

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Participant Gateway” or “PG”

means, in relation to a Participant ~~(other than an Investor Participant)~~, its Settlement Agent or a Designated Bank, an optional technical device, which provides communication interface with CCASS in respect of particular functions specified by HKSCC from time to time, installed at the office premises in Hong Kong of the Participant, ~~or its Settlement Agent~~ or the Designated Bank;

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

“Cash Prepayment Standing Instruction”

means a standing instruction in such details as HKSCC may prescribe from time to time, given, by a Clearing Participant to HKSCC via the “Cash Prepayment Standing Instruction” maintenance functions of its CCASS Terminal or Participant Gateway, to authorize HKSCC to generate Cash Prepayment Instructions on behalf of the Clearing Participant;

“CCASS Funding Projection Report for Designated Bank”

means, in relation to a Designated Bank, a report provided by HKSCC to the Designated Bank showing the relevant funding projection, as referred to in Section 16.7 and the CCASS Terminal User Guide for Designated Banks;

“CCASS Funding Projection Report for Participant”

means, in relation to a Participant other than an Investor Participant, a report provided by HKSCC to the Participant showing the relevant funding projection, as referred to in Section 16.6 and the CCASS Terminal User Guide for Participants;

“CCASS Participant Contact List”

means a list containing the contact details of Participants other than Investor Participants which is provided by HKSCC to the issuers of Eligible Securities and their registrars, as referred to in Section 8.5.2;

“CCASS Terminal User Guide” or “CCASS Terminal User Guide for Participants”

means the “CCASS Terminal User Guide for Participants” of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Participants other than Investor Participants, as from time to time in force;

“Clearing House of HKAB” or “Clearing House”

means the clearing house of HKAB managed by the Hong Kong Interbank Clearing Limited for the clearance of payment transactions between its members (which include the Designated Banks);

~~“Confirmation Report”~~

~~means, in relation to each Designated Bank, a daily report provided by HKSCC to it via its CCASS Terminal showing details of the payment status of DDIs issued by HKSCC on the previous day, if any, as referred to in Section 16.7 (refer to the CCASS Terminal User Guide for Designated Banks for details);~~

“Daily Stock Balance Report”

means, in relation to a Participant ~~(other than an Investor Participant)~~, a daily report provided by HKSCC to the Participant showing the balances and value by stocks and the total portfolio value, as referred to in Section 16.6 ~~and (refer to the CCASS Terminal User Guide for CCASS-Participants for details);~~

“DDI/DCI/EPI Exception Report”

means, in relation to a Designated Bank, a report provided by HKSCC to the Designated Bank showing details of the DDIs, DCIs and EPIs to be excluded from settlement by the Clearing House of HKAB for the relevant Eligible Currency, if any, as referred to in Section 16.7 and the CCASS Terminal User Guide for Designated Banks;

“DDI/DCI/EPI Listing for Participants’ Designated Bank”

means, in relation to ~~each~~ Designated Bank, a ~~daily~~ report provided by HKSCC to the Designated Bank ~~it via its CCASS Terminal,~~ providing details of the DDIs, ~~and~~ DCIs and EPIs ~~issued by HKSCC on the previous day~~ which affect the Participants other than

Investor Participants for which the Designated Bank acts, as referred to in Section 16.7 ~~and (refer to the CCASS Terminal User Guide for Designated Banks for details);~~

“DDI/DCI/EPI Listing for IP Related Transactions”

means, in relation to ~~each~~ Designated Bank, a ~~daily~~ report provided by HKSCC to ~~that the~~ Designated Bank ~~via its CCASS Terminal~~, providing details of the DDIs, DCIs and EPIs ~~issued by HKSCC on the previous day~~ which affect the Investor Participants for which the Designated Bank acts, as referred to in Section 16.7 ~~and (refer to the CCASS Terminal User Guide for Designated Banks for details);~~

“DDI/DCI/EPI Rejection Listing”

means, in relation to a Designated Bank, a report provided by HKSCC to the Designated Bank showing details of the payment status of DDIs, DCIs and EPIs, if any, as referred to in Section 16.7 and the CCASS Terminal User Guide for Designated Banks;

“DDI/DCI/EPI Summary for Participant”

means, in relation to a Participant other than an Investor Participant, a report provided by HKSCC to the Participant providing details of DDIs, DCIs and EPIs, as referred to in Section 16.6 and the CCASS Terminal User Guide for Participants;

“Intra-day Payment Standing Instruction”

means a standing instruction in such details as HKSCC may prescribe from time to time, given by a Participant other than an Investor Participant to HKSCC via the “Intra-day Payment Standing Instruction” maintenance functions of its CCASS Terminal or Participant Gateway, to request HKSCC to issue an Intra-day Payment Instruction in relation to Intra-day Payment on each Business Day and/or each Settlement Day;

“Investor Confirmation Report”

means, in relation to a Designated Bank, a report provided by HKSCC to the Designated Bank showing details of the payment status of DDIs and debit EPIs, if any, as referred to in Section 16.7 and the CCASS Terminal User Guide for Designated Banks;

“ISIN”

means an ISIN (International Securities Identification Number) code uniquely assigned to security by the relevant National Numbering Agencies in accordance with Association of National Numbering Agencies Regulation ISO 6166;

“Nominee”

means HKSCC Nominees Limited or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to or for the account of Participants;

“Nominee Payment (Evening) Standing Instruction”

means a standing instruction in such details as HKSCC may prescribe from time to time, given by a Participant other than an Investor Participant to HKSCC via the “Nominee Payment (Evening) Standing Instruction” maintenance functions provided by its CCASS Terminal or Participant Gateway, requesting HKSCC to issue a DCI on each Business Day to effect evening distribution of cash payments arising out of nominee services by HKSCC to the Participant;

“Operating Guide for Investor Participants”

means the “Operating Guide for Investor Participants” of HKSCC in relation to CCASS, containing information on the use of CCASS services by Investor Participants, as from time to time in force;

“Participant Gateway Smartcard Password”

means, in relation to ~~each~~ Participant Gateway of a Participant or a Designated Bank, a password specified by that Participant or Designated Bank or provided by HKSCC to that Participant or Designated Bank, the input of which is required before ~~the~~ Participant or the Designated Bank is allowed access to CCASS via ~~at~~ the Participant Gateway ~~of the Participant~~, as referred to in Section 3;

“Participant Supplied System” or “PSS”

means the system developed according to HKSCC’s specifications and operated by a Participant ~~(other than an Investor Participant)~~ or a Designated Bank for the purpose of conducting CCASS related activities, and includes any server, terminal and any other device connected to it;

“Settlement Position Number”

means a unique reference number assigned by HKSCC to each CNS stock position, Isolated Trade, SI Transaction and ISI Transaction;

“Settlement Related EPI Listing”

means, in relation to a Participant other than an Investor Participant, a report provided by HKSCC to the Participant showing details of EPIs issued by HKSCC for the

settlement of money obligations in relation to Isolated Trades, SI Transactions and ISI Transactions on a DVP basis, as referred to in Section 16.6 and the CCASS Terminal User Guide for Participants;

“Settlement Report”

means, in relation to a Participant other than an Investor Participant, a daily report provided by HKSCC to the Participant showing (i) all of its stock positions which are settled on the previous day; (ii) its stock positions, if any, which are cancelled, purged or revoked in CCASS on the previous day; and (iii) all of its stock positions which remain unsettled as at the end of the previous day;

Section 3

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

3.1 DIRECT LINKAGE

3.1.1 Use of PCs for direct linkage to CCASS

All Designated Banks are also required to install CCASS Terminals ~~(see further Section 3.9)~~. In addition, a Designated Bank may also be directly linked to CCASS via dedicated data communication links through the installation of a Participant Gateway to the host computer of HKSCC at the Designated Bank’s office premises located in Hong Kong (see Section 3.9). Designated Banks are responsible for bearing their own costs relating to their CCASS Terminals and Participant Gateways (whether in respect of installation, maintenance, connection or otherwise).

3.1.3 Technical requirements

The technical requirements for interface with the CCASS host computer of HKSCC are contained in the CCASS Terminal User Guide for Participants and the CCASS Terminal User Guide for Designated Banks, which ~~is~~ can be obtain~~ed~~ able from HKSCC.

3.2 COMMISSIONING OF CCASS TERMINALS AND PARTICIPANT GATEWAYS

3.2.1 Commissioning

Participants and Designated Banks must apply in the prescribed manner to HKSCC for the installation of a CCASS Terminal. ~~Those~~ Participants and Designated Banks who ~~ie~~

wish to install a Participant Gateway in addition to a CCASS Terminal must also apply in the prescribed manner to HKSCC ~~for a Participant Gateway~~.

Participants and Designated Banks may install a CCASS Terminal by themselves or may request HKSCC to install a CCASS Terminal for them. ~~Those~~ Participants and Designated Banks ~~who~~ wish to install a Participant Gateway should request HKSCC to install a Participant Gateway for them.

The application for and the installation of CCASS Terminals and Participant Gateways shall be subject to such conditions and requirements as HKSCC may from time to time prescribe.

3.2.2 Number and location of CCASS Terminals and Participant Gateways

HKSCC reserves the right to limit the number of CCASS Terminals or Participant Gateways that may be set up ~~and~~ operated by a Participant, ~~or~~ its Settlement Agent or a Designated Bank.

A Participant ~~who~~ wishes to install an additional CCASS Terminal or an additional Participant Gateway at a location other than ~~the~~ office premises of the Participant's or the office premises of its Settlement Agent's ~~office~~ must, pursuant to Rule 704, obtain HKSCC's prior written consent to do so. ~~Where~~ consent is granted, ~~such~~ installation will be subject to such conditions as prescribed by HKSCC from time to time.

In order for a Participant, ~~or~~ a Settlement Agent or a Designated Bank to share CCASS Terminals and Participant Gateways with other Participants, Settlement Agents ~~and, in the case of CCASS Terminals,~~ Designated Banks, it must first apply to HKSCC in writing and comply with such application procedures as may from time to time be prescribed by HKSCC. ~~Approval~~ of an application to share CCASS Terminals or Participant Gateways is entirely at the discretion of HKSCC. HKSCC may impose such conditions on the sharing arrangement as it thinks fit, whether at the time of approval of ~~the~~ such application ~~and~~ at any other time or times thereafter ~~during the sharing arrangement~~ by giving written notice to the Participant, the Settlement Agent or the Designated Bank, as the case may be. HKSCC shall be entitled to revoke any approval granted to a Participant, a Settlement Agent or a Designated Bank concerning its sharing arrangement and discontinue such arrangement at any time ~~after the application has been approved~~ by notifying the Participant, the Settlement Agent or the Designated Bank, as the case may be, in writing. HKSCC reserves the right to limit a Settlement Agent's access to the services of CCASS ~~which may be accessed by a Settlement Agent~~ in the

event that the Settlement Agent and the Participant who appoints its are operating or accessing the CCASS Terminal or the Participant Gateway ~~with the Participant~~ simultaneously.

