

## 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; ~~or~~ (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;

#### ~~“Mainland Clearing Risk Fund”~~

~~— means an amount determined by HKSCC as Mainland Clearing Risk Fund required to be provided by a China Connect Clearing Participant pursuant to Rule 4107(vii);~~

- (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;

## 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 ~~and Custodian 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 ~~autopay 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 ~~with 6-digit stock codes starting with "60xxxx"~~, HKSCC will usually follow a mapping algorithm and convert the stock codes used by the relevant China Connect Market Operator to "9xxxx" a set of 5-digit stock codes for use in CCASS. ~~In exceptional cases such as entitlement stocks distributed to Participants the stock codes of which do not start with "60xxxx"~~, 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 ~~website of~~ 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 ~~87:1500~~ 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
<u>7:15 a.m.</u>	<p><u>Commencement of the following services and functions through CCASS Terminal and Participant Gateway:</u></p> <p><u>(i) clearing services (SI upload function); and</u></p> <p><u>(ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions</u></p> <p><u>All previous day’s reports are available for retrieval</u></p>
8:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway:</p> <p>(i) clearing services (SI/ISI maintenance and <u>ISI</u> upload functions);</p> <p>(ii) ATI/STI maintenance and upload functions <u>and Mass ATI/STI maintenance function</u>;</p> <p>(iv) Cash Prepayment Instruction, Cash Prepayment / TSF Payment Standing Instruction, Intra-day Payment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; <u>and</u></p> <p>(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; <u>and</u></p>

Time	CCASS events
	<del>(vi) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions</del>
	<del>All previous day's reports are available for retrieval.</del>
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, <del>Mass ATI/Mass STI maintenance</del> , 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/ <del>ATI/STI</del> upload functions
7:30 p.m.	Close of ATI/STI <del>input functions</del> <u>maintenance and Mass ATI/STI maintenance functions</u>
8:00 p.m.	<u>Close of ATI/STI upload functions</u>
8:00 p.m. (after)	<del>Sixth-Final</del> 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 <u>not involving Special Segregated Accounts</u> , 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 <u>and Mass ATI/STI maintenance function</u> ;
4:00 p.m. (after)	Commencement of Cash Prepayment service <u>and DI input function (for settlement of CNS stock positions only)</u>
6:00 p.m.	<del>Close of ATI/STI maintenance and upload functions</del>

Time	CCASS events
7:00 p.m. (around)	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)  <u>Close of DI input function (for settlement of CNS stock positions only)</u>  Commencement of DI input <u>function (for settlement of SI stock positions only)</u> , <u>SPSA Delivery Failure maintenance function</u> and subscription instructions maintenance functions (for all announcement types)
<del>7:15 p.m.</del>	<del>Close of SI upload functions</del>
7:30 p.m.	<del>Close of SI/DI maintenance functions</del>  <del>Final SI matching</del>  <del>Final SI Batch settlement run (for settlement of SI stock positions only)</del>  <u>Close of SI upload function</u>
7:45 p.m.	<u>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</u> <del>Close of ATI/STI maintenance, ATI/STI upload and subscription instructions maintenance functions</del>  <u>Final SI matching</u>  <u>Final SI Batch-settlement-run (for settlement of SI stock positions only)</u>
8:00 p.m.	<u>Close of ATI/STI maintenance and upload functions</u>
8:00 p.m. (after)	<del>Final batch of scrip entitlement distribution</del>
8:30 p.m.	<u>Final batch of scrip entitlement distribution</u>
<del>8:30 p.m. (after)</del>	<del>Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCPs for pre-trade checking</del>
<u>9:00 p.m. (after)</u>	<u>Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCPs for pre-trade checking</u>

## Section 8 Nominee Services

### 8.11A.3 Procedures

~~To facilitate~~ Participants other than Investor Participants that wish to subscribe for new shares under an open offer ~~within the extremely tight time limit, 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, ~~unless otherwise specified by HKSCC.~~ 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) ~~(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;
- (ii)(iii) ~~(iii)~~ Participants other than Investor Participants may also submit a duly completed Subscription of Open Offers Form (~~as set out in Appendix 3.4~~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);
- (iii)(iv) ~~(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;
- (iv)(v) ~~(v)~~ upon receipt of 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
- (v)(vi) ~~(vi)~~ upon crediting of the new shares by HKSCC to Participants' Stock Accounts, the Entitlement Statements of the relevant Participants will be updated and informed via ~~Participants will be informed via~~ Broadcast Message Service on

