

CCASS OPERATIONAL PROCEDURES

Definitions

- (a) For the convenience of readers, the definitions contained in the Rules are repeated below.

“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; (ii) payment of application monies to Issuers and refund monies to Participants; (iii) payment of money by Clearing Participants or Custodian Participants to their SSA Statement Recipients in respect of STI Transfers on a DVP basis; or (iv) payment of fees and expenses by Participants other than Investor Participants to HKSCC for CCASS services;

- (b) When used in the Operational Procedures, the following expressions shall have the following meanings unless the context otherwise requires:

“Intra-day Mainland Settlement Deposit Payable Report”

means a report provided by HKSCC to a China Connect Clearing Participant, showing the amount and computation of the intra-day Mainland Settlement Deposit payable by such Participant;

“Mainland Settlement Deposit Payable Report”

means, in relation to a China Connect Clearing Participant, a report provided by HKSCC to such Participant, containing details of the computation of Mainland Settlement Deposit payable by such Participant with reference to the buy turnover in China Connect Securities and overdue short CNS positions in China Connect Securities of such Participant and its NCPs and the sell turnover in China Connect Securities that are executed by such Participant and its NCPs for Special Segregated Accounts, as referred to in Section 10A.8.5 and the CCASS Terminal User Guide for Participants;

“SPSA Delivery Failure”

means the failed delivery of the relevant quantity of a China Connect Security from a Special Segregated Account to a China Connect Clearing Participant for CNS settlement on a settlement day;

The definition of “Mainland Clearing Risk Fund” has been repealed.

Section 2 Participants

2.3.3 Assigned account numbers

The Stock Collateral Control Account of a Clearing Participant or a Clearing Agency Participant which is a China Connect Clearing House will have the assigned account number 20.

2.3.10 Stock Collateral Control Account

The Stock Collateral Control Account of a Clearing Participant or a Clearing Agency Participant which is a China Connect Clearing House will be used to record the Collateral Securities that have been transferred from the Stock Accounts of that Participant to its CCMS Collateral Account(s) to secure:

2.3.14 Stock Account mapping of GCPs registered as China Connect Clearing Participants

2.3.15 Special Segregated Accounts

To facilitate pre-trade checking by HKSCC for the purpose of determining the maximum amount of China Connect Securities that may be sold by a client of a Custodian Participant or a GCP which is not an Exchange Participant in any one Trading day, a Custodian Participant or a GCP which is not an Exchange Participant shall, upon the request of a client, designate a Special Segregated Account with an assigned investor identification number in CCASS to the client for the purpose of maintaining its holdings of China Connect Securities. The Custodian Participant or GCP shall give not less than five (5) Business Days' written notice to HKSCC of (i) the designation of a Special Segregated Account to a client; (ii) the investor identification number assigned by CCASS to the Special Segregated Account; (iii) details of the China Connect Exchange Participants that are authorised by the client to execute sell orders in China Connect Securities via the relevant Trading Link on its behalf; and (iv) changes in any of the information notified to HKSCC in respect of the Special Segregated Account. Each client may authorise up to twenty (20) China Connect Exchange Participants in respect of each Special Segregated Account to execute sell orders on its behalf and written notification of each such authorisation must be given by the Custodian Participant or GCP and the authorised China Connect Exchange Participant to HKSCC in such form as HKSCC may from time to time specify.

If, after a sell order is executed for a client in respect of any China Connect Security in its Special Segregated Account, an SPSA Delivery Failure occurs, the China Connect Clearing Participant responsible for clearing and settling the resulting China Connect Securities Trade shall make a request to HKSCC to adjust, for the purpose of pre-trade checking, (i) where applicable, its sellable balance, (ii) the sellable balance of the client's Special Segregated Account, and (iii) where applicable, the sellable balance of the Special Segregated Account of any other client for whom the China Connect Clearing Participant is responsible for clearing and settling a buy trade in the same China Connect Security on the same Trading day and the delivery of the relevant quantity of the China Connect Security to the Special Segregated Account of such client is affected by the SPSA Delivery Failure.

The circumstances under which the request is made and the requirements and procedures for making the request shall be as prescribed by HKSCC and notified to CCASS Participants from time to time. If it is confirmed that the stated SPSA Delivery Failure has occurred and the quantity of the relevant China Connect Security in the Special Segregated Account involved in the SPSA Delivery Failure is sufficient for making the relevant adjustment, HKSCC will (i) deduct from the sellable balance of the Special Segregated Account involved in the SPSA Delivery Failure the failed delivery quantity, (ii) add to the sellable balance of the Special Segregated Account of any other affected client the relevant quantity to reflect the

amount it bought in the same China Connect Security on the same Trading day; and (iii) add to the sellable balances of the relevant Stock Accounts of the China Connect Clearing Participant the difference, if any, after subtracting the quantity referred to in (ii) as aforesaid from the failed delivery quantity under the SPSA Delivery Failure. If all or part of the relevant China Connect Security has for any reason been transferred out of the Special Segregated Account involved in the SPSA Delivery Failure such that the quantity available is insufficient for making the relevant adjustment, HKSCC will make an adjustment as aforesaid up to the quantity available in the Special Segregated Account and may also adjust, for pre-trade checking purpose, the sellable balance of such other China Connect Clearing Participant or Special Segregated Account to which all or part of the failed delivery quantity of the China Connect Security has been transferred.

Any adjustment made by HKSCC shall only have the effect of adjusting the sellable balances for pre-trade checking purpose and will only apply to the following Trading day. The actual holdings of the Stock Accounts of a China Connect Clearing Participant or the holding in a Special Segregated Account will not be adjusted.