3.2.4 Re-commissioning

The re-commissioning of a CCASS Terminal or a Participant Gateway is subject to HKSCC's approval and if approval is given, will be allowed or undertaken at the expense of the Participant or Designated Bank, as the case may be's expense.

3.9 CCASS TERMINALS AND PARTICIPANT GATEWAYS OF DESIGNATED BANKS

Designated Banks of all Participants must be electronically linked to the CCASS host computer through a CCASS Terminal for the purpose of informing HKSCC of:

(i) the payment status of DDIs, DCIs and debit-EPIs affecting Participants other than Investor Participants for whom they act; and

(ii) the payment status of DDIs and debit EPIs affecting Investor Participants for whom they act.

Designated Banks may also be electronically linked to the CCASS host computer through a Participant Gateway.

Sections 3.1 to 3.4 and Sections 3.5 to 3.8 (with the exception of references to the Input Transaction Limit, which do not apply to Authorised Users of Designated Banks) apply also to the CCASS Terminals and Participant Gateways of Designated Banks.

Designated Banks will use their CCASS Terminals for the purpose of giving or issuing confirmation to HKSCC (i) "payment confirmation" as defined in Section 14.4.3(ii); and (ii) "payment confirmation" as defined in Section 14.5.3(i) ~~that payments to be debited from the Designated Bank Accounts of Participants in respect of their money obligations to HKSCC in CCASS in respect of DDIs and debit EPIs have not been effected.~~

Relevant control reports relating to the payments made, received or effected, or to be made, received or effected by Participants for whom a Designated Bank acts can also be retrieved from its CCASS Terminal and Participant Gateway. For further details, please refer to Section 14 and the CCASS Terminal User Guide for Designated Banks.

In addition, Designated Banks ~~can will use their CCASS Terminals to~~ retrieve Electronic CHATS Payment Instruction Reports generated by CCASS ~~from their CCASS Terminals and Participant Gateways.~~ Designated Banks ~~can will~~, based on such ~~Electronic CHATS Payment Instruction Reports~~ report, effect CHATS payments on behalf of ~~CCASS~~ Participants in respect of money settlement obligations of such Participants in CCASS. For further details, please refer to Section 14 and the CCASS Terminal User Guide for Designated Banks.

Designated Banks can also use their CCASS Terminals and Participant Gateways to access the “Enquire Broadcast Message” function and retrieve reports and statements. For further details, please refer to Sections 15 and 16 and the CCASS Terminal Guide for Designated Banks.

Section 6 Operational and Service Schedule

6.2 DAILY PROCESSING AND SERVICE SCHEDULE

The daily processing and service schedule in CCASS below only sets out the available time of some CCASS events. For more details on service schedule and function availability in CCASS, please refer to the CCASS Terminal User Guide for Participants.

Time	CCASS events
8:00 a.m.	<p><u>Commencement of the following services and functions:</u></p> <p><u>(i) Cclearing services (SI/ISI maintenance and upload <u>functions</u>) through CCASS Terminal and Participant Gateway; commence.</u></p> <p><u>(ii) ATI/STI maintenance and upload <u>functions</u>;</u></p> <p><u>(iii) SSA maintenance and upload <u>functions</u>;</u></p> <p><u>(iv) Cash Prepayment Instruction, Cash Prepayment Standing Instruction, and Intra-day Payment Standing Instruction <u>and Nominee Payment (Evening) Standing Instruction</u> maintenance functions; commence.</u></p>

(v) ~~Maintenance functions for~~ subscription, election, ~~and~~ voting instructions, Electronic Application Instructions for New Issue Shares (except where such day is the application start date), Tender Instructions (except where such day is the tender or application start date) and Corporate Representative / Proxy instructions ~~maintenance functions; and commence.~~

(vi) ~~Enquiry functions on~~ clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions, through CCASS Terminal and Participant Gateway, ~~are available.~~

3:30 p.m. Fourth STI Batch ~~R~~run

Deadline for inputting Nominee Payment (Evening) Standing Instruction in order to have the evening distribution of nominee payment to start on the same day, subject to acceptance of the Nominee Payment (Evening) Standing Instruction by HKSCC

4:05 p.m. (around) Generation of DDIs, DCIs and EPIs by HKSCC for same day settlement

7:00 p.m. Close of SI/ISI maintenance and upload, Cash Prepayment Standing Instruction maintenance, Intra-day Payment Standing Instruction maintenance, Nominee Payment (Evening) Standing Instruction maintenance, ATI/STI input and upload, Mass ATI/Mass STI maintenance, CCMS cash transfer and stock collateral maintenance services and Tender Instructions, subscription, election, voting and Corporate Representative/Proxy instructions maintenance functions

Close of all enquiries through CCASS Terminals and Participant Gateways, except for CCMS enquiry and Enquire Broadcast Message ~~Enquiry~~ functions

Generation of DDIs, ~~DCIs~~ and EPIs by HKSCC for settlement in the next Business Day

8:30 p.m. Electronic Application Instructions for New Issue Shares maintenance, CCMS enquiry, report retrieval and Enquire Broadcast Message Enquiry functions close.

6.3 DAILY SERVICE SCHEDULE FOR DESIGNATED BANKS

The daily service schedule of CCASS applicable to Designated Banks is set out in brief below. For more details, please refer to the CCASS Terminal User Guide for Designated Banks.

Time	CCASS events
8:30 a.m.	<p><u>Commencement of Enquiry and report retrieval functions available.</u></p> <p>DDI/DCI/<u>EPI</u> Listing for Participants'<u>Designated</u> Bank <u>(for DDIs/DCIs/EPIs generated on the previous day for settlement on the current day) available.</u></p> <p>DDI/DCI/EPI Listing for IP-Related Transactions <u>available.</u></p> <p><u>Commencement of the session for inputting DDI/DCI/EPI payment confirmation (see Note (i) below) commences.</u></p>
9:00 a.m.	<p><u>Commencement of Bbatch upload for rejected IP-related DDI/debit EPI relating to Investor Participants functions commences.</u></p>
9:30 a.m.	<p><u>Close of the session Deadline for inputting DDI/DCI/EPI payment confirmation (see Note (ii) below).</u></p> <p><u>Commencement of Enquire Payment Instruction function available.</u></p>
9:30 a.m. (after)	<p><u>DDI/DCI/EPI Rejection Listing (for payment confirmation of DDIs/DCIs/EPIs generated on the previous day for settlement on the current day) Confirmation Report available.</u></p>
10:30 a.m. (after)	<p>Electronic CHATS Payment Instruction Report available.</p>

11:00 a.m. (after)	Electronic CHATS Payment Instruction Report available.
<u>11:30 a.m. (around)</u>	<u>CCASS Funding Projection Report for Designated Bank (for funding projection as of the completion of the First Batch-settlement-run) available</u>
12:00 noon	<u>Commencement of the session for inputting IP-related-DDI/debit EPI payment confirmation relating to Investor Participants (see Note (iii) below) commences.</u>
12:00 noon. (after)	Electronic CHATS Payment Instruction Report available.
<u>12:30 p.m. (around)</u>	<u>CCASS Funding Projection Report for Designated Bank (for funding projection as of the completion of the Second Batch-settlement-run) available</u>
1:30 p.m.	<u>Close of Bbatch upload for rejected IP-related-DDI/debit EPI relating to Investor Participants functions closes.</u>
1:30 p.m. (after)	Rejected DDI/EPI Batch Input Control Report available.
2:00 p.m. (after)	Electronic CHATS Payment Instruction Report available.
2:30 p.m.	<u>Deadline for Close of the session for inputting IP-related-DDI/debit EPI payment confirmation relating to Investor Participants (see Note (iv) below).</u>
<u>2:30 p.m. (around)</u>	<u>CCASS Funding Projection Report for Designated Bank (for funding projection as of the completion of the Third Batch-settlement-run) available</u>
2:30 p.m. (after)	Investor Participant Confirmation Report available.
3:00 p.m. (after)	Intra-day Payment Instruction Listing available.
<u>3:30 p.m. (around)</u>	<u>CCASS Funding Projection Report for Designated Bank (for funding projection as of the completion of the Sixth SI matching) available</u>

<u>4:05 p.m. (after)</u>	<u>DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the current day for settlement on the same day) available</u>
<u>4:20 p.m. (after)</u>	<u>DDI/DCI/EPI Exception Report available</u>
	<u>Commencement of the first session for inputting DDI/DCI/EPI payment confirmation (see Note (v) below)</u>
<u>5:45 p.m.</u>	<u>Close of the first session for inputting DDI/DCI/EPI payment confirmation (see Note (vi) below)</u>
<u>5:45 p.m. (after)</u>	<u>DDI/DCI/EPI Rejection Listing (for payment confirmation inputted in the first session) available</u>
<u>6:00 p.m. (after)</u>	<u>Commencement of the second session for inputting DDI payment confirmation (see Note (vii) below)</u>
<u>7:00 p.m.</u>	<u>Close of all Enquiry functions except for the Enquire DDI/DCI/EPI Rejection and Enquire Broadcast Message Enquiry functions</u> close.
<u>8:00 p.m.</u>	<u>Close of the second session for inputting DDI payment confirmation (see Note (viii) below)</u>
	<u>Close of the Enquire DDI/DCI/EPI Rejection function</u>
<u>8:00 p.m. (after)</u>	<u>DDI/DCI/EPI Rejection Listing (for payment confirmation inputted in the second session) available</u>
<u>8:30 p.m.</u>	<u>Close of Rreport retrieval and Enquire Broadcast Message Enquiry functions</u> close.

Notes:

- (i) The session is for the input of payment confirmation for DDIs, DCIs and EPIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the previous day for settlement on the current day).

- (ii) This is the deadline for inputting payment confirmation for DDIs, DCIs and EPIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the previous day for settlement on the current day).
- (iii) The session is for the input of payment confirmation for DDIs and debit EPIs contained in the DDI/DCI/EPI Listing for IP Related Transactions.
- (iv) This is the deadline for inputting payment confirmation for DDIs and debit EPIs contained in the DDI/DCI/EPI Listing for IP Related Transactions.
- (v) The first session is for the input of payment confirmation for DDIs, DCIs and EPIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the current day for settlement on the same day), excluding those DDIs, DCIs and EPIs contained in the DDI/DCI/EPI Exception Report.
- (vi) This is the deadline for inputting payment confirmation for DDIs, DCIs and EPIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the current day for settlement on the same day) in the first session, as referred to in Note (v) above. Where a Designated Bank should input a payment confirmation in the first session for any DDI contained in the aforesaid DDI/DCI/EPI Listing for Designated Bank but fails to do so, notwithstanding this deadline, the Designated Bank may input a payment confirmation in the second session, as referred to in Note (vii) below.
- (vii) The second session is for the input of payment confirmation for DDIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the current day for settlement on the same day), excluding those DDIs contained in the DDI/DCI/EPI Exception Report and those DDIs in relation to which payment confirmation has been inputted in the first session, as referred to in Note (v) above.
- (viii) This is the deadline for inputting payment confirmation for DDIs contained in the DDI/DCI/EPI Listing for Designated Bank (for DDIs/DCIs/EPIs generated on the current day for settlement on the same day), excluding those DDIs contained in the DDI/DCI/EPI Exception Report and those DDIs in relation to which payment confirmation has been inputted in the first session, in the second session, as referred to in Note (vii) above.