~~the same day and separate manual advice will be made available for collection by the relevant Participants on the following Business Day for reconciliation purpose.~~

### 8.18.2 Procedures

- (x) The amounts of fees for the handling of application instructions and issuance of EPIs (see Sections 21.65, 21.7, 22.3-2 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 ~~by way of autopay (see Section 21.6) 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 Appendix 4.7a 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 Appendix 4.7 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 ~~the result of a~~ 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 ~~failure by a Custodian Participant or a GCP which is not an Exchange Participant to deliver such securities from the Special Segregated Account of a client to the China Connect Clearing Participant, the China Connect Clearing Participant shall provide to HKSCC the relevant Final Clearing Statement (FCS) on such Trading day and the China Connect Clearing Participant and the Custodian Participant or GCP shall provide to HKSCC such other information and supporting documents relating to the overdue short stock positions or the Special Segregated Account as HKSCC may require to determine if the overdue short position is caused by the failure of such Custodian Participant or such GCP, and if HKSCC is satisfied that is the case, HKSCC shall deduct the overdue short stock position quantities from the sellable balances of the Special Segregated Account instead until the overdue short stock positions in the China Connect Security of the China Connect Clearing Participant are settled.~~

**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 the tenth Trading day on such Trading day(s)~~ 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 CPs 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 ~~the tenth Business Day such Business Day(s)~~ 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 RISK MANAGEMENT: MAINLAND CLEARING RISK FUND [Repealed]**

**10A.12.1 General**

~~Each China Connect Clearing Participant shall on demand provide to HKSCC such contributions to the Mainland Clearing Risk Fund as may from time to time be determined by HKSCC based on the turnover of all China Connect Securities Trades of the China Connect Clearing Participant and its NCPs on a Trading day and at such rate as may be determined by HKSCC in its absolute discretion by reference to the rate prescribed by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China from time to time. If HKSCC as a clearing participant of the China Connect Clearing House under the relevant Clearing Link is not required to contribute to the Settlement Risk Fund administered by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China, HKSCC will not demand contributions to the Mainland Clearing Risk Fund from China Connect Clearing Participants.~~

~~HKSCC will compute and collect contributions to the Mainland Clearing Risk Fund in accordance with the provisions of this Section 10A.12 in the form of cash in Renminbi, rounded up to the nearest RMB0.01. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Mainland Clearing Risk Fund in any Eligible Currency.~~

~~HKSCC shall have the right to satisfy its obligations to contribute to the Settlement Risk Fund administered by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China or any other risk fund as clearing participant of the China Connect Clearing House under the relevant Clearing Link with contributions to the Mainland Clearing Risk Fund collected from China Connect Clearing Participants.~~

~~This Section 10A.12 describes the extent to and the manner in which Mainland Clearing Risk Fund from China Connect Clearing Participants will be collected.~~

**10A.12.2 Mainland Clearing Risk Fund contributions**

~~The Mainland Clearing Risk Fund contribution of a China Connect Clearing Participant will be computed on a daily basis using the following formula:~~

$$\frac{\text{Turnover in China Connect Securities of a China Connect Clearing Participant and its NCPs}}{\text{NCPs}} \times \text{Clearing Risk Fund Rate}$$

~~\_\_\_\_\_ where~~

~~\_\_\_\_\_ Clearing Risk Fund Rate is determined by HKSCC in its absolute discretion from time to time by reference to the rate payable by HKSCC to the Mainland's Settlement Risk Fund as required by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China.~~

**10A.12.3 Relevant CCASS reports and notification by HKSCC**

~~The FCS which gives information on the total buy and sell trade amount in China Connect Securities of a China Connect Clearing Participant on that Trading day will assist the China Connect Clearing Participant to estimate its Mainland Clearing Risk Fund requirement at any time.~~

