

CCASS Operational Procedures

Definitions

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

“Account Transfer Instruction” or “ATI”

means an instruction of a Participant other than an Investor Participant, in such form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities between different Stock Accounts (except the Stock Collateral Control Account and in the case of a Clearing Participant or a Custodian Participant, the SSA with Statement Service and Special Segregated Accounts) of the Participant in CCASS, as referred to in Rule 601;

“Multi-counter Transfer Instruction”

means an instruction given by a Participant to HKSCC in such form as HKSCC may prescribe from time to time, to effect the transfer of Multi-counter Eligible Securities of an Issuer held in the Participant’s Stock Accounts (except its Stock Collateral Control Accounts, SSA with Statement Service and Special Segregated Accounts (in the case of a Clearing Participant or a Custodian Participant) and TSF Accounts (in the case of a TSF CCASS Participant)) from one relevant stock code to another relevant stock code, as referred to in Rule 816A;

“Special Segregated Account” or “SPSA”

means a Stock Segregated Account within the range of account codes specified by HKSCC which is designated by a Custodian Participant or a GCP which is not an Exchange Participant for one of its clients for the purpose of maintaining holdings of China Connect Securities of this client and for facilitating the determination of the maximum amount of China Connect Securities that may be sold by this client on a particular Trading day;

“STI Transfer”

means a transfer to be effected in CCASS between an SSA with Statement Service or a Special Segregated Account and any other Stock Account (including any other SSA with Statement Service or Special Segregated Account but excluding the Stock Collateral Control Account and TSF Accounts) of a Clearing Participant or Custodian Participant as a result of (i) the input (and authorisation, if required) of a Stock Segregated Account Transfer Instruction (without affirmation) or (ii) the input (and authorisation, if required) of a Stock Segregated Account Transfer Instruction (with affirmation) affirmed by the relevant SSA Statement Recipient;

“Stock Segregated Accounts” or “SSA”

means, (i) in relation to each Clearing Participant or Clearing Agency Participant, the Stock Accounts in CCASS of such Participant other than its Stock Clearing Account, Stock Lending Account and Stock Collateral Control Account; and (ii) in relation to each Participant other than a Clearing Participant, a Clearing Agency Participant or an Investor Participant, the Stock Accounts in CCASS of such Participant other than its Stock Clearing Account and Stock Lending Account, as referred to in Rule 601, including but not limited to SSA with Statement Service and Special Segregated Accounts of the Participant, and in relation to a TSF CCASS Participant, TSF Accounts shall not be regarded as Stock Segregated Accounts;

“Stock Segregated Account Transfer Instruction” or “STI”

means an instruction of a Clearing Participant or Custodian Participant, in such form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities between ~~an~~ the Participant’s SSA with Statement Service or a Special Segregated Account and ~~its~~ any other Stock Accounts of the Participant in CCASS (including any other SSA with Statement Service or Special Segregated Account but excluding the Stock Collateral Control Account and where a Clearing Participant or a Custodian Participant is a TSF CCASS Participant, excluding also the TSF Accounts) ~~in CCASS~~, as referred to in Rule 601;

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

"Mass ATI"

means an instruction of a Participant other than an Investor Participant, in such a form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities from the Stock Clearing Account to a designated Stock Segregated Account other than an SSA with Statement Service or a Special Segregated Account of the Participant in CCASS;

“Mass STI”

means an instruction of a Clearing Participant or a Custodian Participant, in such form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities from the Stock Clearing Account to an SSA with Statement Service or a Special Segregated Account of the Participant in CCASS;

Section 2 Participants

2.3.3 Assigned account numbers

The Stock Segregated Accounts of a Participant will be assigned or re-assigned account numbers from 2 onwards (other than 17 to 20). ~~For the ease of~~ Unless otherwise specified by HKSCC, SSA with Statement Service, ~~they~~ will be assigned account numbers from 21 onwards. Special Segregated Accounts will be assigned account numbers from 80000000 to 80099999.

2.3.4 Book-entry record of Eligible Securities

A Participant may move Eligible Securities between its Stock Accounts, other than its Stock Collateral Control Account ~~and~~ SSA with Statement Service and Special Segregated Accounts, by the input of an "Account Transfer Instruction" or by the upload of an "ATI Batch File" or from its Stock Clearing Account to ~~another~~ Stock Segregated Account other than an SSA with Statement Service or a Special Segregated Account by the input of a "Mass ATI".