2.4.3 Money not held by HKSCC

Money obligations between a Participant and HKSCC in an Eligible Currency which are recorded in the sub-accounts of its Money Ledger will be settled on a daily basis at day end by HKSCC issuing "Direct Debit Instructions" or "DDIs" or "Direct Credit Instructions" or "DCIs" to the Designated Bank of the Participant, except that (i) money obligations of CNS stock positions in China Connect Securities will be settled on a daily basis by HKSCC issuing "CHATS Payment Instructions" or "CPIs" to the Designated Bank of the Participant or a bank designated by HKSCC on the following Business Day; (ii) Intra-day Payments during a Business Day or a Settlement Day will be effected on the same day by way of "Intra-day Payment Instructions" or "IPIs" issued to the Designated Bank of the Participant at around 2:30 p.m. or such other time as may be specified by HKSCC; (iii) the Billing Account for Participants other than Investor Participants will be settled in Hong Kong dollars by EPIs on a weekly basis and the Billing Accounts for Investor Participants will be settled in Hong Kong dollars by DDIs on a monthly basis; and (iv) dividend collection fees and interest collection fees will be collected by HKSCC in the Eligible Currencies in which the relevant securities are denominated and deducted by HKSCC at source before payment. Please refer further to Section 14.

Section 5 Eligible Securities

5.3 STOCK CODE NUMBER AND DESCRIPTION

In general, for Eligible Securities listed or admitted to trading on the Exchange, HKSCC will usually follow the stock codes and descriptions used by the Exchange. For China Connect Securities, HKSCC will usually follow a mapping algorithm and convert the stock codes used by the relevant China Connect Market Operator to a set of 5-digit stock codes for use in CCASS. Participants will be notified of the relevant stock code mapping via circular. A list of the China Connect Securities' stock codes together with their CCASS stock code mapping will be published by HKSCC on the HKEx website.

Section 6
Operational and Service Schedule

6.1 PROCESSING AND SERVICE

In general, CCASS offers processing and servicing facilities to Participants other than Investor Participants between the hours of 7:15 a.m. and 8:30 p.m., Monday to Friday (except public holidays) and for enquiry and report retrieval services and certain other services and functions specified by HKSCC, also between the hours of 8:00 a.m. to 1:00 p.m. on Saturday (except public holiday). In general, services and facilities provided to Investor Participants for use and access to SSA with Statement Service provided to SSA Statement Recipients via the CCASS Phone System and the CCASS Internet System are usually available on an approximately 24 hours basis.

6.2.1 Daily Processing and Service Schedule in relation to Eligible Securities Other than China Connect Securities

For the purpose of this Section 6.2.1, references to “Eligible Securities” shall mean Eligible Securities other than China Connect Securities.

Time	CCASS events
7:15 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway:</p> <ul style="list-style-type: none"> (i) clearing services (SI upload function); and (ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions <p>All previous day’s reports are available for retrieval</p>
8:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway:</p> <ul style="list-style-type: none"> (i) clearing services (SI/ISI maintenance and ISI upload functions); (ii) ATI/STI maintenance and upload functions and Mass ATI/STI maintenance function; (iii) SSA maintenance and upload functions; (iv) Cash Prepayment Instruction, Cash Prepayment / TSF Payment Standing Instruction, Intra-day Payment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; and (v) subscription, election, voting instructions, Electronic Application Instructions for New Issue Shares (except where such day is the application or confirmation start date), Tender Instructions (except where such day is the tender or application start date) and Corporate Representative / Proxy instructions maintenance functions

Time	CCASS events
7:00 p.m.	Close of SI/ISI maintenance and ISI upload, Cash Prepayment / TSF Payment Standing Instruction maintenance, Intra-day Payment Standing Instruction maintenance, Nominee Payment (Evening) Standing Instruction maintenance, CCMS cash transfer and stock collateral maintenance services and Tender Instructions, subscription, election, voting and Corporate Representative/Proxy instructions maintenance functions
7:15 p.m.	Close of SI upload function
7:30 p.m.	Close of ATI/STI maintenance and Mass ATI/ STI maintenance functions
8:00 p.m.	Final batch of scrip entitlement distribution. Close of all enquiries through CCASS Terminals and Participant Gateways, except for CCMS enquiry and Enquire Broadcast Message functions Close of ATI/STI upload functions
8:00 p.m. (after)	Final STI Batch-run (for STI Transfers to be effected on FOP basis only)

6.2.2 Daily Processing and Service Schedule in relation to China Connect Securities

Time	CCASS events
7:45 a.m.	First SI Batch-settlement-run (for settlement of SI stock positions not involving Special Segregated Accounts, the delivering party of which is a Custodian Participant or a GCP which is not an Exchange Participant)
8:00 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway: (i) ATI/STI maintenance and upload functions and Mass ATI/STI maintenance function;
4:00 p.m. (after)	Commencement of Cash Prepayment service and DI input function (for settlement of CNS stock positions only)
6:00 p.m.	Deadline for Cash Prepayment service

Time	CCASS events
7:00 p.m. (around)	<p>Third SI Batch-settlement-run (for settlement of SI stock positions from Special Segregated Accounts of Custodian Participants and GCPs which are not Exchange Participants to China Connect Clearing Participants only)</p> <p>Close of DI input function (for settlement of CNS stock positions only)</p> <p>Commencement of DI input function (for settlement of SI stock positions only), SPSA Delivery Failure maintenance function and subscription instructions maintenance function (for all announcement types)</p>
7:00 p.m. (after)	Calculation of Mainland Settlement Deposit
7:30 p.m.	Close of SI upload function
7:45 p.m.	<p>Close of SI maintenance function, DI input function (for settlement of SI stock positions only), Mass ATI/STI maintenance function, SPSA Delivery Failure maintenance function and subscription instructions maintenance function</p> <p>Final SI matching</p> <p>Final SI Batch-settlement-run (for settlement of SI stock positions only)</p>
8:00 p.m.	<p>Final STI Batch-run (only STI Transfers on FOP basis allowed for China Connect Securities)</p> <p>Close of all enquiries through CCASS Terminals and Participant Gateways, except for Enquire Broadcast Message function</p> <p>Close of ATI/STI maintenance and upload functions</p>
8:00 p.m. (after)	Generation of DDIs, DCIs and EPIs by HKSCC for settlement on the next Business Day
8:30 p.m.	<p>CCMS enquiry, report retrieval and Enquire Broadcast Message functions close</p> <p>Final batch of scrip entitlement distribution</p>
9:00 p.m. (after)	Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCPs for pre-trade checking