~~HKSCC will, via the Broadcast Message Service, notify the amount of Mainland Clearing Risk Fund required from a China Connect Clearing Participant on that Trading day.~~

#### ~~10A.12.4 Collection of Mainland Clearing Risk Fund contributions~~

~~Unless otherwise agreed by HKSCC, debit entry of Mainland Clearing Risk Fund required, as determined by HKSCC, will be posted to the Miscellaneous Account of a China Connect Clearing Participant's Money Ledger and will be collected from the China Connect Clearing Participant. Any Mainland Clearing Risk Fund required 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 the Trading day, HKSCC will collect Mainland Clearing Risk Fund by issuing DDIs to the Designated Bank of the China Connect Clearing Participant on the next Business Day.~~

~~Contributions to the Mainland Clearing Risk Fund paid by China Connect Clearing Participants will not be returned or redelivered to China Connect Clearing Participants by HKSCC, unless contributions made by HKSCC as a clearing participant of the relevant China Connect Clearing House to the Mainland's Settlement Risk Fund administered by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China are returned in whole or in part to HKSCC. HKSCC may allocate the returned contributions to China Connect Clearing Participants which have made contributions to the Mainland Clearing Risk Fund in such manner as it considers appropriate.~~

## 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 formAppendix 4.6](#)); 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 formAppendix 4.7](#)). 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~~the failure by a Custodian Participant or GCP which is not an Exchange Participant to deliver such China Connect Security from the Special Segregated Account of a client to the China Connect Clearing Participant,~~ HKSCC will release all or part of the on hold SIs at the request of such China Connect Clearing Participant, subject to such requirements as HKSCC may impose on the 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 Appendix 4.6); 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 Appendix 4.7), 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 ~~and CNS stock positions in China Connect Securities~~ 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 ~~other than China Connect 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 a CNS stock position in a China Connect Securities; and~~

~~(xviii)~~ 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 ~~7:30~~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 ~~or autopay (see below)~~ 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 ~~to~~ by HKSCC to the Clearing House of HKAB for the relevant Eligible Currency. ~~HKSCC's payment instructions to Designated Banks in relation to autopay instructions are sent by HKSCC's banker, on HKSCC's behalf, 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 ~~five~~ 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) Autopay Instructions;~~
- ~~(iii)~~ CHATS Payment Instructions or "CPIs"; and
- ~~(i)~~ 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 ~~autopay~~ 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; ~~and~~ (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) the EPIs so generated by HKSCC are forwarded to the Clearing House of HKAB for the relevant Eligible Currency on the same day;~~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), ~~and~~ "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, ~~and/or~~ 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 ~~AUTOPAY~~ Repealed

### ~~14.6.1 Usage~~

~~The existing autopay services offered by banks will be employed by HKSCC to collect from Participants other than Investor Participants on a weekly basis fees and expenses payable by them for CCASS services.~~

### ~~14.6.2 Procedures~~

~~The following is a brief description of the procedures relating to the collection of fees and expenses from Participants other than Investor Participants by HKSCC in respect of CCASS services:~~

- ~~(i) at the end of each Business Day, HKSCC will compute the relevant tariff amounts and post entries to the Billing Account (a sub-account of the Money Ledger);~~
- ~~(ii) on each Saturday, CCASS will generate a direct debit for each such Participant according to the balance of its Billing Account;~~
- ~~(iii) on each Monday, processing will be carried out by the Clearing House of HKAB and the Designated Banks concerned; and~~
- ~~(iv) from 9:00 a.m. on each Tuesday, the Participants concerned can access, via their CCASS Terminals or Participant Gateways, their Statements of Money Ledger (see Section 16.6) to obtain details of the entries posted in (ii) above.~~

~~If any Monday or Saturday is a public holiday, the processing described above will be postponed to the following Business Day.~~

~~Designated Banks must in addition follow the prescribed procedures of the Clearing House of HKAB in relation to CCASS money settlement by autopay.~~

