

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Code”

means the United States Internal Revenue Code of 1986, as amended;

“Eligible U.S. Securities”

means any U.S. securities that are regularly traded on (i) a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934 or (ii) the NASDAQ, provided that no such securities are (x) U.S. real property interests as defined in section 897 of the Code, (y) partnerships, trusts, or real estate investment trusts subject to withholding pursuant to Code section 1445(e), or (z) partnerships subject to withholding pursuant to Code section 1446;

“Tax Information Exchange Framework”

means (i) sections 1471 to 1474 of the Code, (ii) any similar or successor legislation to (i) introduced by the United States, (iii) any agreement described in section 1471(b) of the Code, (iv) any regulations or guidance pursuant to any of the foregoing, (v) any official interpretations of any of the foregoing, (vi) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an “IGA”), or (vii) any law implementing an IGA;

“Withholding Tax”

means any withholding or deduction pursuant to the Tax Information Exchange Framework.

Section 8 Nominee Services

8.7 CASH DIVIDEND ENTITLEMENTS

8.7.1 Determination of entitlements

In the case of Foreign Securities and Depositary Receipts, dividend entitlements will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC and/or net of any Withholding Tax (whether withheld by HKSCC or any other parties). HKSCC will have no obligation to gross-up any such distribution or to pay any additional amount as a result of such deduction or Withholding Tax.

Without prejudice to the above, to the extent required by the Tax Information Exchange Framework, HKSCC shall be entitled to deduct or withhold Withholding Tax (whether withheld by HKSCC or any other parties) from any payment of dividend entitlement (or payment of any other income) received by HKSCC on or accruing to Eligible Securities to a Participant (or from any other payment made by HKSCC to a Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.

8.15 INTEREST PAYMENTS

8.15.1 Determination of interest

In the case of Debt Securities which are Foreign Securities and are held with an Appointed Depository, interest payments will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC and/or net of any Withholding Tax (whether withheld by HKSCC or any other parties). HKSCC will have no obligation to gross-up any such distribution or to pay any additional amount as a result of such deduction or Withholding Tax.

Without prejudice to the above, to the extent required by the Tax Information Exchange Framework, HKSCC shall be entitled to deduct or withhold Withholding Tax (whether withheld by HKSCC or any other parties) from any payment of interest payment (or payment of any other income) received by HKSCC on or accruing to Debt Securities to a Participant (or from any other payment made by HKSCC to a Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.

Section 10 Exchange Trades - CNS System

10.11 RISK MANAGEMENT: COLLATERAL

10.11.6 Interest on Collateral

Unless otherwise specified by HKSCC, interest to be allowed or charged on Collateral provided in cash, if any, will be accrued daily and paid (after deduction of the administrative costs, if applicable, and net of any Withholding Tax (whether withheld by HKSCC or any other parties) or charged (together with the administrative costs, if applicable) monthly, by HKSCC to Clearing Participants in the same currency as the cash on which the interest accrued, by crediting or debiting, as the case may be, the CCMS House Collateral Accounts of the Clearing Participants, on the first Business Day of the following month.

Without prejudice to the above, to the extent required by the Tax Information Exchange Framework, HKSCC shall be entitled to deduct or withhold Withholding Tax (whether withheld by HKSCC or any other parties) from any payment of interest allowed on Collateral to a Participant (or from any other payment made by HKSCC to a Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.