Section 8 Nominee Services

8.25 INTRA-DAY PAYMENT IN AN ELIGIBLE CURRENCY

8.25.2 Procedures

The following is a brief description of the procedures relating to the intra-day payment of cash payments arising out of nominee services on a Business Day:

- (vi) Participants other than Investor Participants that have inputted Intra-day Payment Standing Instructions may enquire the amount of cash payments arising out of nominee services under Intra-day Payment Instructions issued after 2:30 p.m. on a Business Day via the “Enquire Intra-day Payment Summary” function in CCASS Terminal or Participant Gateway; and
- (vii) the intra-day payment to Participants other than Investor Participants of any cash payments arising out of nominee services will be at the full discretion of HKSCC irrespective of whether their Intra-day Payment Standing Instructions are accepted under Section 8.25.2(iii). If (a) a Participant fails to follow the specified procedures; (b); its Intra-day Payment Standing Instruction is subsequently turned down by HKSCC for any other reason; or (c)if any cash payments arising out of nominee services are not paid to the Participant intra-day under an Intra-day Payment Instruction for any reason, then the cash payments arising out of nominee services on a Business Day will ~~only~~ be paid to the Participant at ~~day end~~ day-end via DCI or by way of evening distribution in accordance with Section 8.26, if applicable.

8.26 NOMINEE PAYMENT (EVENING) DISTRIBUTION IN AN ELIGIBLE CURRENCY

8.26.1 Cash payments arising out of nominee services

Participants other than Investor Participants may request HKSCC to effect evening distribution of the following types of cash payments in an Eligible Currency arising out of nominee services on each Business Day via DCI not later than day end:

- (i) cash dividend;
- (ii) refund of surplus subscription monies for excess shares applications under rights issue and/or open offers;

- (iii) refund of subscription monies under an unsuccessful open offer;
- (iv) cash consideration under a successful (in full or in part) take-over offer;
- (v) interest payment;
- (vi) cash consideration under the redemption of bonds, Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments;
- (vii) redemption proceed under the redemption of shares of a company;
- (viii) cash payment relating to Structured Products; and
- (ix) other types of cash payments arising out of nominee services as HKSCC may from time to time specify.

8.26.2 Procedures

The following is a brief description of the procedures relating to the evening distribution of cash payments arising out of nominee services on a Business Day:

- (i) Participants other than Investor Participants that wish to request HKSCC to effect evening distribution to the Participants of cash payments in an Eligible Currency arising out of nominee services on each Business Day shall input the Nominee Payment (Evening) Standing Instruction via the “Nominee Payment (Evening) Standing Instruction” maintenance functions to instruct HKSCC to issue a DCI covering such cash payments on each Business Day not later than day end. The evening distribution on a Business Day is only applicable to and only covers (a) the amount of cash payments in respect of which HKSCC has actually received cleared funds in an Eligible Currency at or before 3:30 p.m. on the same Business Day from the relevant paying banks; and (b) such amount which has not been paid to the Participants intra-day under an Intra-day Payment Instruction in accordance with Section 8.25, if applicable;
- (ii) acceptance of Nominee Payment (Evening) Standing Instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify. For the avoidance of doubt, a Nominee Payment (Evening) Standing Instruction only relates to cash payments in one Eligible Currency. Where a Participant other than an Investor Participant wishes to receive

cash payments in more than one Eligible Currency, the Participant should input one Nominee Payment (Evening) Standing Instruction in respect of cash payments denominated in each Eligible Currency;

- (iii) in case a Nominee Payment (Evening) Standing Instruction is accepted by HKSCC on a Business Day at or before 3:30 p.m., a DCI in respect of the relevant amount of cash payments, if any, will be issued by HKSCC on the same Business Day not later than day end to effect evening distribution of cash payments to the Participant starting from that Business Day. If the Nominee Payment (Evening) Standing Instruction is accepted after 3:30 p.m. on a Business Day, such a DCI will only be issued by HKSCC starting from the next Business Day;
- (iv) following the acceptance by HKSCC of a Nominee Payment (Evening) Standing Instruction, HKSCC will normally determine the amount of cash payments in an Eligible Currency arising out of nominee services to be effected by way of evening distribution to the Participant on a Business Day not later than day end via DCI based on the cash payments in an Eligible Currency actually received by HKSCC of which cleared funds are made available to HKSCC by the relevant paying banks at or before 3:30 p.m. (or such other time as specified from time to time by HKSCC) on that Business Day. HKSCC will effect evening distribution of such cleared funds to the Participant on the same Business Day if the cleared funds (a) have not already been paid to the Participants intra-day under an Intra-day Payment Instruction in accordance with Section 8.25, if applicable; and (b) have been posted to the Entitlements Accounts of the Money Ledger of the Participant at around 4:00 p.m. (or such other time as specified from time to time by HKSCC) on that Business Day;
- (v) HKSCC will issue a DCI covering the relevant amount of cash payments in an Eligible Currency around 4:05 p.m. on a Business Day, or such other time as specified by HKSCC from time to time, to cause credits to be made to the Designated Bank Accounts of the Participants;
- (vi) where evening distributions have been effected by HKSCC to Participants other than Investor Participants, the Statements of Money Ledger of the relevant Participants will be updated accordingly; and
- (vii) the evening distribution to Participants other than Investor Participants of any cash payment will be at the full discretion of HKSCC irrespective of whether their Nominee Payment (Evening) Standing Instructions are accepted under this Section

8.26.2 by HKSCC. If (a) a Participant fails to follow the specified procedures; (b) its Nominee Payment (Evening) Standing Instruction is subsequently turned down by HKSCC for any other reason; or (c) any cash payments arising out of nominee services are not paid to the Participant in the evening before day end under a Nominee Payment (Evening) Standing Instruction for any reason, then the cash payments arising out of nominee services on a Business Day will only be paid to the Participant at day end via DCI.

Section 10 Exchange Trades - CNS System

10.5 MONEY SETTLEMENT UNDER THE CNS SYSTEM

10.5.1 DVP basis

CCASS money settlement involves HKSCC issuing instructions to the Designated Banks of Participants to cause credits and debits to be made to the Designated Bank Accounts of Participants. Where the Clearing Participant is in the process of opening a Designated Bank Account in an Eligible Currency which is the subject of the CNS Transactions, HKSCC will make payment to the Clearing Participant by telegraphic transfer or paper cheque or such other means as are considered fair and reasonable by HKSCC. Payment will be made to the delivering Clearing Participant on the Business Day following the actual date of securities settlement. The receiving Clearing Participant must make payment directly into HKSCC's stated foreign currency bank account before 5:45 p.m./9:30 a.m. ~~on the Business Day following~~ the actual date of securities settlement.

10.5.8 Intra-day settlement of money obligations due to Clearing Participants under the CNS System

The following is a brief description of the procedures relating to intra-day settlement of money obligations due to Clearing Participants from HKSCC under the CNS System:

- (ix) irrespective of whether an Intra-day Payment Standing Instruction is accepted by HKSCC under Section 10.5.8(iii), whether to allow an Intra-day Payment to Clearing Participants in respect of any intra-day settlement of money obligations due to Clearing Participants from HKSCC under the CNS System will be at the full discretion of HKSCC ~~irrespective of whether their Intra-day Payment Standing Instructions are accepted under Section 10.5.8(iii).~~ If (a) a Clearing Participant fails to follow the specified procedures; (b), its Intra-day Payment Standing Instruction is

subsequently turned down by HKSCC for any other reason; or ~~(c) if~~ the settlement of any money obligations due to the Clearing Participant from HKSCC under the CNS System is not effected under an Intra-day Payment Instruction for any reason, then any money obligations due to the Clearing Participant from HKSCC under the CNS System will only be paid to the Clearing Participant ~~at not later than day end~~ at not later than day end via DCI.

10.10 RISK MANAGEMENT : MARKS

10.10.8A Marks on Uncovered Allocated Positions

Currently, intra-day Marks are collected by HKSCC at 11:00 a.m. on each Business Day in respect of overdue and pending stock positions of a Clearing Participant. HKSCC may be exposed to market risks in respect of Eligible Securities allocated to a Clearing Participant ~~as because~~ payment of the relevant DDIs ~~is will~~ not ~~be~~ confirmed until ~~the end of the day on which Eligible Securities are allocated to the Clearing Participant, the following morning~~ the end of the day on which Eligible Securities are allocated to the Clearing Participant, the following morning unless the money obligations are covered by cash prepayment or bank guarantee. To control such risk exposure, HKSCC will collect intra-day Marks on the Uncovered Allocated Positions of a Participant in the manner set out below.

10.12 RISK MANAGEMENT: SECURITIES-ON-HOLD

10.12.1 Purpose of Securities-on-hold

Since, under the current design of the CCASS money settlement process, payment by Clearing Participants to HKSCC via their Designated Banks (as part of CCASS money settlement process) will only be confirmed good and irrevocable ~~at day end after the Eligible Securities have been on the next Business Day following~~ at day end after the Eligible Securities have been on the next Business Day following ~~delivered to Clearing Participants under the CNS System~~ in CCASS, HKSCC ~~will~~ will face significant risk exposure from the time of delivery of Eligible Securities in CCASS to the time ~~when~~ when confirmation of good and irrevocable payment ~~is issued~~ is issued by the Designated Banks of Clearing Participants and the receiving bank of HKSCC.

To guard against this risk exposure, the Rules provide ~~that~~ that until such time as HKSCC is satisfied that ~~(i) it has received payment in full in respect of Eligible Securities delivered by HKSCC to a Clearing Participant under the CNS System on a Settlement Day; and (ii) such payment is good and irrevocable,~~ (i) it has received payment in full in respect of Eligible Securities delivered by HKSCC to a Clearing Participant under the CNS System on a Settlement Day; and (ii) such payment is good and irrevocable, or unless otherwise agreed by HKSCC, title and property in such Eligible Securities shall not pass to the Participant. Until then, Clearing Participants will not be allowed to use or withdraw some or all of such Eligible Securities, except as permitted by HKSCC.