Section 8 Nominee Services

8.11A.3 Procedures

Participants other than Investor Participants that wish to subscribe for new shares under an open offer shall input their subscription instructions via their CCASS Terminals or Participant Gateways to HKSCC no later than the time limit prescribed by HKSCC, which normally is before 11:00 a.m. on the day of the deadline for subscription of new shares imposed by the relevant issuer. To facilitate Participants other than Investor Participants to subscribe for new shares under the open offer within the extremely tight time limit, HKSCC will also accept manual subscription instructions from Participants. The following procedures will usually apply:

- (i) upon the relevant announcement being made by the issuer, HKSCC will notify Participants of the arrangement via the Broadcast Message Service as soon as practicable;
- (ii) in respect of subscription instructions through the CCASS Terminals or Participant Gateways that are received by HKSCC before the prescribed time limit, HKSCC will upon acceptance and processing of the instructions, generate CPIs to be issued to the Designated Banks of the paying Participants. The subscription money will be collected from the Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such subscription instructions;
- (iii) Participants other than Investor Participants may also submit a duly completed Subscription of Open Offers Form (see CCASS Terminal User Guide for Participants for the form) to HKSCC no later than the time limit prescribed by HKSCC on the subscription day stipulated by the issuer, together with proof of payment (such as the bank pay-in slip with details of the relevant Participant, including its Participant ID the relevant stock code and the subscription money paid);
- (iv) upon receipt of the Subscription of Open Offers Form and proof of payment from a Participant before the prescribed time limit, HKSCC will subscribe for the offer shares in accordance with the instructions of the Participant;
- (v) if confirmation from the China Connect Clearing House that the offer shares have been unconditionally credited to HKSCC's stock account maintained with that China Connect Clearing House is received by HKSCC at or before 7:00 p.m. on a Mainland Business Day, HKSCC will usually cause such offer shares to be credited to the Stock Accounts of the relevant Participant on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day; and
- (vi) upon crediting of the new shares by HKSCC to Participants' Stock Accounts, the Entitlement Statements of the relevant Participants will be updated and Participants will be informed via Broadcast Message Service on the same day.

8.18.2 Procedures

- (x) The amounts of fees for the handling of application instructions and issuance of EPIs (see Sections 21.5, 21.7, 22.2 and 22.4) will be collected from Investor Participants and Participants other than Investor Participants through the generation of DDIs and EPIs respectively by HKSCC.

- 8.22.2** Where such Participant is unable to provide HKSCC with any of the above required documents, HKSCC may entertain a claim for unclaimed benefits subject to the Participant providing HKSCC with (i) a satisfactory explanation as to why any one or more of such documents cannot be provided; (ii) confirmation from the relevant registrar of the non-registration and/or registration of the withdrawn certificates together with details of the transferee as the case may be; HKSCC may obtain such confirmation upon request from the Participant concerned who will be responsible for any charges incurred; and (iii) if so requested by HKSCC, a letter of indemnity, in a form acceptable to HKSCC (see Appendix 3.10), issued by the Participant and endorsed by a licensed bank or (subject to the prior approval of HKSCC and in a form acceptable to HKSCC) a third party Participant as guarantor. A handling charge will be charged by HKSCC through the generation of an EPI.

Section 10

Exchange Trades - CNS System

10.8.2 Timing of Buy-in

In the event that a short Participant wishes to make an irrevocable request to HKSCC to execute a Buy-in pursuant to Rule 3501(iv), such Participant shall complete and submit to HKSCC the prescribed form of request (See CCASS Terminal User Guide for Participants for the form). If the request form is received by HKSCC between 8:01 p.m. and 12:00 noon, orders will be placed on or off the Exchange during the afternoon trading session at the Exchange. If the request form is received by HKSCC between 12:01 p.m. and 8:00 p.m., orders will be placed on or off the Exchange on the following trading day. HKSCC shall effect the Buy-in at what it determines to be the best prevailing market price and terms available (but taking into account HKSCC may need to act promptly and provided that HKSCC shall have no liability if it acts in good faith). The short Participant shall be liable to and shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC against all costs and expenses incurred by HKSCC in connection with the Buy-in.

10.8.4 Application for exemption from Buy-in on T+3

A short Participant wishing to claim exemption under Section 10.8.3 must apply to HKSCC not later than 8.00 p.m. on the due date for settlement (i.e., T+2) by completing and submitting an Application Form for Exemption of Buy-in (see CCASS Terminal User Guide for Participants for the form). The Application Form shall be sent by facsimile or such other means as HKSCC may consider appropriate and shall be deemed received when received by HKSCC. In addition, the short Participant applying for exemption must provide HKSCC with satisfactory supporting documents as set out below on or before T+6, unless otherwise notified by HKSCC. Unless (i) HKSCC grants an exemption under Section 10.8.3, (ii) there is a risk management reason affecting HKSCC, which is considered valid by the Risk Management Committee, (iii) a Buy-in has been executed by HKSCC

pursuant to Rule 3501 (iv) in respect of the short CNS stock positions of a short Participant or (iv) the exemption from Buy-in specified in Section 17.2.13 applies, HKSCC will effect a Buy-in on behalf of the short Participant on T+3 (or if it is not practicable to do so on T+3, at any time thereafter) through HKSCC's authorized brokers. For the avoidance of doubt, a short Participant is not required to apply to the HKSCC to claim an exemption if the exemption from Buy-in specified in Section 17.2.13 applies.