A Clearing Participant or a Custodian Participant may move Eligible Securities from one of its Stock Accounts, other than the Stock Collateral Control Account and any one of its TSF Accounts (if the Clearing Participant or Custodian Participant is a TSF CCASS Participant), to any one of its SSA with Statement Service or Special Segregated Accounts, or vice versa by the input of a “Stock Segregated Account Transfer Instruction” or by the upload of an “STI Batch File” or from its Stock Clearing Account to an SSA with Statement Service or a Special Segregated Account by the input of a “Mass STI”.

Delivery of Eligible Securities under an STI Transfer (other than that involving a Special Segregated Account) will be effected by HKSCC by way of on-line delivery upon input (and authorisation and affirmation, if required) of an STI if there are sufficient Eligible Securities in the delivering Stock Account at the time of input or an STI Batch-run.

Delivery of Eligible Securities under an STI Transfer involving a Special Segregated Account will be placed in the “Pending for Transfer” status upon input and authorisation of an STI. Such STI will be effected by HKSCC if there are sufficient Eligible Securities in the delivering Special Segregated Account at the time of an STI Batch-run in accordance with Section 6.2.2.

2.3.8 Opening and closing Stock Segregated Accounts

In respect of the maintenance of Stock Segregated Accounts other than SSA with Statement Service and Special Segregated Accounts, please see Appendix 4.1.

In respect of the maintenance of SSA with Statement Service by Clearing Participants and Custodian Participants, the account maintenance functions are available for use by the Clearing Participants or Custodian Participants through their CCASS Terminals or Participant Gateways.

In respect of the maintenance of Special Segregated Accounts by Custodian Participants or GCPs which are not Exchange Participants, the account maintenance functions are available for use by the Custodian Participants or GCPs through their CCASS Terminals or Participant Gateways. Custodian Participants and GCPs are required to provide to HKSCC such information in respect of their Special Segregated Accounts and in such form as HKSCC may from time to time specify.

2.3.13 TSF Accounts

A TSF CCASS Participant will not be allowed to withdraw the earmarked TSF Stocks directly from its TSF Accounts. Such Participant may release the TSF Stocks from its TSF Accounts to other Stock Accounts in CCASS, other than the Stock Collateral Control Account ~~and~~, an SSA with Statement Service or a Special Segregated Account, by inputting and authorising a “Stock Release Request” (see Section 12A.6.1) prior to any withdrawal being made.

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

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 GCP or an NCP of a GCP in any one Trading day, a GCP applying for registration as a China Connect Clearing Participant to clear and settle China Connect Securities Trades for its own account or on behalf of an NCP shall notify HKSCC of the Stock Account mapping details for itself and for each of the NCPs it serves. Such notification shall be in such form as HKSCC may from time to time specify. A GCP shall give not less than 3 Business Days’ written notice to HKSCC of any changes to any of the Stock Account mapping details previously notified to HKSCC.

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.

Section 3

CCASS Terminals/CCASS Phone System/CCASS Internet System/ Participant Gateways

3.2.1 Commissioning

Participants and Designated Banks may install a CCASS Terminal by themselves or ~~may request HKSCC to install a CCASS Terminal engage service vendors from time to time appointed by HKSCC to install a CCASS Terminal for them.~~ Participants and Designated Banks who wish to install a Participant Gateway should ~~request HKSCC to install a Participant Gateway for them. engage service vendors to provide the relevant installation services at their own cost and expense.~~

3.5.1 Logging on to CCASS

~~A smartcard reader will be provided by HKSCC for each CCASS Terminal installed by a Participant or by HKSCC for the Participant.~~ Participants may apply to HKSCC for ~~additional~~ smartcard readers for their CCASS Terminals in the manner as specified in the CCASS Terminal User Guide and CCASS Terminal User Guide for Designated Banks.

~~A smartcard reader will be provided by HKSCC for each Participant Gateway installed by HKSCC for the Participant.~~ Participants may apply to HKSCC for ~~additional~~ smartcard readers for their Participant Gateways in the manner as specified in the CCASS Terminal User Guide.