### 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 ~~or Mainland Clearing Risk Fund contributions~~ 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 ~~SI~~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., <del>4:45 p.m.</del> , 5:15 p.m., <u>5:45 p.m.</u> , <del>67</del> :15 p.m. and <del>78:0045</del> 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 <del>7:45</del> <u>8:00</u> 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., <del>45</del> :45 p.m., <del>67</del> :15 p.m. and <del>78:0045</del> 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: <del>00 noon</del> <u>15</u> <del>p.m.</del> , 2:15 p.m., 3: <del>30</del> <u>15</u> p.m. and 5: <del>30</del> <u>15</u> 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)

CCDPC021	Monthly Portfolio Monthly Fee Collection Report <u>of China Connect Markets</u>		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	<del>Eight-Six</del> 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., <del>5:30 p.m., 7:00 p.m.</del> and 8:00 p.m. (for accumulated STI activities as of the report generation time <u>for Eligible Securities other than China Connect Securities</u> )
		<u>Eight times a day</u>	<u>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)</u>
CCMIA12	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit <u>(Shanghai)</u>	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 <u>(Shanghai)</u>	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 <u>(Shanghai)</u>	Daily	after calculation for current day's Mainland Settlement Deposit requirement

CCLTA01	Trade File of Special Segregated Accounts (available in data format file <del>for</del> <u>Custodian Participants and GCPs which are not Exchange Participants</u> only)	Daily	Around 4:15 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by <u>a</u> China Connect <del>Clearing-Exchange</del> Participant for Special Segregated Accounts)
<u>CRMSD07</u>	<u>Intra-day Mainland Settlement Deposit Payable Report (Shanghai)</u>	<u>Daily</u>	<u>after calculation of intra-day Mainland Settlement Deposit requirement</u>
<u>CSEAS05</u>	<u>A-share Sellable Balance Adjustment Report</u>	<u>Twice daily</u>	<u>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)</u>
<u>CSEAS07</u>	<u>A-share Sellable Balance Adjustment Audit Trail Report</u>	<u>Daily</u>	<u>from the time when the report retrieval function is available</u>

## 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;
- ~~(i)~~ (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;
- ~~(i)~~ (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;

~~(iii)~~(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

~~(iv)~~(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 ~~within one hour after the hoisting and will be terminated thereafter~~ in accordance with their normal service hours;
- (ii) the maintenance functions of and relating to SIs, ATIs and STIs ~~(other than upload functions)~~ 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, ~~Mainland Clearing Risk Fund contributions~~ 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 ~~and autopay instructions~~ 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 ~~and autopay instructions~~ 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 autopay instructions~~ and the following points should be noted:

- (i) HKSCC will generate the relevant DDIs, DCIs and, EPIs ~~and autopay instructions~~ 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 ~~or autopay instructions~~ 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; ~~and~~
- (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 ~~in~~ the Hong Kong dollar equivalents of the relevant foreign currencies to ~~its~~the Participants' Billing Account (a sub-account of its Money Ledger) when due and will be settled on a weekly basis through the generation of EPIs~~the autopay bank clearing system~~ (see further Section 14.65).

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 autopay instructions.

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

EPI autopay instructions.

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~~the Investor Participants' 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 14.46).

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

**Subscription of Open Offers Form**  
(For China Connect Securities only)

Nominees Section \_\_\_\_\_ Date : \_\_\_\_\_  
 Hong Kong Securities Clearing Company Limited (“HKSCC”)  
 Units 2505-6, 25/F, Infinitus Plaza  
 199 Des Voeux Road Central  
 Hong Kong  
 Fax no.: 2815 2728

Dear Sirs,

Re: Open Offer for new shares of \_\_\_\_\_ (Company Name)  
(Stock Code : \_\_\_\_\_) at \_\_\_\_\_ / \_\_\_\_\_ (currency / subscription price) per share

Please act on our behalf in respect of our holding as follows:-

Open Offer

Take up \_\_\_\_\_ new shares in respect of our entitlement under the Open Offer by reference to our holding as at \_\_\_\_\_ (record date). We will credit good funds of \_\_\_\_\_ / \_\_\_\_\_ (currency / amount) into the bank account of HKSCC Nominees Limited in accordance with HKSCC’s instructions.