The provisions of this Section 10.12 shall also be applicable, in so far as they are relevant, to the risk management measures detailed in Section 12.2.9(iii) in respect of Clearing Agency Transactions.

10.12.5 Procedures

The following is a brief description of the procedures relating to cash prepayment on each Settlement Day:

(a) Cash Prepayment Instructions with “CHATS” set as the payment method

(vi) Since HKSCC allocates shares according to a pre-set algorithm, Clearing Participants making prepayments may still not get all the allocated shares. Any surplus funds thus arising will be returned to the Clearing Participants not later than day end~~them at day end~~. Please refer further to Section 14.4.2;

(b) Cash Prepayment Instructions with “OTHERS” set as the payment method

(vi) Since HKSCC allocates shares according to a pre-set algorithm, Clearing Participants making prepayments may still not get all allocated shares. Any surplus funds thus arising will be returned to the Clearing Participants not later than day end~~them at day end~~. Please refer further to Section 14.4.2;

10.12.8 Procedures

The following is a brief description of the procedures relating to intra-day refund of surplus cash arising from overpaid cash prepayment on a Settlement Day:

(i) irrespective of whether an Intra-day Payment Standing Instruction is accepted by HKSCC under Section 10.12.8(c), whether to allow an intra-day refund to Clearing Participants of any surplus cash arising from overpaid cash prepayment will be at the full discretion of HKSCC ~~irrespective of whether their Intra-day Payment Standing Instructions are accepted under Section 10.12.8(e)~~. If (a) a Clearing Participant fails to follow the specified procedures; (b); its Intra-day Payment Standing Instruction is subsequently turned down by HKSCC for any other reason; or (c) if any surplus cash arising from overpaid cash prepayment is not refunded intra-day to the Clearing Participant for any reason, HKSCC shall have full discretion to make use of such surplus cash for any purpose it deems appropriate, including but not limited to applying it for the intra-day settlement of money obligations due to other Clearing Participants from HKSCC under the CNS System. Where HKSCC does not allow intra-day refund, and any surplus cash arising from overpaid cash prepayment

on a Settlement Day will only be returned to the Clearing Participant ~~at not later than day end~~ at not later than day end via DCI.

Section 12
Non-Exchange Trades - SI Transactions,
Clearing Agency Transactions,
ISI Transactions and Transfer Instructions

12.2 CLEARING AGENCY TRANSACTIONS

12.2.9 Risk Management

(iii) Securities-on-hold

Since, under the current design of the CCASS money settlement process, payment by Participants to HKSCC via their Designated Banks (as part of CCASS money settlement process) will only be confirmed good and irrevocable at day end after ~~on the next day following the delivery of~~ Eligible Securities have been delivered to Clearing Participants under the CNS System in CCASS, HKSCC ~~will~~ faces significant risk exposure during the period from the time of delivery of Eligible Securities under the CNS System in CCASS to the time ~~when~~ of confirmation of good and irrevocable payment is issued by the Designated Banks of Participants and the receiving bank of HKSCC.

To guard against this risk exposure, the Rules provide that until such time as HKSCC is satisfied that (i) it has received payment in full in respect of Eligible Securities delivered by HKSCC to a Clearing Participant or a Clearing Agency Participant (in each case, as which is a party to a Clearing Agency Transaction under the CNS System) on a Settlement Day; and (ii) such payment is good and irrevocable, or unless otherwise agreed by HKSCC, title and property in such Eligible Securities shall not pass to such Clearing Participant or Clearing Agency Participant, as the case may be. Until then, Clearing Participants and Clearing Agency Participants ~~who~~ which are parties to Clearing Agency Transactions will not be allowed to use or withdraw some or all of such Eligible Securities, except as permitted by HKSCC.

Section 14 Money Settlement

14.2 DESIGNATED BANKS AND AUTHORISATION FORMS

14.2.3 Conditions for becoming a Designated Bank

HKSCC shall approve a bank as a Designated Bank if the bank fulfils the following conditions:-

- (iii) it has completed the necessary set-up and testing procedures (with the eClearing hHouse of HKAB for the relevant Eligible Currency) in order for ~~the bank~~ to be identified or accepted as a Designated Bank to receive ~~daily~~ the CCASS money settlement ~~files~~magnetic tape and/or reports daily;
- (iv) where the ~~Designated B~~bank agrees to provide money settlement of CCASS transactions via CPIs as a Designated Bank, it has completed the necessary technical set-up procedures as prescribed by the eClearing hHouse of HKAB for the relevant Eligible Currency from time to time for effecting CCASS-related CHATS payment;
- (v) in relation to ~~the bank's~~ application to act as a Designated Bank for Participants (~~other than Investor Participants~~), it has duly completed and submitted the required application documents, including an undertaking in favour of HKSCC in the form prescribed by HKSCC, by which it undertakes to issue to HKSCC a confirmation by no later than the time or times stipulated in the undertaking~~9:30 a.m.~~, or such later time or times as is or are specified by HKSCC, through its CCASS Terminal, and on all Business Days stating details of any DDIs, DCIs and EPIs drawn on or paid to and rejected by it (see Sections 14.4.3 and 14.5.3 below); and
- (vi) in relation to the bank's~~its~~ application for acting as Designated Bank for Investor Participants, it has duly completed and submitted the required application documents, including an undertaking in favour of HKSCC in the form prescribed by HKSCC, by which it undertakes to issue to HKSCC a confirmation by 2:30 p.m. or such later time or times as is or are specified by HKSCC, through its CCASS Terminal and on all Business Days, stating details of any DDIs and debit EPIs which are generated from ISI Transactions to be settled on a DVP basis with the application of on hold mechanism, drawn on and rejected by it.

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 HKSCC to the Clearing House of HKAB for the relevant Eligible Currency. HKSCC's payment instructions to Designated Banks in relation to ~~and~~ autopay instructions are sent by HKSCC's banker, on HKSCC's behalf, to the eClearing ~~h~~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.

14.3.3 Amounts arising out of transactions settled in CCASS

For ISI or SI transactions of a Participant to be settled on a RDP basis on each Settlement Day, subject to availability of Eligible Securities in respect of such ISI or SI transactions, HKSCC will issue a CPI for the amount (as detailed in the ISIs or SIs relating to the ISI or SI transactions respectively) to the Designated Banks of the receiving Participant concerned in each case, so as to effect CHATS payment to the delivering Participant. Upon receipt of confirmation of payment from the eClearing ~~h~~House of HKAB for the relevant Eligible Currency, delivery of Eligible Securities takes place immediately on-line in CCASS.

14.3.4 Amounts arising out of nominee services

The amounts to be debited or credited to the Designated Bank Accounts of Participants in relation to nominee and similar transactions effected by HKSCC have been explained elsewhere (see Sections 8.7 to 8.21, ~~and Section 8.25 and 8.26~~). In brief, they arise from the following types of corporate actions:

The debit or credit entries, except payments in respect of Electronic Application Instructions for New Issue Shares and Tender Instructions referred to in Sections 14.3.4(x) and (xi) above, are posted to the Entitlements Accounts of the Participants' Money Ledgers.

For any accepted Intra-day Payment Standing Instruction covering intra-day payment to a Participant other than an Investor Participant of cash payments arising out of nominee services on a Business Day, HKSCC will issue an Intra-day Payment Instruction covering

the amount (as stated in the “Enquire Intra-Day Payment Summary” in CCASS Terminal or Participant Gateway) of the cash payments included in the Intra-day Payment to the Designated Bank of the Participant to effect intra-day payment of the amount to the Designated Bank Account of the Participant on each Business Day (See Section 14.8).

Where HKSCC accepts a Nominee Payment (Evening) Standing Instruction requested by a Participant other than an Investor Participant, it will generate a DCI to effect the evening distribution of the relevant amount of cash payments arising from nominee services in the relevant Eligible Currency to the Designated Bank Account of the Participant not later than day end on each Business Day (see Section 8.26).

Subject as aforesaid, HKSCC will, at day end on each Business Day, on the basis of the account balance, generate DDIs/DCIs/EPIs for settlement via Participants’ Designated Bank Accounts (see Sections 14.4 and 14.5).

For subscription instructions which involve the collection of subscription monies via CPIs, HKSCC will, on the basis of such instructions, generate CPIs for settlement via Participants’ Designated Bank Accounts during the day (see Section 14.7).

14.4 DDIs AND DCIs

14.4.2 PROCEDURES

The following is a brief description of the procedures relating to DDIs/DCIs issued by HKSCC-:

- (i) periodically, based on the balance of the relevant sub-accounts of the Money Ledger of Participants (i.e. the Settlement Account, the Pending Position Marks Account, the Overdue Position Marks Account, the Entitlements Account, and the Miscellaneous Account), HKSCC will generate DDIs/DCIs to collect or pay sums from or to Participants for value on the same day. Subject to HKSCC’s right to offset credit and debit balances in the sub-accounts of the Money Ledger of a Participant, relevant DDIs or DCIs will be generated by HKSCC in respect of balances in the sub-accounts of the Money Ledger of the Participant as follows :
 - in respect of the Settlement Account, on each Settlement Day; and
 - in respect of the Pending Position Marks Account, the Overdue Position Marks Account, the Entitlements Account and the Miscellaneous Account, on each Business Day;

- (ii) except for balances in the Entitlements Account and the Billing Account, HKSCC will normally offset the credit and debit balances in the sub-accounts of the Money Ledgers of Participants before issuing relevant DDIs or DCIs (usually, the credit balances in the sub-accounts of the Money Ledger will be applied in the following order, namely, Miscellaneous Account, Overdue Position Marks Account, Settlement Account and the Pending Position Marks Account);
- (iii) the DDIs/DCIs, so generated by HKSCC on each day for same day settlement and for settlement on the next Business Day, are forwarded to the eClearing hHouse of HKAB for the relevant Eligible Currency by HKSCC ~~via HKSCC's own banker~~. Special arrangements have been made by HKSCC with the eClearing hHouse of HKAB for each relevant Eligible Currency pursuant to which ~~an~~ extra clearing runs will be conducted by that eClearing hHouse and ~~magnetic tapes/files~~ and/or reports will ~~then~~ be provided to the Designated Banks of Participants by that eClearing hHouse on the same day;
- (iv) Designated Banks will be able to obtain via their CCASS Terminals and Participant Gateways details of DDIs/DCIs affecting the Participants they act for, ~~(which will be contained in~~ (a) the “DDI/DCI/EPI Listing for Participants' Designated Bank” and the “DDI/DCI/EPI Exception Report” or (b) the “DDI/DCI/EPI Listing for IP Related Transactions”, as the case may be ~~(see Section 16.7)~~, ~~so as to~~ Designated Banks will reconcile the details with the information they received from the eClearing hHouse of HKAB for the relevant Eligible Currency and ~~will in the case of discrepancies,~~ report such any discrepancies to HKSCC for clarification;
- (v) ~~from the commencement of CCASS services through CCASS Terminal and Participant Gateway on the following Business Day (including Saturdays unless it is a public holiday), hard copies of The “Statements of Money Ledger” and “DDI/DCI/EPI Summary for of Participants” other than Investor Participants~~ (see Section 16.6), containing details of the DDIs/DCIs issued by HKSCC ~~the day before~~, will be available to ~~such~~ Participants other than Investor Participants via their CCASS Terminals and Participant Gateways. In the case of Investor Participants, activity statements containing the relevant information will be posted on the CCASS Internet System and the 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 issue of DDIs/DCIs by HKSCC (see Section 16.6.2). 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

- (vi) ~~also on the following Business Day~~ Designated Banks of Participants are required to confirm to HKSCC via their CCASS Terminals (a) the payment status of DDIs and DCIs affecting Participants other than Investor Participants and (b) the payment status of DDIs affecting Investor Participants, at the time or times and in the manner as set out in Section 14.4.3.