Section 10A

China Connect Securities Trades - CNS System

10A.3.3 Settlement of short stock positions of China Connect Clearing Participants

Short stock positions of China Connect Clearing Participants under the CNS System will be settled in CCASS by the input of Delivery Instructions by the delivering Participants, by Batch-settlement-runs or by cross-day netting automatically carried out in CCASS on each Settlement Day. The oldest short stock positions of a China Connect Clearing Participant will always be settled first.

10A.3.4 Settlement of long stock positions of China Connect Clearing Participants and adjustment of sellable balance for GCPs

Although China Connect Clearing Participants with long stock positions under the CNS System may not receive China Connect Securities in CCASS on due date (i.e. T-day), they will be able to make use of their outstanding long stock positions to offset against short stock positions in the same China Connect Securities under the CNS System on subsequent Settlement Days.

A China Connect Clearing Participant which is a GCP and which has long stock positions in China Connect Securities may make an adjustment request to HKSCC using the prescribed form (see CCASS Terminal User Guide for Participants for the form) to allocate the relevant number of long stock positions from its Stock Clearing Account to the sellable balances of its relevant Stock Accounts, including those of its NCPs. Any adjustment made by HKSCC shall only have the effect of adjusting the sellable balances for pre-trade checking purpose and will only apply to the following Trading day. The actual holdings of the Stock Accounts of the GCP will not be adjusted.

10A.6.2 Timing of Buy-in

Unless there is a risk management reason affecting HKSCC which is considered valid by the Risk Management Committee, short stock positions in China Connect Securities of a China Connect Clearing Participant under the CNS System which are outstanding for settlement on the due date (i.e., unsettled after the final Batch-settlement-run for China Connect Securities Trades on T-day) will be subject to a Buy-in by HKSCC or an authorized broker on behalf of the short China Connect Clearing Participant on T+1 (or if it is not practicable to do so on T+1, at any time thereafter) up to the outstanding quantity, rounded up to the nearest Board Lot if the quantity is not in full Board Lots.

10A.6.3 Buy-in process by HKSCC on behalf of a China Connect Clearing Participant

The following explains the process of any Buy-in that may be executed by HKSCC on behalf of a short China Connect Clearing Participant in greater detail:

- (i) in respect of the short stock positions in China Connect Securities of a short China Connect Clearing Participant which remain outstanding under the CNS System after the final Batch-settlement-run for China Connect Securities Trades on the Settlement Day, a Buy-in Notification Report containing such outstanding short stock positions will be generated by HKSCC. Unless there is a risk management reason affecting HKSCC which is considered valid by the Risk Management Committee, HKSCC will effect Buy-in on T+1 (or if it is not practicable to do so on T+1, at any time thereafter), of all outstanding short stock positions stated in the Buy-in Notification Report, rounded up to the nearest Board Lot if the quantity is not in full Board Lots;
- (iv) HKSCC shall effect a Buy-in at what it determines to be the best prevailing market price and terms available (but taking into account HKSCC may need to act promptly and provided that HKSCC, the Exchange, the SEHK Subsidiary and a recognized exchange controller which is the controller of HKSCC shall have no liability if HKSCC acts in good faith). The short China Connect Clearing Participant shall be liable to and shall indemnify HKSCC, the Exchange, the SEHK Subsidiary and a recognized exchange controller which is the controller of HKSCC against all costs and expenses incurred by HKSCC in connection with the Buy-in, including the Buy-in of any China Connect Securities in excess of the outstanding quantity due to the rounding up of such quantity to the nearest Board Lot;

10A.7A LATE DELIVERY: ADJUSTMENT OF SELLABLE BALANCE FOR CHINA CONNECT SECURITIES

In respect of overdue short stock positions in China Connect Securities of a China Connect Clearing Participant under the CNS System which are outstanding for settlement on the due date, HKSCC will request the Exchange to deduct the overdue short stock position quantities from the sellable balances of such China Connect Clearing Participant on the next Trading day, and if the China Connect Clearing Participant is a GCP, from the sellable balances of all of its NCPs on the next Trading day, provided that if the overdue short stock positions are or are alleged by the China Connect Clearing Participant to be caused in whole or in part by an SPSA Delivery Failure, the sellable balances of the China Connect Clearing Participant and the relevant Special Segregated Accounts will be adjusted in accordance with Section 2.3.15.

10A.8.7 Collection of Mainland Settlement Deposit

Unless otherwise agreed by HKSCC, any shortfall in Mainland Settlement Deposit required, as determined by HKSCC, will be debited to the Miscellaneous Account of a China Connect Clearing Participant's Money Ledger and will be collected from the China Connect Clearing Participant. Mainland Settlement Deposit will be collected from the China Connect Clearing Participant on a daily basis by HKSCC by issuing DDIs to the Designated Bank of the China Connect Clearing Participant as part of the CCASS money settlement process on each Trading day, or in any other manner determined by HKSCC from time to time. If DDIs cannot be issued on any Trading day, HKSCC will collect Mainland Settlement Deposit by issuing DDIs to the Designated Bank of the China Connect Clearing Participant on the next Business Day. Subject to the determination of HKSCC, no surplus cash collateral over Mainland Settlement Deposit in the