3.7 SERVICING OF CCASS TERMINALS AND PARTICIPANT GATEWAYS

~~If on-site investigation and servicing is required, HKSCC will, subject to the availability of staff, at the request of a Participant, arrange to visit the location of the CCASS Terminal or Participant Gateway for the purpose of rectifying the problem. A Participant requiring assistance should contact the CCASS technical hotline.~~

Section 6 Operational and Service Schedule

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>the delivering party of which is a Custodian Participant or a GCP which is not an Exchange Participant only</u>)
8:00 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway: (iii) <u>subscription (except for the acceptance of Take-over Offer of listed securities)</u> , election, voting instructions and Proxy instruction maintenance functions
9:15 a.m.	First STI Batch-run (<u>excluding Special Segregated Accounts</u>)
10:00 a.m.	Second STI Batch-run (<u>excluding Special Segregated Accounts</u>)
12:45 p.m.	Third STI Batch-run (<u>excluding Special Segregated Accounts</u>)
<u>1:45 p.m.</u>	<u>Fourth SI matching</u>
3:00 p.m.	Fourth <u>Fifth</u> SI matching
3:30 p.m.	Fourth STI Batch-run (<u>excluding Special Segregated Accounts</u>)
4:15 p.m.	Calculation of Mainland Clearing Risk Fund contributions
4:30 p.m. (around)	First CNS Batch settlement run (for settlement of CNS stock positions only)
5:00 p.m.	Fifth <u>Sixth</u> SI matching Fifth STI Batch-run (<u>excluding Special Segregated Accounts and only STI Transfers on FOP basis allowed for China Connect Securities</u>)

<u>5:30 p.m.</u>	<u>Seventh SI matching</u> <u>Second 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> <u>Sixth STI Batch-run (only STI Transfers on FOP basis allowed for China Connect Securities and for STI Transfers involving Special Segregated Accounts, only transfers to Stock Accounts other than Special Segregated Accounts will be included)</u> <u>First CNS Batch-settlement-run (for settlement of CNS stock positions only)</u>
6:00 p.m. (around)	Final CNS Batch settlement run (for settlement of CNS Stock positions only) Commencement of DI input and subscription instructions maintenance functions Second session of ATI/STI maintenance/upload services commence <u>Second batch of scrip entitlement distribution</u>
6:15 p.m. (around)	Second batch of scrip entitlement distribution Calculation of Mainland Settlement Deposit
<u>6:30 p.m. (around)</u>	<u>Seventh STI Batch-run (only for STI Transfers of China Connect Securities from Special Segregated Accounts to Stock Accounts other than Special Segregated Accounts on FOP basis)</u>
7:00 p.m.	Close of Intra-day Payment Standing Instruction maintenance (only applicable to nominee payment), subscription , election, voting and Proxy instructions maintenance functions <u>Close of ATI/STI maintenance and upload functions</u>

<u>7:00 p.m. (around)</u>	<u>Eighth SI matching</u> <u>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> <u>Final CNS Batch-settlement-run (for settlement of CNS stock positions only)</u> <u>Commencement of DI input and subscription instructions maintenance functions (for all announcement types)</u> <u>Second session of ATI/STI maintenance/upload services commence</u>
<u>7:00 p.m. (after)</u>	<u>Calculation of Mainland Settlement Deposit</u>
7:15 p.m.	Close of SI/ ATI/STI upload functions
7:30 p.m.	Close of SI/DI/ ATI/STI maintenance functions
<u>7:45 p.m.</u>	<u>Close of ATI/STI maintenance, ATI/STI upload and subscription instructions maintenance functions</u>
8:00 p.m.	Final batch of scrip entitlement distribution
8:00 p.m. (after)	<u>Final batch of scrip entitlement distribution</u>

Section 7 Depository and Related Services

7.14 UNCERTIFICATED ELIGIBLE SECURITIES

7.14.2 Custodian Services in relation to China Connect Securities

~~China Connect Securities are uncertificated and are held by HKSCC for the account of Participants in an account maintained by HKSCC with the relevant China Connect Clearing House under a Clearing Link and are recorded in computerized form in CCASS. HKSCC shall not be obliged to open or maintain any sub-account with the relevant China Connect Clearing House for a Participant or any other person in respect securities. Physical deposit of China Connect Securities-~~

~~Physical deposit with and physical withdrawal of China Connect Securities ~~into or from the CCASS Depository or the relevant China Connect Clearing House~~ is not available. Accordingly, Rules relating to the physical deposit and withdrawal of securities are not applicable to China Connect Securities.~~

China Connect Securities are held by HKSCC for the account of Participants in an omnibus account maintained by HKSCC with the relevant China Connect Clearing House under a Clearing Link (including a central securities depository link) and are