In addition to the above procedures, Designated Banks must ~~in addition,~~ follow the prescribed procedures of the eClearing hHouse of HKAB for each Eligible Currency in relation to DDIs/DCIs.

14.4.3 Payment confirmation by Designated Banks

- (i) As mentioned, where HKSCC approves a bank as a Designated Bank, the Designated Bank is required to enter into an undertaking in favour of HKSCC. In the undertaking, requires Designated Banks is required to issue to HKSCC a confirmation via its~~their~~ CCASS Terminals if any payments to be debited from or credited to the Designated Bank Account of a Participant in respect of any DDIs and/or DCIs issued by HKSCC have not been or cannot be effected by the Designated Bank payments have not been made by Participants in respect of DDIs issued by HKSCC.
- (ii) In this Section 14.4.3, “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 respect of DDIs issued by HKSCC have not been or cannot be made or effected by Designated Banks;
- (b) payments to be received by the Designated Bank Accounts of Participants other than Investor Participants in respect of DCIs issued by HKSCC have not been or cannot be received or effected by Designated Banks; or
- (c) payments to be made out of the Designated Bank Accounts of Investor Participants in respect of DDIs issued by HKSCC have not been or cannot be made or effected by Designated Banks.

(iii) To facilitate the provision of money settlement services by HKSCC to Participants under the Rules, HKSCC has made arrangements with the Clearing House of HKAB to transmit to the Clearing House on each Business Day:

(a) DDIs and DCIs issued by HKSCC for settlement by all Participants; and

(b) amendments to those DDIs and DCIs issued by HKSCC for settlement by Participants other than Investor Participants in respect of which payment confirmations have been issued by Designated Banks to HKSCC pursuant to undertakings made in favour of HKSCC by Designated Banks.

(iv) The following paragraphs summarise the key obligations of Designated Banks in relation to the issue of payment confirmations relating to DDIs and DCIs for Participants' information.

(a) For DDIs and DCIs issued by HKSCC for settlement by a Participant other than an Investor Participant on the Business Day following the day of issue of the DDIs and DCIs (the "following Business Day"), if any payment to be debited from or credited to the Designated Bank Account of the Participant have not been or cannot be effected by a Designated Bank, the Designated Bank is required to issue to HKSCC a payment confirmation in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than 9:30 a.m., on the following Business Day. Where a payment confirmation is issued to HKSCC by a Designated Bank as mentioned above, it has been agreed between HKSCC and the Clearing House of HKAB that the Clearing House shall not, in respect of a DDI, make the relevant payment; and in respect of a DCI, receive the relevant payment. Where no payment confirmation is issued to HKSCC by a Designated Bank in respect of a DDI or a DCI by 9:30 a.m. on the following Business Day, the Designated Bank of the Participant will be bound, in respect of a DDI, to make the relevant payment; and in respect of a DCI, to receive the relevant payment.

(b) For DDIs and DCIs issued by HKSCC for settlement by a Participant other than an Investor Participant on the same Business Day that the DDIs and the DCIs are issued, if any payment to be debited from or credited to the Designated Bank Account of the Participant have not been or cannot be effected by a Designated Bank, the Designated Bank is required to issue to HKSCC a payment confirmation in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than 5:45 p.m. on that Business

Day. Where a payment confirmation is issued to HKSCC by a Designated Bank as mentioned above, it has been agreed between HKSCC and the Clearing House of HKAB that the Clearing House shall not, in respect of a DDI, make the relevant payment; and in respect of a DCI, receive the relevant payment. Where no payment confirmation is issued to HKSCC by a Designated Bank in respect of a DDI or a DCI by 5:45 p.m. on that Business Day, the Designated Bank of the Participant will be bound, in respect of a DDI, to make the relevant payment; and in respect of a DCI, to receive the relevant payment.

- (c) For DDIs issued by HKSCC for settlement by a Participant other than an Investor Participant on the same Business Day that the DDIs are issued, where a Designated Bank should pursuant to (b) above have issued a payment confirmation to HKSCC at or before 5:45 p.m. on that Business Day but for any reason fails to do so, notwithstanding (b) above, the Designated Bank may issue to HKSCC a payment confirmation in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than 8:00 p.m. on that Business Day. Where a payment confirmation is issued to HKSCC by a Designated Bank as mentioned in this paragraph (c), HKSCC will return to the Participant the relevant amount of payment already made by the Participant's Designated Bank to HKSCC under the DDI pursuant to the last sentence of paragraph (b) above provided that the amount to be returned will only be effected by HKSCC by way of a DCI issued by HKSCC at day end for settlement on the Business Day following the day of issue of the DCI.
- (d) For DDIs issued by HKSCC for settlement by an Investor Participant on the Business Day following the day of issue of the DDIs (the "following Business Day"), if any payment to be debited from the Designated Bank Account the Investor Participant have not been or cannot be effected by the Designated Bank, the Designated Bank is required to issue to HKSCC a payment confirmation in accordance with the timing and other requirements of Section 6.3, and in any event by no later than 2:30 p.m. on the following Business Day. Where no payment confirmation is issued to HKSCC by a Designated Bank in respect of a DDI by 2:30 p.m. on the following Business Day, the Designated Bank of the Investor Participant will be bound to make or effect the relevant payment to HKSCC.
- (e) For further details of the procedures to be followed in relation to the issue of payment confirmation to HKSCC, Designated Banks should refer to the CCASS Terminal User Guide for Designated Banks.

(v) To monitor and control its risk exposure to Participants, Eligible Securities delivered to Participants by HKSCC under the CNS System will be treated as Securities-on-hold under the Rules, and HKSCC has full discretion may not to allow Participants to make use of some or all of such Eligible Securities until HKSCC is fully satisfied that all payments by Participants under the CNS System (as a result of DDIs issued by HKSCC) are have been confirmed good and irrevocable. For the avoidance of doubt, unless otherwise agreed by HKSCC, payments in respect of DDIs issued by HKSCC on a Business Day for settlement by Participants other than Investor Participants on the same Business Day will not be regarded by HKSCC as good and irrevocable at any time before 8:00 p.m. on that Business Day.

~~Designated Banks of Participants other than Investor Participants are therefore required to issue to HKSCC a confirmation via their CCASS Terminals at or before 9:30 a.m. on the Business Day following the issue of DDIs by HKSCC that payments to be made out of the Designated Bank Accounts of the Participants in respect of such DDIs will not be accepted by the Designated Banks. In the absence of such confirmation, Designated Banks of Participants other than Investor Participants will be bound to effect relevant payments to HKSCC.~~

~~For further details of the procedures to be followed in relation to the giving of confirmation to HKSCC, Designated Banks should refer to the CCASS Terminal User Guide for Designated Banks. Designated Banks of Investor Participants are also required to issue to HKSCC a confirmation via their CCASS Terminals at or before 2:30 p.m. on the Business Day following the issue of DDIs by HKSCC that payments to be made out of the Designated Bank Accounts of the Investor Participants in respect of such DDIs will not be accepted by the Designated Banks. In the absence of such confirmation, Designated Banks of Investor Participants will be bound to effect relevant payments to HKSCC.~~

14.4.4 Default of payment by Participants other than Investor Participants

If HKSCC is notified of a rejected DDI by the Designated Bank of a Participant other than an Investor Participant, the Participant will be regarded as having defaulted and will be subject to such action or actions as which HKSCC may wish to take under the Rules.

Without prejudice to HKSCC's right to take any ~~other~~ action under the Rules, HKSCC may attempt to contact the defaulting Participant and may demand that the defaulting Participant ~~submit a cashier's order to HKSCC or~~ make payment to HKSCC by such

~~other~~ means as specified by HKSCC from time to time and before such time or times as HKSCC may specify.

14.5 ELECTRONIC PAYMENT INSTRUCTIONS

14.5.2 Procedures

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

- (i) ~~at the end of~~ each Settlement Day, in relation to Isolated Trades (including Clearing Agency Transactions), ISI and SI Transactions settled on a DVP basis in CCASS, HKSCC will in respect of each such trade or transaction, cause, via the eClearing hHouse of HKAB for the relevant Eligible Currency, a debit EPI to be issued to the Designated Bank of the Participant receiving Eligible Securities as a result of settlement of such a trade or transaction in CCASS and a corresponding credit EPI to be issued to the Designated Bank of the counterparty Participant delivering Eligible Securities;
- (ii) in relation to Electronic Application Instructions for New Issue Shares, (a) at the close of business of the last application day for New Issue Shares, HKSCC will, in respect of each set of application instructions, cause, via the eClearing hHouse of HKAB for the relevant Eligible Currency, a debit EPI for the application monies to be issued to the Designated Bank of the Participant that has inputted that set of application instructions; and corresponding credits to be made to the Issuer's bank account with its receiving bank(s); and (b) on the refund date and/or each subsequent refund date (if any) as specified by the Issuer, a credit payment will be effected to the Designated Bank of each Participant that is to receive refund monies;
- (iia) at the end of each Business Day, in relation to STI Transfer to be effected on a DVP basis in CCASS, HKSCC will in respect of each such transfer, cause, via the eClearing hHouse of HKAB for the relevant Eligible Currency, a debit EPI to be issued to the Designated Bank of the Clearing Participant or Custodian Participant inputting the STI on a DVP basis and a corresponding credit EPI to be issued to the receiving bank account with the receiving banker of the relevant SSA Statement Recipient;
- (iii) the EPIs so generated by HKSCC are forwarded to the eClearing hHouse of HKAB for the relevant Eligible Currency ~~by HKSCC's own banker on its behalf~~ on the same day;

(iv) special arrangements have been made by HKSCC with the ~~e~~Clearing ~~h~~House of HKAB for each relevant Eligible Currency pursuant to which ~~an~~ extra clearing runs will be conducted by that ~~e~~Clearing ~~h~~House of HKAB and files and/or reports will then be provided to Designated Banks of Participants by that ~~e~~Clearing ~~h~~House of HKAB on the same day; ~~and~~

(iva) Designated Banks will be able to obtain via their CCASS Terminals and Participant Gateways details of EPIs affecting the Participants they act for, which will be contained in the “DDI/DCI/EPI Listing for Designated Bank”, “DDI/DCI/EPI Exception Report” or “DDI/DCI/EPI Listing for IP Related Transactions”, as the case may be (see Section 16.7). Designated Banks will reconcile the details with the information they received from the Clearing House of HKAB for the relevant Eligible Currency and will report any discrepancies to HKSCC for clarification;

~~(v) from the commencement of CCASS services through CCASS Terminal and Participant Gateway on the following Business Day (including Saturdays unless it is a public holiday),~~ Participants other than Investor Participants will be able to obtain ~~an~~ access via their CCASS Terminals or Participant Gateways, ~~their~~ “Settlement Report”s, “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”s (in respect of Electronic Application Instructions for New Issue Shares) (see Section 16.6.1) ~~to obtain 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~~.