CCMS House Collateral Account of a China Connect Clearing Participant on a Trading day will be redelivered to it at the end of the day except any surplus cash collateral that may be credited to its CCMS House Collateral Account on such Trading day(s) of each month as may be specified by HKSCC. The redelivery will be made in such manner as prescribed by HKSCC from time to time. Notwithstanding the above, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

10A.8.8 Intra-day Mainland Settlement Deposit

In addition to day-end Mainland Settlement Deposit, a China Connect Clearing Participant shall on demand pay to HKSCC within the time period specified by HKSCC such intra-day Mainland Settlement Deposit as HKSCC may from time to time determine by reference to the buy turnover and contract value of overdue short positions in China Connect Securities of the China Connect Clearing Participant and its sell turnover in China Connect Securities for Special Segregated Accounts. Any shortfall in Intra-day Mainland Settlement Deposit determined by HKSCC will be collected by HKSCC via CPIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process or in any other manner determined by HKSCC from time to time.

An Intra-day Mainland Settlement Deposit Payable Report will be made available via CCASS Terminals and Participant Gateways each time after any intra-day Mainland Settlement Deposit requirement is calculated for collection by HKSCC to provide details of the computation of such intra-day Mainland Settlement Deposit requirement of a China Connect Clearing Participant on that Trading day.

10A.9.5 Collection of Mainland Security Deposit

Subject to the determination of HKSCC, any surplus cash collateral over Mainland Security Deposit in the CCMS House Collateral Account will be redelivered at the end of such Business Day(s) of each month as may be specified by HKSCC. The redelivery will be made in such manner as prescribed by HKSCC from time to time. Notwithstanding the above, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

10A.12 [Repealed]

Section 11

Exchange Trades - Isolated Trades System

11.8.4 Buy-in process by a Short Clearing Participant as directed by HKSCC

The following explains the usual process of a Buy-in by a Short Clearing Participant in greater detail:

- (iii) the Short Clearing Participant arranging a Buy-in will have to inform HKSCC (in the prescribed manner) immediately upon the conclusion of the trade on the Exchange of the details of the Buy-in, including the identity of the counterparty (see CCASS Terminal User Guide for Participants for the form); and

11.8.7 Waiver

A Short Clearing Participant may apply to HKSCC for a waiver by completing an Application for Exemption of Buy-in Form (see CCASS Terminal User Guide for Participants for the form). HKSCC will normally only grant a waiver if the Isolated Trade in question has been settled.

Section 12 Non-Exchange Trades – SI Transactions, Clearing Agency Transactions, ISI Transactions, Transfer Instructions and Non-Trade Transfers in China Connect Securities

12.1.6 Settlement of SI Transactions

(vi) China Connect Securities

Notwithstanding any other provision in the Rules, the following shall apply to SIs relating to China Connect Securities:

- (e) in the event that a China Connect Clearing Participant has any short stock positions in a China Connect Security under the CNS System which are outstanding for settlement on the due date, all SIs which involve the delivery by the China Connect Clearing Participant of such China Connect Security from its Stock Accounts will be put on hold and no settlement of any such SIs will be allowed until its outstanding stock positions in the China Connect Security are settled, provided that if HKSCC is satisfied that the outstanding short stock positions are solely due to an SPSA Delivery Failure, HKSCC will release all or part of the on hold SIs at the request of such China Connect Clearing Participant, following the requirements and procedures for making such request as prescribed by HKSCC and notified to CCASS Participants from time to time.

12.2.7 Late Delivery

(d) Buy-in process by a Short Participant as directed by HKSCC

The following explains the usual process of a Buy-in by a Short Participant in greater detail:

- (iii) the Short Participant effecting or arranging a Buy-in will have to inform HKSCC via the Exchange (in the prescribed manner) immediately upon the conclusion of the trade on the Exchange of the details of the Buy-in, including the identity of the counterparty (see CCASS Terminal User Guide for Participants for the form); and

(g) Waiver

A Participant may apply to HKSCC for a waiver by completing an Application for Exemption of Buy-in Form (see CCASS Terminal User Guide for Participants for the form), HKSCC will normally only grant a waiver if the Isolated Trade (including a Clearing Agency Transaction) in question has been settled.

Section 13 Securities Settlement

13.2 SETTLEMENT BY DIs

13.2.1 Transactions which may be settled by DIs

All transactions other than Compulsory Stock Borrowing Transactions in CCASS may be settled by the delivering Participants other than Investor Participants by the input of DIs on or after the due settlement dates of such transactions.

DIs for the settlement of Eligible Securities must be input into CCASS before the commencement of each Batch-settlement-run on each Settlement Day. DIs for the settlement of SI Transactions in China Connect Securities inputted on a Settlement Day will only be allowed after completion of the final Batch-settlement-run for CNS stock positions and before the final SI Batch-settlement run on that Settlement Day.

13.2.6 DIs not accepted

Settlement of a transaction by a DI input by a Participant other than an Investor Participant will not be given effect to in CCASS in the following cases:

- (vii) where a DI attempts to effect settlement of an ISI Transaction, whose settlement has been put on hold by the Participant; and
- (viii) where a DI attempts to effect settlement of an SI Transaction in a China Connect Security which has an overdue short CNS position in such China Connect Security after the final Batch-Settlement-Run for CNS stock positions.

13.3.3 Frequency of Batch-settlement-runs

For China Connect Securities, six Batch-settlement-runs are carried out every Settlement Day: two at 5:30 p.m. and 7:00 p.m. designated for the settlement of CNS stock positions; and four at 7:45 a.m., 5:30 p.m., 7:00 p.m. and 7:45 p.m. designated for the settlement of SI stock positions.

