

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Market Making Security”

has the same meaning as “Market Making Security” in the Exchange Rules;

“Securities Market Maker”

has the same meaning as “Securities Market Maker” in the Exchange Rules;

The definitions of “Designated Exchange Traded Funds”, “Exchange Traded Funds Market Maker”, “Pilot Program”, and “Pilot Program Market Maker” have been repealed.

Section 10

Exchange Trades - CNS System

10.8.3 Exemption from Buy-in

- (xii) the Participant applying for exemption as a Securities Market Maker of any Market Making Security as specified by HKSCC from time to time has duly executed Cross-Border Transfer Instructions transferring sufficient Eligible Securities to HKSCC’s account with the Appointed Depository to cover the relevant short position resulting from its market making activities as a SecuritiesMarket Maker as aforesaid on T+2 but is unable to cover such short position on T+2 due to clerical error of the Participant or the Appointed Depository;
- (xiii) the Participant applying for exemption as a Securities Market Maker of any Market Making Security as specified by HKSCC from time to time has sufficient Eligible Securities to cover the relevant short position resulting from its market making activities as a Securities Market Maker as aforesaid on T+2 but the transfer of the Eligible Securities by Cross-Border Transfer Instructions to HKSCC’s account with the Appointed Depository cannot be effected to cover the relevant short position as a result of a holiday in the United States; or

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 Quantity : _____ Share Quantity Applied for Exemption: _____

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 Eligible Securities in our Stock Account or in that of the delivering Participant which if converted 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	_____	_____
	_____	_____