~~recorded in computerized form in CCASS. China Connect Securities may be credited to and debited from a Participant's Stock Account as a result of (a) the clearing and settlement of China Connect Securities Trades, and (b) the provision of any other China Connect Clearing Services by HKSCC to the Participant.~~

~~Save as otherwise provided in the Rules, HKSCC acknowledges and confirms HKSCC shall not be obliged to open or maintain any sub-account with the relevant China Connect Clearing House for a Participant or any other person in respect of China Connect Securities. However, HKSCC has in place daily reconciliation procedures with the relevant China Connect Clearing House and within CCASS to ensure that it has no proprietary interest in the credits and debits of China Connect Securities to the extent they are credited to the Stock Account of and from each Participant's Stock Accounts are accurate.~~

~~HKSCC does not guarantee the title to any China Connect Securities held through it in any manner. Further, HKSCC shall have no obligation to enforce any rights on behalf of Participants in respect of China Connect Securities.~~

~~The China Connect Securities that are credited by the relevant China Connect Clearing House to the omnibus account maintained by HKSCC with such China Connect Clearing House, and the China Connect Securities that are credited by HKSCC to the Stock Account of each Participant within CCASS, shall be held by HKSCC as nominee holder only. HKSCC has no proprietary interest in and is not the beneficial owner of any China Connect Securities held or recorded in such accounts. All proprietary interests in respect of China Connect Securities belong to the Participants or their clients (as the case may be).~~

~~As permitted in the Rules, Participants may hold their China Connect Securities in one or more Stock Segregated Accounts within CCASS. In addition, Custodian Participants and General Clearing Participants which are not Exchange Participants may hold their China Connect Securities in Special Segregated Accounts within CCASS.~~

~~HKSCC provides services to Participants as set out in Chapters 8, 11 and 41 of the Rules and the related CCASS Operational Procedures to enable them and their clients (as appropriate) to exercise their rights as owners of proprietary interests in China Connect Securities, including the right to receive dividends and other distributions and the power to exercise voting rights. Unless specifically provided for in the Rules, HKSCC will not exercise any right arising from or in relation to any China Connect Securities without the instruction of the Participants.~~

~~Where any Participant or any of its clients who is the beneficial owner of China Connect Securities decides to bring legal action in Mainland China to enforce its rights in relation to the China Connect Securities, HKSCC will:~~

- ~~(a) upon the request of the Participant and after receiving the necessary information, documentation and indemnities as HKSCC may reasonably require from the Participant, provide certification to the relevant China Connect Clearing House for the purpose of providing evidential proof of the relevant Participant's or its client's holding in China Connect Securities at the relevant time; and~~
- ~~(b) upon the request of the Participant, assist the Participant or its client in bringing the legal action in Mainland China in the manner as may be required under Mainland China law, after having regard to its statutory duties and subject to such conditions as HKSCC may reasonably require (including payment of fees and cost up-front and indemnities to the satisfaction of HKSCC).~~

Participants confirm and agree that their title or interest in and entitlements to the China Connect Securities (whether legal, equitable or otherwise) and their holdings in China Connect Securities shall be subject to the applicable laws of Mainland China and Hong Kong, including any laws which restrict foreign shareholding or impose a disclosure of interest obligation on the holder beyond a specified limit. Participants shall be responsible for ensuring that they comply with such applicable laws.

Where China Connect Securities of a Participant are held through HKSCC in any manner, the Participant covenants, represents and warrants to HKSCC that:-

- (a) it shall not raise any claims (whether in contract, tort or otherwise) against HKSCC arising from or relating to any form of tax, duty, fine or penalty imposed or levied on or in respect of the China Connect Securities under any applicable law or regulation, whether or not HKSCC is involved in any tax collection, withholding or related arrangement; and
- (b) unless HKSCC otherwise agrees, it shall only give voting or other instructions to HKSCC and not directly to the issuer or its authorised agents or representatives (if any).

Section 8 Nominee Services

8.3.5 Receipt of entitlements

If entitlements in relation to China Connect Securities in the form of scripless entitlements are unconditionally credited to HKSCC's stock account maintained with the China Connect Clearing House at or before ~~67~~:00 p.m. on a Mainland Business Day, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants 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.

