-style-type: none"> • To select the Preferred Single Settlement Currency for Marks, Concentration Collateral and Margin shortfall. • HKD is selected by default • If “N/A” is selected, the shortfall of Marks, Concentration Collateral and Margin will be collected in the currency in which the CNS stock position is denominated 	2 / 7.2 / 8.3.7
6.	<p>(p) Specific Cash Collateral Maintenance Function</p> <ul style="list-style-type: none"> • For CPs to input the SCC amount with selection of payment methods 	2 / 7.2 / 8.3.6
7.	<p>(q) Enquire Payment Instruction</p> <ul style="list-style-type: none"> • To include intra-day Margin obligation and SCC payment for enquiry 	9.1.7
8.	<p>(r) Enquire Broadcast Message</p> <ul style="list-style-type: none"> • To include periodic Margin provision for enquiry 	9.3.3
9.	<p>(s) Enquire Collateral Account Balance</p> <ul style="list-style-type: none"> • To enquire the free and on-hold SCC amount in pending or confirmed status 	9.4.1
10.	<p>(t) Specific Cash Collateral Account Movement Enquiry Function</p> <ul style="list-style-type: none"> • To allow CPs to enquire SCC movement for the past 30 business days 	9.4.7

To: Hong Kong Securities Clearing Company Limited (HKSCC)
Fax no: 2579-0111

From: Participant Name: _____
Participant ID: _____
Contact Person: _____
Fax No: _____
Tel No: _____

**Standing Instruction for Settlement of Intra-day Marks and
Intra-day Margin by CHATS Payment Instruction (CPI)**

We hereby instruct and authorize HKSCC to collect intra-day Marks and intra-day Margin payable by us, if any, by issuing CPI(s) to our Designated Bank in accordance with the “Debit Authorization for Clearing House Automated Transfer System (CHATS) Payment Instruction and Authorization to Disclose Information Form” we submitted to HKSCC in the selected currency(ies) below:

- HKD RMB
 USD Others (please specify) _____

We understand that this standing instruction shall continue to be in force until expressly revoked by us in writing and we agree to give HKSCC one working day’s prior notice of such revocation.

We understand that it is our responsibility to ensure that our Designated Bank will act according to the CPIs and make payment by 2:00 p.m. (or such other time as specified by HKSCC from time to time).

Authorized Signature(s) with Company Chop

For use by HKSCC

- Accept and will take effect on: _____ (DD/MM/YY)
 Reject

To: Hong Kong Securities Clearing Company Limited (HKSCC)
 Fax no: 2579-0111

From: Participant Name: _____
 Participant ID: _____
 Contact Person: _____
 Fax No: _____
 Tel No: _____

Change in Bank Guarantee (BG) Apportionment

1. Detail of BG:

Bank (Guarantor)	
BG Reference No	
Total BG Amount	

2. Application for BG apportionment:

BG apportionment for	Amount
(i) Guarantee Fund and securities-on-hold (Note 1)	
(ii) Marks, Margin and Concentration Collateral	
(iii) Other Collateral	
Total BG Amount (Note 2)	

 Authorized Signature(s) with Company Chop

For use by HKSCC

- Accept and will take effect on: _____ (DD/MM/YY) at: _____
 (Note 3)
- Reject

Informed Participant on: _____ by: _____

Note 1: For the amount of BG apportioned to Guarantee Fund and securities-on-hold, the amount will first be used to cover participants' Guarantee Fund Contributions requirement in excess of the minimum cash contribution requirement, with any remaining amount be used to cover cash pre-payment requirement for early release of securities-on-hold (please refer to Section 10.12.3 of the CCASS Operational Procedures).

Note 2: The Total BG Amount in Section 2 must be the same as the Total BG Amount in Section 1.

Note 3: Unless otherwise agreed by HKSCC, change in bank guarantee apportionment will only be accepted every 3 months and will take at least 2 business days to take effect.