***We understand and acknowledge that:***

- (1) this form should reach HKSCC no later than the close of the subscription period as specified by HKSCC;*
- (2) if HKSCC does not receive this form by the stated deadline, HKSCC is entitled (but not bound) to take such actions with respect to our entitlement as it may consider fit;*
- (3) the new shares being taken up does not exceed our entitlement under the open offer; and*
- (4) our request and instructions will only be effected or accepted by HKSCC subject to the General Rules of CCASS and the CCASS Operational Procedures as are in force from time to time.*

\_\_\_\_\_  
 Authorized Signature of CCASS Participant  
 (with Company Chop)



Participant ID \_\_\_\_\_ : \_\_\_\_\_  
 Name (in block letter) \_\_\_\_\_ : \_\_\_\_\_  
 CCASS Stock A/C# \_\_\_\_\_ : \_\_\_\_\_  
 Contact Tel No \_\_\_\_\_ : \_\_\_\_\_  
 Contact Person \_\_\_\_\_ : \_\_\_\_\_

**Appendix 4.6 [Repealed]**

Appendix 4.6

To: Clearing / Settlement Section, Hong Kong Securities Clearing Company Limited  
 Fax no. 2851 6921

Date: \_\_\_\_\_

**BUY-IN REPORTING SLIP**

**I. Participant's Particulars**

Participant ID : \_\_\_\_\_ Participant Name : \_\_\_\_\_  
 \_\_\_\_\_

Contact Person : 1. \_\_\_\_\_ 2. \_\_\_\_\_  
 \_\_\_\_\_

Telephone No : \_\_\_\_\_

**II. Failed Delivery Position**

Delivering Participant	: _____	Receiving Participant	: _____
Position Type	: _____	Settlement Pos No	: _____
Stock Code	: _____	Stock Name	: _____
Settlement Date	: _____	Outstanding Share Quantity	: _____

**III. Buy in Trade(s) Executed**

Trade Time	Share Quantity	Price	Counterparty Exchange Participant No.
Total :			_____ shares

Note: *Please attach the relevant Sales / Purchases Journal.*

**IV. Remarks by Participant**

Balance to be Completed : \_\_\_\_\_

Reason for buy in to be unsuccessful / incomplete

- Trading suspended  
 No sellers responded  
 Others : \_\_\_\_\_

A 'Buy in Reporting Slip' has been submitted earlier regarding the same position.

- Yes (This Reporting Slip will supersede the previous one.)  
 No

Reported by : \_\_\_\_\_ Signed : \_\_\_\_\_

Authorized Clerk Card No. : \_\_\_\_\_

**V. For Office Use**

Reviewer	Remarks

**Appendix 4.7 [Repealed]**

Appendix 4.7

To: Hong Kong Securities Clearing Company Limited  
(Fax no. 2579 0111 / 2579 0033)

Date:

**APPLICATION FORM FOR EXEMPTION OF BUY IN**

**I. Participant's Particulars**

Participant ID : \_\_\_\_\_ Participant Name : \_\_\_\_\_  
Contact Persons : 1. \_\_\_\_\_ 2. \_\_\_\_\_  
Tel. No. : \_\_\_\_\_

**II. Failed Delivery Position**

Stock Code : \_\_\_\_\_ Stock Name : \_\_\_\_\_  
Settlement Pos No.: \_\_\_\_\_ Settlement Date : \_\_\_\_\_  
Outstanding Share \_\_\_\_\_ Share Quantity Applied for Exemption: \_\_\_\_\_  
Quantity: \_\_\_\_\_

**III. Basis of Application**

We wish to make application for exemption from Buy-in pursuant to the grounds stipulated in Section 10.8.3 of the CCASS Operational Procedures as follows:-