(vi) Designated Banks of Participants are required to confirm to HKSCC via their CCASS Terminals (a) the payment status of EPIs affecting Participants other than

Investor Participants; and (b) the payment status of debit EPIs affecting Investor Participants, by the times and in the manner as set out in Section 14.5.3.

In addition to the above procedures, Designated Banks must ~~in addition~~ follow the prescribed procedures of the eClearing hHouse of HKAB for each Eligible Currency in relation to EPIs.

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 have not been or cannot be made or effected by Designated Banks;

(b) payments to be received by the Designated Bank Accounts of Participants other than Investor Participants in response to credit EPIs to effect money settlement in relation to Isolated Trades and/or SI Transactions on a DVP basis have not been or cannot be received or effected by Designated Banks; or

(c) payments to be made out of the Designated Bank Accounts of the Investor Participants in response to debit EPIs to effect money settlement in relation to ISI Transactions on a DVP basis where the on hold mechanism applies have not been or cannot be made or effected by Designated Banks.

(ii) To facilitate the provision of money settlement services by HKSCC to Participants under the Rules, HKSCC has made arrangements with the Clearing House of HKAB to transmit to the Clearing House on each Business Day:

(a) EPIs issued by HKSCC for settlement by all Participants; and

(b) amendments to those EPIs issued by HKSCC for settlement by Participants other than Investor Participants in respect of which payment confirmations have been issued by Designated Banks to HKSCC pursuant to undertakings made in favour of HKSCC by Designated Banks. In this paragraph (b), “EPIs” only covers those EPIs issued by HKSCC to effect money settlement in relation to Isolated Trades and/or SI Transactions on a DVP basis.

(iii) The following paragraphs summarise the key obligations of Designated Banks in relation to the issue of payment confirmations relating to EPIs for Participants' information. In paragraphs (a) and (b) below, "EPIs" only covers those EPIs issued by HKSCC to effect money settlement in relation to Isolated Trades and/or SI Transactions on a DVP basis.

(a) For EPIs issued by HKSCC for settlement by a Participant other than an Investor Participant on the Business Day following the day of issue of the EPIs (the "following Business Day"), if any payment to be debited from or credited to the Designated Bank Account of the Participant have not been or cannot be effected by a Designated Bank, the Designated Bank is required to issue to HKSCC a payment confirmation in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than 9:30 a.m. on the following Business Day. Where a payment confirmation is issued to HKSCC by a Designated Bank as mentioned in this paragraph (a), it has been agreed between HKSCC and the Clearing House of HKAB that the Clearing House shall not, in respect of a debit EPI, make the relevant payment; and in respect of a credit EPI, receive the relevant payment. Where no payment confirmation is issued to HKSCC by a Designated Bank in respect of a debit EPI or a credit EPI by 9:30 a.m. on the following Business Day, the Designated Bank of the Participant will be bound, in respect of a debit EPI, to make the relevant payment; and in respect of a credit EPI, to receive the relevant payment.

(b) For EPIs issued by HKSCC for settlement by a Participant other than an Investor Participant on the same Business Day that the EPIs are issued, if any payment to be debited from or credited to the Designated Bank Account of the Participant have not been or cannot be effected by a Designated Bank, the Designated Bank is required to issue to HKSCC a payment confirmation in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than 5:45 p.m. on that Business Day. Where a payment confirmation is issued to HKSCC by a Designated Bank as mentioned in this paragraph (b), it has been agreed between HKSCC and the Clearing House of HKAB that the Clearing House shall not, in respect of a debit EPI, make the relevant payment; and in respect of a credit EPI, receive the relevant payment. Where no payment confirmation is issued to HKSCC by a Designated Bank in respect of a debit EPI or a credit EPI by 5:45 p.m. on the Business Day, the Designated Bank of the Participant will be bound, in respect of a debit EPI, to make the relevant payment; and in respect of a credit EPI, to receive the relevant payment.

- (c) A delivering Participant may, with a view to monitoring and controlling the risk that a paying Investor Participant will not pay for Eligible Securities under an ISI Transaction which is to be settled in CCASS on a DVP basis, require that the shares on hold mechanism is used before affirmation of that ISI Transaction. If this is done, HKSCC will not permit the delivering Participant or the paying Investor Participant to withdraw the relevant Eligible Securities from CCASS or transfer or otherwise use them until Negative Confirmation of Payment in response to the relevant debit EPI has been obtained from the paying Investor Participant's Designated Bank.
- (d) Where the on hold mechanism applies to an ISI Transaction, the Investor Participant's Designated Bank must, in order to avoid an obligation to make the payment itself, issue to HKSCC, in accordance with the timing and other requirements set out in Section 6.3, and in any event by no later than before 2:30 p.m. on the Business Day following the day of issue of that on which the relevant debit EPI ~~has been issued~~, a payment confirmation that payment will not be made in response to that debit EPI. If the Designated Bank does not do this, Negative Confirmation of Payment in response to the relevant debit EPI will have been obtained and the Designated Bank will be obliged to make the payment.
- (e) For further details ~~offer~~ the procedures to be followed in relation to the issuing of payment confirmations to HKSCC, Designated Banks should refer to the CCASS Terminal User Guide for Designated Banks.

14.7 CHATS PAYMENT INSTRUCTIONS

14.7.2 Procedures

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

- (v) the CCASS-related CHATS messages so constructed by Designated Banks will be transmitted online to the clearing house for the relevant Eligible Currency for processing. Special arrangements have been made by HKSCC with the eClearing hHouse of HKAB for each relevant Eligible Currency pursuant to which each CCASS-related CHATS message will be transmitted by the eClearing hHouse of HKAB for that Eligible Currency to HKSCC for validation before settlement in that eClearing hHouse of HKAB for the relevant Eligible Currency;

- (vi) upon receipt of confirmation of payment in respect of the CPIs from the eClearing House of HKAB for the relevant Eligible Currency, HKSCC will i) update the Money Ledgers of the Participants concerned, if applicable, and the status of the respective CCASS transactions, or ii) for SI / ISI Transactions, effect on-line delivery of the on-hold shares to the relevant receiving Participant's Stock Account. No DDI or EPI will be generated after such settlement;
- (vii) if the relevant payment is not confirmed settled by the eClearing House of HKAB for the relevant Eligible Currency before the specified CCASS cut-off time for real time money settlement (normally at 1:00 p.m. for payments for nominee-related services and 3:30 p.m. for payments relating to SI / ISI Transactions and other CCASS payments) on each Business Day, HKSCC will i) not give effect to or process or settle the relevant CCASS transaction, or ii) for SI/ISI Transactions, release the on-hold shares to the delivering Participant for other settlement purposes, as appropriate;

In addition to the above procedures,The Designated Banks must ~~in addition~~ follow the prescribed procedures of the eClearing House of HKAB for each Eligible Currency in relation to money settlement of CPIs.

14.8 INTRA-DAY PAYMENT INSTRUCTIONS

14.8.2 Procedures

The following is a brief description of the procedures relating to Intra-day Payment Instructions issued by HKSCC on a Business Day and/or a Settlement Day:

- (iv) if any Intra-day Payment is not paid to the Participants concerned intra-day due to any contingent situations and/or at the full discretion of HKSCC, HKSCC will, subject to its right in Section 10.12.8(i) to make use of surplus cash arising from overpaid cash prepayment for any other purpose, pay the relevant payments to them at not later than day-end via DCI.

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:

- (f) “Enquire Money Position/Instruction” function: to enquire about the money positions due to ~~or~~ from HKSCC (~~for~~ respect of CNS positions) or money positions due to ~~or~~ from other Participants (~~for~~ 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 ~~to its~~ SSA Statement Recipients to the Participants (~~for~~ respect of STI Transfers) on the current Business Day. This function is designed to helps Participants to plan their funding arrangements;
- (av) “Enquire GCP/NCP Mapping” function: to enquire about the details of the GCP designated by ~~at~~ the NCPs in accordance with the relevant CCASS Rules and as set up in CCASS with reference to the Clearing Agreements entered into between the GCP and a NCP~~the parties; and~~
- (aw) “Enquire Deleted SI” function: to enquire about the details of current day deleted SIs; ~~and~~.
- (ax) “Enquire Nominee Payment (Evening) Standing Instruction” function: to enquire about the status and details of any Nominee Payment (Evening) Standing Instruction of a Participant.

(iv) Available to Designated Banks:

- (e) “Enquire SSA Bank Account” function: to enquire about the bank account details of SSA Statement Recipients; ~~and~~

- (f) “Enquire Cash Projection” function: to enquire about the projected total money obligations of a Clearing Participant for its CNS positions on T+2 day; ~~and-~~
- (g) “Enquire DDI/DCI/EPI Rejection” function: to enquire the status and details of DDI/DCI/EPI payment confirmation (i) made by the Designated Bank itself before and after authorization by the Designated Bank; or (ii) made by the counterparty Designated Bank after authorization by the counterparty Designated Bank.

Section 16

Statements and Reports

16.1 STATEMENTS AND REPORTS AVAILABLE

Participants ~~(other than Investor Participants)~~ and Designated Banks may retrieve such reports and statements through their CCASS Terminals or Participant Gateways (see Section 16.3) or download the data image of such reports and statements to the hard disk of their CCASS Terminals or Participant Gateways (see Section 16.4).

16.4 DOWNLOADING OF REPORT DATA IMAGE

For internal processing, Participants ~~(other than Investor Participants)~~ and Designated Banks can, upon application to HKSCC, download the CCASS report data image of certain of the CCASS reports onto the hard disks of their CCASS Terminals or ~~in the case of Participants (other than Investor Participants), their~~ Participant Gateways. The procedures for downloading report data image onto the hard disk of CCASS Terminals and the layout of the report data files through CCASS Terminals are set out in the CCASS Terminal User Guide for Participants and the CCASS Terminal User Guide for Designated Banks. HKSCC has the right to limit the number of Participants who are allowed to utilise the report data image download function.