8.6 VOTING

8.6.2 General procedures

Normally, HKSCC will, based on the procedures described below, consolidate voting instructions from Participants and either submit one combined proxy form appointing the chairman of the relevant meeting to vote on the Nominee's behalf or send its own representatives to attend and vote at such a meeting, in each case, in accordance with the instructions of Participants concerned. Alternatively, HKSCC will, based on the procedures described below, appoint a person nominated by the Participant to attend and vote at such meeting, either as a proxy or as one of the Nominee's representatives. In determining whether a representative or a proxy will be appointed, HKSCC will refer to the constitutional documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws. In respect of Uncertificated Securities other than China Connect Securities, (where applicable ~~or~~and where the applicable laws, rules or regulations or the constitutional documents of the Overseas Issuer or issuer so permit or require), HKSCC will communicate or pass on any voting or other instructions, proxy nominations or appointments or ~~all~~ other authorizations, declarations, requests or information received from the Participants to the

Overseas Issuer or its authorized agents or representatives including the Overseas Issuer's principal or branch share registrar. In respect of China Connect Securities (where applicable and where the applicable laws, rules or regulation or constitutional documents of the issuer so permit or require), HKSCC will communicate or pass on any voting or other instructions, proxy nominations or appointments or other authorizations, declarations, requests or information received from Participants to the issuer or its authorized agents or representatives. Notwithstanding the foregoing, HKSCC shall not be obliged to communicate, vote or take any action on behalf of Participants or their SSA Statement Recipients where communication, voting or the taking of action by facsimile or electronic means is unavailable and must be performed in person at a place outside of Hong Kong.

Normally, for meetings held in Hong Kong and where the constitutional documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws allow more than one corporate representative to be appointed by HKSCC to attend and vote at the meeting, the deadline prescribed by HKSCC on Participants for the giving of instructions is one Business Day before the relevant meeting day. Otherwise, the deadline prescribed by HKSCC on Participants for the giving of instructions will be on a day which in the opinion of HKSCC would enable it to have sufficient time to submit the proxy form or the consolidated voting instruction or the relevant document for appointment of corporate representative, as the case may be, to the designated place of the issuer of the Eligible Securities or its authorized agent or representatives including the issuer's principal or branch share registrar by the stipulated time. For the avoidance of doubt, the deadlines prescribed by HKSCC on Participants for the giving of instructions are also applicable to the giving of instructions by SSA Statement Recipients for the account of Participants. ~~Notwithstanding the foregoing, Participants will not be entitled to attend and vote at meetings of issuers of China Connect Securities.~~

8.10A.3 Procedures

- (ii) upon the rights entitlements being unconditionally credited to HKSCC's stock account maintained with the relevant China Connect Clearing House at or before ~~6~~7:00 p.m. on a Mainland Business Day, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants 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;
- (iii) Participants other than Investor Participants wishing to subscribe for new shares under the rights issue through HKSCC must input their subscription instructions via their CCASS Terminals or Participant Gateways to HKSCC. In general, no excess applications will be available. The deadline for giving subscription instructions to HKSCC is normally ~~7:00~~45 p.m. on the Business Day immediately preceding the deadline date imposed by the issuer. Upon acceptance and processing by HKSCC of the relevant instructions input by Participants other than Investor Participants, debit entries for the appropriate subscription money will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. Participants may cancel their subscription instructions any time before such time limit;

- (vi) upon receipt of confirmation from the China Connect Clearing House that the rights shares have been unconditionally credited to HKSCC's stock account maintained with that China Connect Clearing House at or before ~~6~~7:00 p.m. on a Mainland Business Day, HKSCC will usually cause such rights shares to be credited to the Stock Accounts of the relevant Participants 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;

8.11A.3 Procedures

- (iv) upon receipt of 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 at or before ~~6~~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;

8.12.3 Procedures

- (ii) Participants other than Investor Participants wishing to accept a take-over offer must input subscription instructions via their CCASS Terminals or Participant Gateways to HKSCC. Investor Participants must give such instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. The deadline for giving such subscription instructions to HKSCC is normally by 11:00 a.m. on the last acceptance day of the take-over offer or, in the case of China Connect Securities, ~~7:00-45~~ 7:00-45 p.m. on the Business Day immediately preceding the deadline date imposed by the issuer or its authorized agent. Subscription instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day, will only be processed after 7:00 a.m. on that next Business Day. Participants may cancel their subscription instructions on the same day or by such other time as HKSCC considers appropriate;

Section 9

Overview of Clearing and Settlement in CCASS

9.1 TRANSACTIONS ACCEPTED FOR SETTLEMENT IN CCASS

Transactions in Eligible Securities other than China Connect Securities can be settled in CCASS, either on a Free of Payment, or FOP, basis, or on a Delivery versus Payment, or DVP, basis or on a Realtime Delivery versus Payment, or RDP, basis. SI Transactions in China Connect Securities can be settled in CCASS on an FOP or a DVP basis only.