Section 14 Money Settlement

14.2.4 Forms to be completed

In order that a Participant can use its Designated Bank Account(s) for CCASS money settlement, it has to complete and submit such debit authorisations and authorisations to disclose information as HKSCC may prescribe from time to time to HKSCC for processing. Such debit authorisations and authorisations to disclose information include the following:

- (i) Direct Debit Authorisation.

By giving this authorisation a Participant authorises its Designated Bank to accept debit instructions from HKSCC by way of DDIs in order to effect payment to HKSCC. Further, a Participant will authorise its Designated Bank to give confirmation of payments to HKSCC (see below);

- (ii) Debit Authorisation for Electronic Payment Instruction.

By giving this authorisation, a Participant authorises its Designated Bank to accept debit instructions from HKSCC by way of EPIs (see below), to effect payment to HKSCC or other Participants; and

14.3 INSTRUCTIONS BY HKSCC TO DESIGNATED BANKS

14.3.1 The Clearing House of HKAB for each Eligible Currency

HKSCC's payment instructions to Designated Banks in relation to DDIs, DCIs and EPIs are sent directly by HKSCC to the Clearing House of HKAB for the relevant Eligible Currency. CPIs are sent by HKSCC to Designated Banks via CCASS Terminals or, in the case of mechanical breakdown, computer or system failures or failures of communication media or any other force majeure reasons, by such other means as are agreed between the Designated Banks and HKSCC. HKSCC's Intra-day Payment Instructions in respect of payments in Eligible Currency are sent by HKSCC's banker, on HKSCC's behalf, to Designated Banks.

14.3.2 Types of instructions

There are four different types of instructions issued by HKSCC to Designated Banks of Participants, namely:

- (i) "Direct Debit Instructions" or "DDIs" or "Direct Credit Instructions" or "DCIs";
- (ii) "Electronic Payment Instructions" or "EPIs";
- (iii) CHATS Payment Instructions or "CPIs"; and
- (iv) Intra-day Payment Instructions or "IPIs".

The use of these different types of instructions is explained further in Sections 14.4 to 14.8.

14.3.6 Amount arising out of CCASS services in relation to SSA with Statement Service

Fees and expenses arising out of CCASS services in relation to SSA with Statement Service of a Clearing Participant or a Custodian Participant (including but not limited to those arising from CCASS services to SSA Statement Recipients for the account of the Participant) are payable by the Participant and will be collected from the Participant in Hong Kong dollars on a monthly basis through the generation of EPIs by HKSCC.

14.5 ELECTRONIC PAYMENT INSTRUCTIONS

14.5.1 Usage

EPIs are used to effect (i) money settlement between Participants in relation to trade for trade transactions settled in CCASS on a DVP basis (i.e. Isolated Trades, ISI and SI Transactions settled on a DVP basis); (ii) payment of application monies to Issuers and refund monies to Participants; (iii) payment of money by Clearing Participants or Custodian Participants to their SSA Statement Recipients in relation to STI Transfers on a DVP basis; and (iv) payment of fees and expenses by Participants other than Investor Participants on a weekly basis to HKSCC for CCASS services.

14.5.2 Procedures

The following is a brief description of the procedures relating to EPIs issued by HKSCC:

- (iib) at the end of each Business Day, in relation to fees and expenses payable by a Participant other than an Investor Participant for CCASS services, HKSCC will compute the relevant tariff amounts and post entries to its Billing Account (a sub-account of the Money Ledger). On each Saturday, CCASS will generate a debit EPI for each Participant according to the balance of its Billing Account and a corresponding credit EPI to HKSCC's specified bank account. On each Monday, the processing of EPIs will be carried out by the Clearing House of HKAB and the Designated Banks concerned. If any Monday is a public holiday, the processing will be postponed to the following Business Day;
- (iii) Repealed
- (v) Participants other than Investor Participants will be able to obtain via their CCASS Terminals or Participant Gateways their "Settlement Report", "DDI/DCI/EPI Summary for Participant" and "Settlement Related EPI Listing" (in respect of trade for trade transactions settled in CCASS on a DVP basis), "New Issues Entitlement Report" (in respect of Electronic Application Instructions for New Issue Shares) (see Section 16.6.1) and "Statements of Money Ledger" (in respect of fees and expenses for CCASS services) (see Section 16.6.1) which contain details of the EPIs for debits and credits to their Designated Bank Accounts. In the case of Investor Participants, activity statements will be posted on the CCASS Internet System and activity statements will also be mailed to Investor Participants who have elected to receive their activity statements by mail on the Business Day following the activities to which the activity statement relates (see Section 16.6.2). In the case of SSA Statement Recipients receiving EPI payment, activity statements including the payment details will be posted on the CCASS Internet System and activity statements will also be mailed to SSA Statement Recipients who have elected to receive their activity statements by mail on the Business Day following the payment to which the activity statement relates (see Section 16.6.8). Activity statements will not be mailed to Investor Participants who have not elected to receive their activity statements by mail and such Investor Participants should enquire the details of their activity statements through the CCASS Internet System; and

14.5.3 Payment confirmation by Designated Banks

- (i) In this Section 14.5.3, "payment confirmation" means a confirmation issued by Designated Banks to HKSCC via their CCASS Terminals stating or confirming that:
 - (a) payments to be made out of the Designated Bank Accounts of Participants other than Investor Participants in response to debit EPIs to effect money settlement in relation to Isolated Trades, SI Transactions on a DVP basis and/or fees and expenses for CCASS services have not been or cannot be made or effected by Designated Banks;

14.6 Repealed

14.7.3 Default of or delay in payment

In case of any default or delay in any intra-day Marks payment or intra-day Margin payment or any payment relating to CNS money obligations, Mainland Settlement Deposit or Mainland Security Deposit in respect of China Connect Securities Trades, HKSCC may take such default action or other action against the concerned Participant as it thinks fit in accordance with the Rules.