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
CSEMS08	Statement of Money Ledger	<u>Twice</u> D aily	from the time when the report retrieval function is available (for previous day's Money Ledger movements) <u>and around 4:30 p.m. (for current day's Money Ledger movements)</u>
<u>CSEMP02</u>	<u>CCASS Funding Projection Report for Participant</u>	<u>Four times a day</u>	<u>around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for funding projection as of the completion of each of the first three Batch-settlement-runs) and around 3:30 p.m. (for funding projection as of the completion of the sixth SI matching)</u>
<u>CSEMS28</u>	<u>DDI/DCI/EPI Summary for Participant</u>	<u>Twice daily</u>	<u>from the time when the report retrieval function is available (for DDIs/DCIs/EPIs generated on the previous day) and around 4:05 p.m. (for DDIs/DCIs/EPIs generated on the current day)</u>

Report ID	Report name	Frequency	Time Available
<u>CSEMS29</u>	<u>Settlement Related EPI Listing</u>	<u>Twice daily</u>	<u>from the time when the report retrieval function is available (for EPIs generated on the previous day for settlement on the current day in relation to money obligations of Isolated Trades, SI Transactions and ISI Transactions on a DVP basis) and around 4:05 p.m. (for EPIs generated on the current day for settlement on the same day in relation to money obligations of Isolated Trades and SI Transactions on a DVP basis)</u>
CCNPT01	Nominee Functions Input Activities Report	Daily	from the time when the report retrieval function is available (for previous day's input activities of all nominee functions, Intra-day Payment Standing Instruction in relation to payments arising out of nominee services, <u>Nominee Payment (Evening) Standing Instruction</u> and <u>also</u> voting instructions input by SSA Statement Recipients)

16.7 REPORTS AND STATEMENTS FOR DESIGNATED BANKS

Report ID	Report name	Frequency	Time Available
CSEMS03	DDI/DCI/ <u>EPI</u> Listing for <u>Participants'</u> <u>Designated</u> Bank	<u>Twice</u> D aily	from 8:30 a.m. (for DDI/DCIs generated on the previous day) <u>from the time when the report retrieval function is available (for DDI/DCIs/EPIs generated on the previous day for settlement on the current day) and after 4:05 p.m. (for DDI/DCIs/EPIs generated on the current day for settlement on the same day)</u>
CSEMS05	<u>DDI/DCI/EPI</u> <u>Rejection</u> <u>Listing Confirmation</u> Report	<u>Daily</u> Three <u>times a day</u>	after 9:30 a.m. (for <u>payment confirmation of previous day's DDI/DCIs/EPIs</u>); <u>after 5:45 p.m. (for payment confirmation of current day's DDI/DCIs/EPIs inputted in the first session, as referred to in Section 6.3); and</u> <u>after 8:00 p.m. (for payment confirmation of current day's DDI/DCIs/EPIs inputted in the second session, as referred to in Section 6.3)</u>

Report ID	Report name	Frequency	Time Available
<u>CSEMP01</u>	<u>CCASS Funding Projection Report for Designated Bank</u>	<u>Four times a day</u>	<u>around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for funding projection as of the completion of each of the first three Batch-settlement-runs) and around 3:30 p.m. (for funding projection as of the completion of the sixth SI matching)</u>
<u>CSEMX01</u>	<u>DDI/DCI/EPI Exception Report</u>	<u>Daily</u>	<u>after 4:20 p.m. (for DDIs / DCIs / EPIs that have been excluded from same day money settlement by the Clearing House of HKAB for the relevant Eligible Currency)</u>
CSEPI03	Electronic CHATS Payment Instruction Report	4 <u>Four times a day on each Business Day</u>	after 10:30 a.m. (after 1st Batch settlement run), 11:00 a.m., 12:00 noon (after 2nd Batch settlement run) and 2:00 p.m. (after 3rd Batch settlement run) <u>(for CPIs generated after the completion of the first Batch-settlement-run), 11:00 a.m. (for CPIs generated upon report generation), after 12:00 noon and 2:00 p.m. (for CPIs generated after the completion of second and third Batch-settlement-runs)</u>
CIPMS03	DDI/DCI/EPI Listing for IP Related Transactions	Daily	from <u>the time when the report retrieval function is available</u> 8:30 <u>a.m. (for IP-related DDIs/DCIs/EPIs relating to Investor Participants generated on the previous day)</u>

Report ID	Report name	Frequency	Time Available
CIPMS05	Investor Confirmation Report	Daily	after 2:30 p.m. (for <u>payment confirmation of current day's rejected IP-related DDIs/<u>debit</u> EPIs <u>relating to Investor Participants</u>)</u>

Section 17 Suspension of Services

17.2 TYPHOONS

17.2.10 Money settlement services

CCASS money settlement facilities in relation to DDIs, DCIs, EPIs and autopay instructions are dependent on the availability of the services of the eClearing hHouse of HKAB the relevant Eligible Currency. ~~Under their~~ current practices, if a Typhoon Signal No. 8 or above is hoisted at or before 3:00 p.m. on a Business Day, ~~no~~the overnight clearing services of the eClearing hHouses of HKAB for Eligible Currencies will ~~not~~ be available with respect to CCASS money settlement instructions for the rest of the Business Day.

For the avoidance of doubt, if a Typhoon Signal No. 8 or above is hoisted after 3:00 p.m. on a Business Day, clearing services for the rest of the Business Day of the Clearing Houses of HKAB for Eligible Currencies will be available as normal with respect to CCASS money settlement instructions.

If the services of the eClearing hHouse of HKAB for the relevant Eligible Currency are available where a Typhoon Signal No. 8 or above is hoisted, HKSCC will generate DDIs, DCIs, 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, EPIs and autopay instructions and the following points should be noted:

- (i) HKSCC will generate the relevant DDIs, DCIs, EPIs and autopay instructions on a Business Day upon resumption of CCASS money settlement services for processing by the eClearing hHouse of HKAB for the relevant Eligible Currency. ~~Any interest loss~~ of interest shall be borne by the Participants ~~will be borne by themselves~~;

- (iii) ~~Participants other than Investor Participants will be informed via their Settlement Reports and the Marks Collection Reports in the event that where~~ CCASS money settlement in relation to DDIs, DCIs, EPIs ~~and~~ autopay instructions cannot be effected as scheduled. Participants other than Investor Participants will be informed by HKSCC through the issue of Settlement Reports and the Marks and Collateral Collection Reports; and
- (iv) accrued interest amount for affected Debt Securities positions arising from Exchange Trades may be adjusted in line with market practice to cover the deferred period due to a Business Day not being treated as a “Settlement Day” for CCASS money settlement purposes as mentioned above. Participants other than Investor Participants will be informed of adjustments in respect of the accrued interest amount (if any) by HKSCC through the issue of/via their FCSs, Next Settlement Day Due/Overdue Position Reports, Settled Position Reports and Settlement Reports, where applicable.

In relation to confirmations by Designated Banks of Participants other than Investor Participants in respect of payments by or to such Participants ~~to HKSCC~~ pursuant to DDIs, DCIs and/or EPIs issued by HKSCC, if a Typhoon Signal No. 8 or above is hoisted at any time before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on any Business Day, any confirmation already given by Designated Banks on the day will be ignored by HKSCC, and Designated Banks will have to issue or re-issue confirmations of payments by and/or to Participants within one hour from the time of resumption of CCASS services on such a day. If a Typhoon Signal No. 8 or above is hoisted at any time before 9:00 a.m. on a Business Day and is not lowered at 12:00 noon on any Business Day, any confirmation already given by Designated Banks on the day will be ignored by HKSCC and Designated Banks are required to issue or re-issue to HKSCC the confirmations no later than the specified time or times on the following Business Day. If a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on any Business Day, confirmations by Designated Banks of such Participants in respect of payments by and/or to such Participants to HKSCC pursuant to DDIs, DCIs and/or EPIs generated on the previous day for settlement on such Business Day will continue to be issued by the Designated Banks as usual. If (i) a Typhoon Signal No. 8 or above is hoisted at or after 9:00 a.m. on any Business Day and (ii) the Typhoon Signal is lowered at or before 12:00 noon on the same Business Day and CCASS services is resumed two hours thereafter, confirmations by Designated Banks of such Participants in respect of payments by and/or to such Participants pursuant to DDIs, DCIs and/or EPIs generated on the Business Day for settlement on the same day will continue to be issued by the Designated Banks as usual. If a Typhoon Signal No. 8 or above is hoisted after 3:00 p.m.

on a Business Day, confirmations by Designated Banks of such Participants in respect of payments by and/or to such Participants pursuant to DDIs, DCIs and/or EPIs generated on such Business Day for settlement on the same day will continue to be issued by the Designated Banks as usual.

In relation to confirmations by Designated Banks of Investor Participants in respect of payments by such Participants ~~to HKSCC~~ pursuant to DDIs and debit EPIs, if ~~at the~~ Typhoon Signal No. 8 or above is hoisted at any time before 9:00 a.m. on a Business Day and is lowered at or before 12:00 noon on any Business Day, any confirmation already given by Designated Banks of Investor Participants on the day will be ignored by HKSCC and Designated Banks will have to issue or re-issue confirmations of payments by Investor Participants within the specified time after the time of resumption of CCASS services on such a day. If a Typhoon Signal No. 8 or above is hoisted at any time before 1:00 p.m. on any Business Day, any confirmation already given by Designated Banks of Investor Participants on that day will be ignored by HKSCC and Designated Banks are required to issue or re-issue to HKSCC the confirmations no later than the specified time on the following Business Day.

In relation to cash prepayment, if a Typhoon Signal No. 8 or above is hoisted at any time between 8:00 a.m. and 9:00 a.m. and is not lowered by 12:00 noon on a Business Day, any Cash Prepayment Instruction or Cash Prepayment Standing Instruction already inputted by a Clearing Participant at any time between 8:00 a.m. and 9:00 a.m. on the day will be ignored by HKSCC and a Clearing Participant will have to re-input its Cash Prepayment Instructions and Cash Prepayment Standing Instruction from the time of resumption of the “Cash Prepayment Instruction” and “Cash Prepayment Standing Instruction” maintenance functions. If the Clearing Participant does not re-input its Cash Prepayment Instruction or Cash Prepayment Standing Instruction, any cash prepayment received by HKSCC will be refunded without interest to the Clearing Participant after receiving written request for repayment supported by evidence of such payment from the Clearing Participant.