9.3 SI TRANSACTIONS

Settlement of SI Transactions in CCASS will be effected directly between the Participants concerned and can be effected on a RDP, DVP or FOP basis, as stipulated by the Participants concerned in their SIs. SI Transactions in China Connect Securities can be effected by Participants on an FOP or a DVP basis only.

Section 10A China Connect Securities Trades - CNS System

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 day² 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 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.8.2 Computation of Mainland Settlement Deposit

The Mainland Settlement Deposit requirement of a China Connect Clearing Participant will be the higher of:

Daily Mainland Settlement Deposit requirement

and

Monthly Mainland Settlement Deposit requirement.

(i) Daily Mainland Settlement Deposit requirement

Daily Mainland Settlement Deposit requirement will be computed on a daily basis using the following formula:

$$\left(\begin{array}{l} \text{Buy turnover in} \\ \text{China Connect} \\ \text{Securities} \end{array} + \begin{array}{l} \text{Contract value of} \\ \text{overdue short} \\ \text{positions in} \\ \text{China Connect} \\ \text{Securities} \end{array} + \begin{array}{l} \text{Sell turnover in China} \\ \text{Connect Securities} \\ \text{for Special} \\ \text{Segregated Accounts} \end{array} \right) \times \text{Settlement} \\ \text{Deposit Rate}$$

where

Buy turnover is the buy turnover of the China Connect Clearing Participant (including those of its NCPs) on a Trading ~~d~~Day in China Connect Securities;

Sell turnover is the sell turnover in China Connect Securities that are executed by the China Connect Clearing Participant and its NCPs for Special Segregated Accounts on a Trading day; and

Settlement Deposit Rate is the rate determined by HKSCC in its absolute discretion from time to time by reference to the rate payable by HKSCC to the Mainland's Settlement Reserve Fund as required by the relevant China Connect Clearing House under its rules.

(ii) Monthly Mainland Settlement Deposit requirement

Monthly Mainland Settlement Deposit requirement for a particular month will be computed using the following formula:

$$\frac{\text{Sum of Daily Mainland Settlement Deposit requirement in the previous month}}{\text{Number of days having buy turnover in China Connect Securities in the previous month}}$$

where

~~Sum of Daily Mainland Settlement Deposit requirement does not include any Mainland Settlement Deposit requirement on a day where there is no buy turnover in China Connect Securities.~~

$$\left(\frac{\text{Sum of buy turnover and contract value of overdue short positions in China Connect Securities on each Trading day in the previous month}}{\text{Number of Trading days having buy turnover in the previous month}} + \frac{\text{Sum of sell turnover for Special Segregated Accounts on each Trading day in the previous month}}{\text{Number of Trading days having sell turnover for Special Segregated Accounts in the previous month}} \right) \times \text{Settlement Deposit Rate}$$

Except that where the China Connect Clearing Participant does not have any buy turnover in China Connect Securities on a Trading day, the contract value of any overdue short positions on that day is excluded from the “Sum of buy turnover and contract value of overdue short positions in China Connect Securities on each Trading day in the previous month”.

10A.8.3 Example (Computation of Mainland Settlement Deposit Requirement)

	<i>(RMB)</i>
(a) Buy t Turnover in China Connect Securities	3,000,000
(b) Contract value of overdue short positions in China Connect Securities	50,000
<u>(c) Sell turnover in China Connect Securities for Special Segregated Accounts</u>	<u>100,000</u>
<u>(ed)</u> Settlement Deposit Rate = 20%	
<u>(de)</u> Daily Mainland Settlement Deposit requirement [(a) + (b) + <u>(c)</u>] × <u>(ed)</u>	610 <u>630</u> ,000
<u>(ef)</u> Monthly Mainland Settlement Deposit requirement	550,000
<u>(fg)</u> Mainland Settlement Deposit requirement: Higher of -(de) & <u>(ef)</u>	610 <u>630</u> ,000

10A.8.4 Example (Computation of Monthly Mainland Settlement Deposit Requirement)

Suppose there are 5 Trading days in the month. The following table shows a China Connect Clearing Participant's ~~the~~ buy turnover in China Connect Securities, ~~and~~ contract value of overdue short positions in China Connect Securities and sell turnover in China Connect Securities for Special Segregated Accounts for a China Connect Clearing Participant on each Trading day of the month:

	<u>Day 1</u>	<u>Day 2</u>	<u>Day 3</u>	<u>Day 4</u>	<u>Day 5</u>	<u>Total</u>
	<u>(RMB)</u>	<u>(RMB)</u>	<u>(RMB)</u>	<u>(RMB)</u>	<u>(RMB)</u>	<u>(RMB)</u>
(a) Buy t Turnover in China Connect Securities	1,000,000	10,000	0	200,000	0	<u>1,210,000</u>
(b) Contract value of overdue short positions in China Connect Securities	200,000	800,000	4,000	0	0	<u>1,004,000</u>
<u>(c) (a) + (b) excluding days without buy turnover</u>	<u>1,200,000</u>	<u>810,000</u>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>2,210,000</u>

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(d) Sell turnover in China Connect Securities for Special Segregated Accounts 500,000 0 600,000 300,000 900,000 2,300,000

(e) Number of days having buy turnover in the month = 3

(f) Number of days having sell turnover for Special Segregated Accounts in the month = 4

(eg) Settlement Deposit Rate = 20%

(d) Daily Mainland Settlement Deposit requirement 240,000 162,000 800 40,000 0
[(a) + (b)] × (e)

~~Sum of Daily Mainland Settlement Deposit Requirement in the month excluding days without buy turnover in China Connect Securities~~
~~= RMB240,000 + RMB162,000 + RMB40,000~~
~~= RMB442,000~~

~~Number of days having buy turnover in the month = 3~~

Monthly Mainland Settlement Deposit requirement
~~= RMB442,000 ÷ 3~~
~~= RMB147,333.33 (rounded to nearest RMB0.01)~~
~~= RMB147,333.33~~
~~= [(c) / (e) + (d) / (f)] × (g)~~
~~= RMB (2,210,000 / 3 + 2,300,000 / 4) × 20%~~
~~= RMB 262,333.33 (rounded to nearest RMB0.01)~~
~~= RMB 262,333.33~~

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.

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

12.1.2 Input SIs

(i) Details of SIs

In relation to item (g), Participants may only elect “FOP” or “DVP” as the payment instruction when inputting SIs relating to China Connect Securities. ~~Hence, items (h) and (ha) shall not be applicable to SIs relating to 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:

(a) SIs relating to China Connect Securities may only be settled on an FOP or DVP basis;

(b) only SIs in which a Custodian Participant or a GCP which is not an Exchange Participant is the delivering party will be processed in the first SI Batch-settlement-run;

~~(c) only SIs in which a Special Segregated Account of a Custodian Participant or a GCP which is not an Exchange Participant is the delivering account will be processed in the second and third SI Batch-settlement-run;~~

~~(e)(d)~~ DIs can only be effected to settle SIs relating to China Connect Securities after completion of the final CNS Batch-settlement-run shortly after ~~6~~7:00 p.m. until 7:30 p.m.; and

~~(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 due to 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.

Section 12A Foreign Exchange Services

12A.6.1 Submission of Stock Release Request and de-earmarking of earmarked TSF Stocks

In accordance with Rule 12A12, if a TSF CCASS Participant wishes to de-earmark earmarked TSF Stocks or to release earmarked TSF Stocks from the restrictions referred to in Rule 12A09 and Section 12A.5.1 without selling them, it may effect a book-entry movement of the relevant number of earmarked TSF Stocks from its TSF Accounts to any other Stock Account (other than the Stock Collateral Control Account ~~and~~ a SSA with Statement Service or a Special Segregated Account) on any Business Day through inputting and authorising a “Stock Release Request” via a CCASS Terminal or any other means as HKSCC may from time to time prescribe on any Business Day.

Section 13 Securities Settlement

13.1.4 Money settlement

Settlement of ISI or SI Transactions may be on a RDP, DVP or FOP basis, stipulated by the Participants concerned, except that SI Transactions for China Connect Securities can only be settled on an FOP or a DVP basis.

13.3.3 Frequency of Batch-settlement-runs

For China Connect Securities, ~~four~~six Batch-settlement-runs are carried out every Settlement Day: two at ~~4~~5:30 p.m. and ~~6~~7:00 p.m. designated for the settlement of CNS stock positions; and ~~two~~four at 7:45 a.m., 5:30 p.m., 7:00 p.m. and 7:30 p.m. designated for the settlement of SI stock positions.