Section 15 Enquiry Services

15.2 USE OF VARIOUS ENQUIRY FUNCTIONS AVAILABLE

(i) Available to Participants other than Investor Participants:

- (f) “Enquire Money Position/Instruction” function: to enquire about the money positions due to or from HKSCC (in respect of CNS positions), due to or from other Participants (in respect of SI Transactions) or money positions in Eligible Securities other than China Connect Securities due to or from other Participants (in respect of ISI Transactions and Isolated Trades); or to enquire about the money settlement instructions issued by HKSCC on the current Settlement Day or money settlement instructions due from SSA Statement Recipients to the Participants (in respect of STI Transfers) on the current Business Day. This function is designed to help Participants to plan their funding arrangements;

Section 16 Statements and Reports

16.6 REPORTS AND STATEMENTS FOR PARTICIPANTS

16.6.1 Reports and Statements for Participants other than Investor Participants

Report ID	Report name	Frequency	Time available
CCLUS01	Unmatched SI Report	Eight times a day	around 8:00 a.m., 12:00 noon, 2:00 p.m., 3:15 p.m., 5:15 p.m., 5:45 p.m., 7:15 p.m. and 8:00 p.m. (for unmatched SI results as of the completion of each SI matching run except the first SI matching run for China Connect Securities)
CSESP01	Settled Position Report	Daily	Shortly after 8:00 p.m. (for accumulated settlement results for China Connect Securities of current day)

CSESI02	Intra-day ISI/SI Full List	Eight times a day	around 8:00 a.m., 5:45 p.m., 7:15 p.m. and 8:00 p.m. (for settlement results as of the completion of each Batch-settlement-run for settlement of SI stock positions in China Connect Securities) and around 12:00 noon, 2:15 p.m., 3:15 p.m. and 5:15 p.m. (for matched SI results as of the completion of each SI matching run except the first SI matching run for China Connect Securities)
CCDPC02	Monthly Portfolio Fee Collection Report of China Connect Markets	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's portfolio values of each calendar day for calculating portfolio fee of China Connect Securities with details of the portfolio fee shown)
CSEAT02	STI Activity Report	Six times a day	shortly after completion of each STI batch transfer run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for Eligible Securities other than China Connect Securities)
		Eight times a day	shortly after completion of each STI batch transfer run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 6:30 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for China Connect Securities)
CCMIA12	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shanghai)	Quarterly	from the time when the report retrieval function is available on the first Business Day of each quarter (for previous quarter's interest)
CRMGF01	Mainland Security Deposit Payable Report (Shanghai)	Monthly	from the time when the report retrieval function is available on the first Business Day of each month

CRMSD01	Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation for current day's Mainland Settlement Deposit requirement
CCLTA01	Trade File of Special Segregated Accounts (available in data format file only)	Daily	Around 4:15 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by a China Connect Exchange Participant for Special Segregated Accounts)
CRMSD07	Intra-day Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation of intra-day Mainland Settlement Deposit requirement
CSEAS05	A-share Sellable Balance Adjustment Report	Twice daily	from the time when the report retrieval function is available (for previous day's sellable balance adjustment) and around 8:15 a.m. (for current day's sellable balance adjustment)
CSEAS07	A-share Sellable Balance Adjustment Audit Trail Report	Daily	from the time when the report retrieval function is available

Section 17

Suspension of Services

17.2.1 General principles

In general, in the event that a Typhoon Signal No. 8 or above is hoisted on any Business Day at or after 9:00 a.m., all CCASS and CCASS Depository services and facilities in relation to Eligible Securities other than China Connect Securities available to Participants other than Investor Participants will be terminated by HKSCC within fifteen minutes except as provided below.

- (i) the SI, ATI, STI upload functions will continue to be available for use in accordance with their normal service hours;
- (ii) the maintenance functions of and relating to SIs, ISIs, ATIs, STIs, DIs, Multi-counter Transfer Instructions, Parallel Trading Conversion Instructions and Cash Prepayment Instructions will continue to be available for use within one hour after the hoisting and will be terminated thereafter;
- (iii) the SI, ISI, ATI, STI, Cash Prepayment Instruction and Intra-day Payment Summary enquiry functions, Enquire Broadcast Message function and such other enquiry functions as HKSCC may from time to time specify will continue to be available for use in accordance with their normal service hours;

- (iv) the maintenance functions of and relating to Collateral Security batch upload and enquiry functions on collateral account balance and movements will continue to be available for use in accordance with their normal service hours; and
- (v) various statements and reports will continue to be available for retrieval and printing in accordance with their normal service hours.

In general, in the event that a Typhoon Signal No. 8 or above is hoisted on any Business Day at or after 9:00 a.m., all CCASS services and facilities in relation to China Connect Securities available to Participants will be terminated by HKSCC within fifteen minutes except as provided below.

- (i) the SI, ATI, STI upload functions will continue to be available for use in accordance with their normal service hours;
- (ii) the maintenance functions of and relating to SIs, ATIs and STIs and DIs will continue to be available for use in accordance with their normal service hours;

17.2.6b Clearing and settlement of China Connect Securities Trades

Notwithstanding the above, the adoption of risk management measures by HKSCC will not normally be affected by a typhoon except where it will not be possible to implement such measures in the usual way. For instance, Marks, Mainland Settlement Deposit, Mainland Security Deposit and Collateral on stock positions in China Connect Securities of a China Connect Clearing Participant under the CNS System will be determined in the normal way and will be collected unless CCASS money settlement is affected by a typhoon.