In relation to Intra-day Payment Standing Instruction, if a Typhoon Signal No. 8 or above is hoisted at any time between 8:00 a.m. and 9:00 a.m. and is not lowered by 12:00 noon on a Business Day, any Intra-day Payment Standing Instruction already inputted by a Participant other than an Investor Participant at any time between 8:00 a.m. ~~and~~ 9:00 a.m. on the day will be ignored by HKSCC, and the Participant will have to re-input its Intra-day Payment Standing Instruction from the time of resumption of the “Intra-day Payment Standing Instruction” maintenance functions. If the Participant does not re-input such Intra-day Payment Standing Instruction, HKSCC will, (i) if there is an Intra-day

Payment Standing Instruction of the Participant accepted by HKSCC in CCASS immediately before the input of the Intra-day Payment Standing Instruction that has been ignored as aforesaid, issue an Intra-day Payment Instruction based on that Intra-day Payment Standing Instruction accepted by HKSCC in CCASS on each subsequent Business Day; or (ii) if there is no Intra-day Payment Standing Instruction accepted by HKSCC in CCASS immediately before the input of the Intra-day Payment Standing Instruction that has been ignored as aforesaid, return any Intra-day Payments to the Participant ~~at not later than day end~~ via DCI on each subsequent Business Day.

In relation to a Nominee Payment (Evening) Standing Instruction, if a Typhoon Signal No. 8 or above is hoisted at any time between 8:00 a.m. and 9:00 a.m. and is not lowered by 12:00 noon on a Business Day, any Nominee Payment (Evening) Standing Instruction already inputted by a Participant other than an Investor Participant at any time between 8:00 a.m. and 9:00 a.m. on the day will be ignored by HKSCC, and the Participant will have to re-input its Nominee Payment (Evening) Payment Standing Instruction from the time of resumption of the “Nominee Payment (Evening) Payment Standing Instruction” maintenance functions. If a Nominee Payment (Evening) Standing Instruction has been ignored in the situation as aforesaid and the relevant Participant does not re-input such Nominee Payment (Evening) Standing Instruction as aforesaid, HKSCC will, (i) where there is a Nominee Payment (Evening) Standing Instruction of the Participant accepted by HKSCC in CCASS immediately before the input of the Nominee Payment (Evening) Standing Instruction that has been ignored, effect the evening distribution of cash payments not later than day end via DCI on each subsequent Business Day based on that accepted Nominee Payment (Evening) Standing Instruction; or (ii) where there is no Nominee Payment (Evening) Standing Instruction accepted by HKSCC in CCASS immediately before the input of the Nominee Payment (Evening) Standing Instruction that has been ignored, effect distribution of cash payments at day end via DCI on each subsequent Business Day.

17.3 RAINSTORMS

17.3.10 Money settlement services

If a Black Rainstorm Warning is issued before 9:00 a.m. and remains in effect at 12:00 noon on any Business Day, the services of the eClearing Houses of HKAB for Eligible Currencies, and therefore money settlements, will not be available on that day.

In relation to Intra-day Payment Standing Instruction, if a Black Rainstorm Warning is issued at any time between 8:00 a.m. and 9:00 a.m. and remains in effect at 12:00 noon on a Business Day, any Intra-day Payment Standing Instruction already inputted by a

Participant other than an Investor Participant at any time between 8:00 a.m. ~~to~~ and 9:00 a.m. on the day will be ignored by HKSCC and the Participant will have to re-input its Intra-day Payment Standing Instruction from the time of resumption of the “Intra-day Payment Standing Instruction” maintenance functions. If the Participant does not re-input such Intra-day Payment Standing Instruction, HKSCC will, (i) if there is an Intra-day Payment Standing Instruction of the Participant accepted by HKSCC in CCASS immediately before the input of the Intra-day Payment Standing Instruction that has been ignored as aforesaid, issue an Intra-day Payment Instruction based on that Intra-day Payment Standing Instruction accepted by HKSCC in CCASS on each subsequent Business Day; or (ii) if there is no Intra-day Payment Standing Instruction accepted by HKSCC in CCASS immediately before the input of the Intra-day Payment Standing Instruction that has been ignored as aforesaid, return any Intra-day Payments to the Participant ~~at not later than day end~~ day end via DCI on each subsequent Business Day.

In relation to a Nominee Payment (Evening) Standing Instruction, if a Black Rainstorm Warning is issued at any time between 8:00 a.m. and 9:00 a.m. and remains in effect at 12:00 noon on a Business Day, any Nominee Payment (Evening) Standing Instruction already inputted by a Participant other than an Investor Participant at any time between 8:00 a.m. and 9:00 a.m. on the day will be ignored by HKSCC and the Participant will have to re-input its Nominee Payment (Evening) Standing Instruction from the time of resumption of the “Nominee Payment (Evening) Standing Instruction” maintenance functions. If a Nominee Payment (Evening) Standing Instruction has been ignored in the situation as aforesaid and the relevant Participant does not re-input such Nominee Payment (Evening) Standing Instruction as aforesaid, HKSCC will, (i) where there is a Nominee Payment (Evening) Standing Instruction of the Participant accepted by HKSCC in CCASS immediately before the input of the Nominee Payment (Evening) Standing Instruction that has been ignored, effect the evening distribution of cash payments not later than day end via DCI on each subsequent Business Day based on that accepted Nominee Payment (Evening) Standing Instruction; or (ii) where there is no Nominee Payment (Evening) Standing Instruction accepted by HKSCC in CCASS immediately before the input of the Nominee Payment (Evening) Standing Instruction that has been ignored, effect distribution of cash payments at day end via DCI on each subsequent Business Day.

For all situations when a Black Rainstorm Warning is issued at or after 9:00 a.m., both CCASS services and those of the eClearing Houses of HKAB for Eligible Currencies will be available. Therefore, money settlement will be effected as normal on such day.

If a Black Rainstorm Warning is issued at or after 9:00 a.m. on any Business Day, confirmations by Designated Banks of Participants in respect of payments by or to Participants ~~to HKSCC~~ pursuant to DDIs, DCIs and/or EPIs issued by HKSCC will continue to be issued by Designated Banks as usual.

If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Business Day, any confirmation already given by Designated Banks on the day will be ignored by HKSCC and Designated Banks of Participants other than Investor Participants will have to re-issue confirmations of payments by and/or to such Participants within one hour from the time of resumption of CCASS services on such a day whilst Designated Banks of Investor Participants will have to issue the confirmation of payments by Investor Participants within the specified time after the time of resumption of CCASS services on such a day. However, if a Black Rainstorm Warning is issued before 9:00 a.m. and remains in effect at 12:00 noon on any Business Day, any confirmation already given by Designated Banks on the day will be ignored by HKSCC and Designated Banks are required to issue or re-issue to HKSCC the confirmations no later than the specified time or times on the following Business Day.

For the avoidance of doubt, if a Black Rainstorm Warning is cancelled at or before 12:00 noon on any Business Day, CCASS services will normally resume two hours after the cancellation of the warning announced by the Hong Kong Observatory. Broadcast Messages will also be issued by HKSCC via CCASS Terminals and Participant Gateways to inform Designated Banks to re-issue ~~payment~~ confirmations.

Section 21

Costs and Expenses

21.1 CLEARING AND SETTLEMENT OF EXCHANGE TRADES

In this Section 21, references to “HKD” or “HK\$” means Hong Kong Dollar; references to “CNY” means Chinese Yuan (Renminbi) and references to “USD” means US Dollar.

- Money settlement fee under CNS System. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each DDI or DCI issued by HKSCC in respect of money positions of a Clearing Participant to be settled under the CNS System on each day.
- Note:*
Fee debited on the day of money settlement.

- Money ~~S~~ettlement fee for Isolated Trades payable by each Clearing Participant for each Isolated Trade cleared and settled through CCASS. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each EPI issued by HKSCC for Isolated Trades settled in CCASS on a DVP basis.
- Note:*
Fee debited on the day of money settlement.

21.2 CLEARING AND SETTLEMENT OF SI TRANSACTIONS

- Money settlement fee for SI Transactions payable by each counterparty Participant to SI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each EPI issued by HKSCC for SI Transactions settled in CCASS on a DVP basis.
- Note:*
Fee debited on the day of money settlement.

- Money settlement fee for SI Transactions settled in CCASS on a RDP basis payable by each counterparty Participant to SI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items per side per SI Transaction elected by the Participants to be settled in CCASS on a RDP basis.

Note:

Fee debited on the day of money settlement.

21.3 CLEARING AND SETTLEMENT OF ISI TRANSACTIONS

- Money settlement fee for ISI Transactions payable by each counterparty Participant to ISI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each EPI issued by HKSCC for ISI Transactions settled in CCASS on a DVP basis.

Note:

Fee debited on the day of money settlement.

- Money settlement fee for ISI Transactions settled in CCASS on RDP basis payable by each counterparty to ISI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items per side per ISI Transaction elected by the Participants to be settled in CCASS on a RDP basis.

Note:

Fee debited on the day of money settlement.

21.7 OTHER MONEY SETTLEMENT FEES

- Money settlement fees for other miscellaneous amounts to be paid to or collected from Participants (e.g. Marks, Contributions, application and refund monies under Electronic Application Instructions for New Issue Shares and Tender Instructions). ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each DDI/DCI/EPI issued or each CPI settled by HKSCC.

Note:

Fee debited on the day of money settlement.

Section 22

Tariff for Investor Participants

22.1 CLEARING AND SETTLEMENT OF ISI TRANSACTIONS

In this Section 22, references to “HKD” or “HK\$” means Hong Kong Dollar; references to “CNY” means Chinese Yuan (Renminbi) and references to “USD” means US Dollar.

- Money settlement fee for ISI Transactions payable by each counterparty Participant to ISI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each EPI issued by HKSCC for ISI Transactions settled in CCASS on a DVP basis.

Note:

Fee debited on the day of money settlement.

- Money settlement fee for ISI Transactions settled in CCASS on a RDP basis payable by each counterparty Participant to ISI Transactions. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items per side per ISI Transactions elected by the Participants to be settled in CCASS on a RDP basis.

Note:

Fee debited on the day of money settlement.

22.4 OTHER MONEY SETTLEMENT FEES

- Money settlement fee for other amounts to be paid to or collected from Investor Participants (e.g. warrants conversion, rights subscriptions, fees and application and refund monies under Electronic Application Instructions for New Issue Shares and Tender Instructions) payable by Investor Participant. ~~HK\$1.20 for HKD items,~~ HK\$0.50 for HKD items, CNY items and ~~HK\$3.50 for~~ USD items for each DDI/DCI/EPI issued or each CPI settled by HKSCC.

Note:

Fee debited on the day of money settlement.

If the day end balance due for money settlement with HKSCC is less than HK\$10, the balance will be rolled over to the next day and no DDI/DCI will be issued on due date.