Section 15 Enquiry Services

15.2 USE OF VARIOUS ENQUIRY FUNCTIONS AVAILABLE

The various enquiry functions that are available for access and the purpose of accessing each such function are set out below:

(i) Available to Participants other than Investor Participants:

- (aq) “Enquire Stock Segregated Account” function: to enquire about the account information of ~~the~~an SSA with Statement Service or a Special Segregated Account;

Section 16 Statements and Reports

16.6.1 Reports and Statements for Participants other than Investor Participants

Report ID	Report name	Frequency	Time available
CCLUS01	Unmatched SI Report	Five <u>Eight</u> times a day	around 8:00 a.m., 12:00 noon, 2:00 p.m. , 3:15 p.m., 4:45 p.m. , 5:15 p.m., 6:15 p.m. and 7:45 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)
CSESP04	Intra-day Settled Position Report	Three times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for settlement results as of the completion of first, second and third Batch-settlement-runs for Eligible Securities other than China Connect Securities)
		Three times a day	around 8:00 a.m., 6:00 <u>7:30</u> p.m. and 7:30 <u>6:30</u> p.m. (for settlement results as of the completion of first Batch-settlement run for settlement of SI and first and final Batch-settlement-runs for settlement of CNS stock positions in China Connect Securities)
CSEBA01	ATI Batch Input Control Report	After each batch validation	shortly after completion of each ATI batch validation run scheduled at around 9:15 a.m., 10:00 a.m., 11:30 a.m., 12:45 p.m., 3:15 p.m., 5:00 p.m., 5:30 p.m. and 8:00 p.m. (for status of ATI batch file uploads).
CSESI02	Intra-day ISI/SI Full List	Five <u>Eight</u> times a day	around 8:00 a.m., 4:45 p.m. , 6:15 p.m. and 7:45 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 12:15 p.m., 2:15 p.m. , 3:30 p.m. and 5:30 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)

CSEAT02	STI Activity Report	Six <u>Eight</u> 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., <u>5:30 p.m., 7:00 p.m.</u> and 8:00 p.m. (for accumulated STI activities as of the report generation time)
CSEAT01	STI Batch Input Control Report	After each batch validation	shortly after completion of each STI batch validation run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., <u>5:30 p.m.</u> and 8:00 p.m. (for status of STI batch uploads)
CFIBI01	Buy-in Notification Report	Daily	after 5:00 p.m. (for Buy-in of Eligible Securities other than China Connect Securities to be executed by HKSCC on the following Trading day and those executed on previous Trading day) after 6 <u>7</u> :15 p.m. (for Buy-in of China Connect Securities to be executed by HKSCC on the following Trading day and those executed on current Trading day)
<u>CCLTA01</u>	<u>Trade File of Special Segregated Accounts (available in data format file for Custodian Participants and GCPs which are not Exchange Participants only)</u>	<u>Daily</u>	<u>Around 4:15 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by China Connect Clearing Participant for Special Segregated Accounts)</u>

Section 21 Costs and Expenses

21.9 (iv) FEES FOR PARTICIPANT GATEWAYS

- ~~— Supply or replacement of hardware of each production Participant Gateway. HK\$20,000.~~

Note:
~~Fee debited upon delivery of hardware.~~

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- ~~Supply or replacement of software of each production Participant Gateway.~~ ~~HK\$6,000.~~

Note:

~~Fee debited upon delivery of software.~~

- ~~Commissioning of each production Participant Gateway.~~ ~~HK\$1,000.~~

Note:

~~Fee debited upon completion of commissioning.~~

21.11 SSA WITH STATEMENT SERVICE

- Fee for issuing hard copy statement(s) of each SSA with Statement Service. HK\$10 per month per account.

Note:

A full month's fee will be charged for the months of opening and closing such SSA with Statement Service.

Fee will be debited on the first Business Day of each month.

21.11A STOCK SEGREGATED ACCOUNT TRANSFER INSTRUCTIONS

- Clearing Fee for each STI input by a Clearing Participant or Custodian Participant. HK\$1 per instruction

Note:

Fee debited at end of each calendar month and payable by the inputting Participant.

21.21 SPECIAL SEGREGATED ACCOUNT

- Special Segregated Account Maintenance Fee. HK\$50 per month per account.

Note:

A full month's fee will be charged for the months of opening and closing such Special Segregated Account.

Fee will be debited on the first Business Day of each month.