17.2.10 Money settlement services

CCASS money settlement facilities in relation to DDIs, DCIs and EPIs are dependent on the availability of the services of the Clearing House of HKAB for the relevant Eligible Currency. Under the current practice, if a Typhoon Signal No. 8 or above is hoisted at or before 3:00 p.m. on a Business Day, no clearing services of the Clearing House of HKAB for any Eligible Currency will be available with respect to CCASS money settlement instructions for the rest of the Business Day.

If the services of the Clearing House of HKAB for the relevant Eligible Currency are available where a Typhoon Signal No. 8 or above is hoisted, HKSCC will generate DDIs, DCIs and EPIs in the usual way. If not, then the day will in effect not be treated as a “Settlement Day” for CCASS money settlement purposes in relation to DDIs, DCIs and EPIs and the following points should be noted:

- (i) HKSCC will generate the relevant DDIs, DCIs and EPIs on a Business Day upon resumption of CCASS money settlement services for processing by the Clearing House of HKAB for the relevant Eligible Currency. Any loss of interest shall be borne by the Participants;
- (iii) where CCASS money settlement in relation to DDIs, DCIs and EPIs cannot be effected as scheduled, Participants other than Investor Participants will be informed by HKSCC through the issue of Settlement Reports and Statements of Money Ledger; and

Section 20 Disciplinary Action

20.4 ACTS OF MISCONDUCT

20.4.1 Grounds for disciplinary action

HKSCC may institute disciplinary proceedings against a Participant in respect of an act of misconduct committed or reasonably believed to have been committed by it. An act of misconduct includes:

- (m) if the Participant is a TSF CCASS Participant, a failure to comply with any TSF Participant Registration Criteria or any other conditions or requirements for its continued registration as a TSF CCASS Participant, or a failure to comply with any provisions of, or any of its obligations under, Chapter 12A of the Rules, Section 12 of the Operational Procedures and other related provisions in the Operational Procedures;
- (n) if the Participant is a China Connect Clearing Participant, a failure to comply with any China Connect Clearing Participant Registration Criteria or any other conditions or requirements for its continued registration as a China Connect Clearing Participant, or a failure to comply with any provisions of, or any of its obligations under, Chapter 41 of the Rules, Section 10A of the Operational Procedures and other related provisions in the Rules and Operational Procedures; and
- (o) if the Participant is a China Connect Clearing House, a failure to comply with any China Connect Clearing House qualification requirements or any other conditions or requirements for its continued registration as a China Connect Clearing House, or a failure to comply with any provisions of, or any of its obligations under Chapter 42 of the Rules and other related provisions in the Rules and Operational Procedures, including those applicable to a Clearing Agency Participant which is a China Connect Clearing House.

Section 21 Costs and Expenses

21.7 OTHER MONEY SETTLEMENT FEES

- Money settlement fees for other miscellaneous amounts to be paid to or collected from Participants (eg. Marks, Margin, Basic Contributions, Dynamic Contributions, application and refund monies under Electronic Application Instructions for New Issue Shares and Tender Instructions). HK\$0.50 for HKD items, CNY items and USD items for each DDI/DCI/EPI issued or each CPI settled by HKSCC.

Notes:

Fee debited on the day of money settlement.

Fee not applicable to EPIs issued by HKSCC on a weekly basis for effecting fee payment as referred to in Section 21.14.

21.14 BILLING

Unless otherwise stated, all fees payable by a Participant other than an Investor Participant will be debited in Hong Kong dollars or the Hong Kong dollar equivalents of the relevant foreign currencies to its Billing Account (a sub-account of its Money Ledger) when due and will be settled on a weekly basis through the generation of EPIs (see further Section 14.5).

Foreign currencies will be converted to their Hong Kong dollar equivalents at exchange rates determined by HKSCC from time to time.

21.20 EXCEPTION HANDLING FEE IN RELATION TO SETTLEMENT OF TSF FX TRANSACTIONS AND EARMARKING OF TSF STOCKS

- Exception handling fee in respect of a failure to settle a TSF Final FX Position or a TSF payment instruction generated for the settlement of Stock Release FX Transaction on the due date; 0.50% multiplied by the unsettled amount subject to a maximum amount of HK\$100,000 in respect of each failure to settle.

Notes:

For the calculation of the fee, if the unsettled amount is in RMB, the fee will be calculated based on the corresponding HKD amount under the HKD money position in respect of the TSF Final FX Position or the stock release payment instruction.

The fee will be debited in HKD by EPIs.

The fee may be revised by HKSCC from time to time.

- Exception handling fee in respect of a failure to transfer the number of shares for earmarking pursuant to Section 12A.5.4(iv) 0.50% multiplied by the HKD money position of the FX transaction executed by HKSCC with the default TSF Clearing Participant pursuant to Section 12A.5.4(iv), subject to a maximum amount of HK\$100,000 in respect of each failure.

Notes:

The fee will be debited in HKD by EPIs.

The fee may be revised by HKSCC from time to time.

Section 22
Tariff for Investor Participants

22.9 BILLING

Unless otherwise stated, all fees payable by an Investor Participant will be debited in Hong Kong dollars or the Hong Kong dollar equivalents of the relevant foreign currencies to its Billing Account (a sub-account of its Money Ledger) when due and will be settled on a monthly basis by Direct Debit Instructions (see further Section 14.4).

Foreign currencies will be converted to their Hong Kong dollar equivalents at exchange rates as determined by HKSCC from time to time.

Appendix

- Appendix 3.4a Subscription of Open Offers Form (For China Connect Securities only) is repealed.
- Appendix 4.6 Buy-in Reporting Slip is repealed.
- Appendix 4.7 Application Form for Exemption of Buy-in is repealed.
- Appendix 4.7a Early Buy-in Request Form is repealed.