- Sufficient Eligible Securities are deposited with the CCASS Depository but not credited to our Stock Clearing Account or that of the delivering Participant as stated in Section 10.8.3(i)
- Defects in the instrument of transfer as stated in Section 10.8.3(ii)
- Contingencies such as fire & flood, etc as stated in Section 10.8.3(iv)
- Oversold trades due to clerical or calculation errors and the shortfall covered by purchase transactions on T+1 as stated in Section 10.8.3(v)
- Short positions result from exercise of call options and the shortfall covered by purchase transactions on T+1 as stated in Section 10.8.3(vi)
- Same day trades executed through different Exchange Participants or the delivering Participant has not been allocated with sufficient Eligible Securities which is due to be received from HKSCC as stated in Section 10.8.3(vii)
- Sufficient Eligible Securities are due from a delivering Participant via SI on T+2 and such Eligible Securities are credited to the delivering Participant's Stock Account in CCASS in the last Batch settlement run on T+2 as stated in Section 10.8.3(viii)
- Sufficient Eligible Securities are available from a creation or redemption of Units on T+2 as stated in Section 10.8.3(ix)
- Sufficient Eligible Securities in our Stock Account or that of the delivering Participant on T+2 but failed delivery due to clerical error as stated in Section 10.8.3(x)
- Sufficient Eligible Securities in our Stock Account or that of the delivering Participant on T+2 but failed delivery as a result of a systems limitation as stated in Section 10.8.3(x)
- Long positions or holdings in the relevant Eligible Securities or Multi-counter Eligible Securities (as the case may be) in our Stock Account or in the Stock Account of the delivering Participant which if converted or transferred in CCASS, are sufficient to settle the relevant short positions on T+2 as stated in Section 10.8.3(xi)
- Due execution of Cross-Border Transfer Instructions by us as a Securities Market Maker but unable to cover the short position on T+2 due to clerical error as stated in Section 10.8.3(xii)
- Transfer of Eligible Securities to cover the short position resulting from our market making activities as a Securities Market Maker cannot be effected as a result of a holiday in the United States as stated in Section 10.8.3(xiii)
- Relevant quantity of Eligible Securities had been lent by an approved lending agent as defined in the Securities and Futures (Disclosure of Interest – Securities Borrowing and Lending) Rules and a notice of recall has been duly executed as stated in Section 10.8.3(xiv)

**IV. Remarks by Participant**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
**Authorized Signature of CCASS Participant  
(with Company Chop)**

- Note: (i) Supporting documents as stipulated in Section 10.8.4 of CCASS Operational Procedures are required on or before T+6 unless otherwise notified by Hong Kong Securities Clearing Company Limited ("HKSCC").  
(ii) Any provision to HKSCC of false, misleading or inaccurate information or documents or a failure to deliver Sufficient Eligible Securities on T+3 in respect of an exemption from a Buy-in are acts of misconduct in respect of which HKSCC may take disciplinary action against the Participant.  
(iii) Application will be rejected if insufficient or inaccurate information is provided on the Application Form.

**V. For HKSCC Use**

Action	Reviewer	Remarks
Checked		
Rejected		

**Appendix 4.7a [Repealed]**

Appendix 4.7a

To: ~~\_\_\_\_\_ Cash Clearing Risk Management Department, Hong Kong Securities Clearing Company Limited  
(Fax No. 2579 0111/2579 0033)~~

Date:

**EARLY BUY-IN REQUEST FORM**

**I. Participant's Particulars**

Participant ID: \_\_\_\_\_ Participant Name: \_\_\_\_\_  
 \_\_\_\_\_  
 Contact Persons: 1. \_\_\_\_\_ 2. \_\_\_\_\_  
 \_\_\_\_\_  
 Tel. No.: \_\_\_\_\_

**II. Position to be bought-in (Note 1)**

Stock Code: \_\_\_\_\_ Stock Name: \_\_\_\_\_  
 Share Quantity: \_\_\_\_\_ Trade Date: \_\_\_\_\_

**III. Statement**

~~We will not be able to deliver shares to settle the above position on T+2. We understand that pursuant to CCASS Rule, Hong Kong Securities Clearing Company Limited ("HKSCC") may execute Buy-in for the said position on T+3.~~

~~In connection with the above, we hereby irrevocably request and authorize HKSCC to perform early Buy-in on our behalf in respect of the said position in accordance with the Operational Procedures in effect.~~

\_\_\_\_\_  
 Authorized Signature of CCASS Participant  
 (With Company Chop)

~~Note 1: \_\_\_\_\_ Provisional Clearing Statement/Final Clearing showing details of the short position should be submitted with the Form.~~

**IV. For HKSCC Use**

Action	Initial	Remarks
Checked By:		
Reviewed By:		
Buy-in Executed (1 <sup>st</sup> / 2 <sup>nd</sup> Session)		