

## **CCASS OPERATIONAL PROCEDURES**

### **Definitions**

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

#### **“Cross-Border Transfer Instructions”**

means instructions given by a Participant to HKSCC (in such form as HKSCC may prescribe from time to time) in relation to the transfer of (i) Foreign Securities; or (ii) Uncertificated Eligible Securities, as referred to in Rule 907;

#### **“Overseas Account”**

means an overseas account from or to which Uncertificated Eligible Securities may be transferred, as referred to in Rule 823;

#### **“Overseas Issuer”**

means, in relation to Uncertificated Eligible Securities, an Issuer incorporated or otherwise established outside Hong Kong;

#### **“Uncertificated Eligible Security”**

means an Eligible Security (other than Foreign Securities) issued by an Overseas Issuer in uncertificated form and designated by HKSCC as an “Uncertificated Eligible Security” for the purposes of the Rules;

## **Section 7**

### **Depository and Related Services**

#### **7.14 UNCERTIFICATED ELIGIBLE SECURITIES**

##### **7.14.1 Custodian Services in relation to Uncertificated Eligible Securities**

Uncertificated Eligible Securities are held by HKSCC for the account of Participants recorded in computerized form by the CCASS Depository.

Physical deposit of Uncertificated Eligible Securities with and physical withdrawal of Uncertificated Eligible Securities from the CCASS Depository are not available. Accordingly, Rules relating to the physical deposit and withdrawal of securities are not applicable to Uncertificated Eligible Securities.

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Participant that wishes to transfer Uncertificated Eligible Securities from an Overseas Account to its Stock Account with CCASS (or vice versa) will be required to provide a Cross-Border Transfer Instruction in accordance with Sections 9.6A and 12.5.

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Uncertificated Eligible Securities may be credited to and debited from a Participant's Stock Account as a result of (a) allocation following a successful application for New Issue Shares in a New Issue in relation to the relevant Overseas Issuer; (b) clearing and settlement of Exchange Trades relating to Uncertificated Eligible Securities; (c) clearing and settlement of Cross-Border Transfer Instructions; and (d) the provision of any other services by HKSCC in relation to Uncertificated Eligible Securities to the Participant.

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Save as otherwise provided in the Rules, HKSCC acknowledges and confirms that it has no proprietary interest in Uncertificated Eligible Securities to the extent they are credited to the Stock Account of a Participant.

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

Participants confirm and agree that their title or interest in and entitlements to Uncertificated Eligible Securities (whether legal, equitable or otherwise) shall be subject to the applicable law of the relevant jurisdiction.

Where Uncertificated Eligible Securities of Participants are held through HKSCC in any manner, each Participant covenants, represents and warrants to HKSCC that:

- (a) it shall not raise any claims (whether in contract, tort or otherwise) against HKSCC arising from or relating to any form of tax, duty, fine or penalty imposed or levied on or in respect of the Uncertificated Eligible Securities under any applicable law or regulation, whether or not HKSCC is involved in any tax collation, withholding or related arrangement; and
- (b) unless HKSCC otherwise agrees, it shall only give voting or other instructions to HKSCC and not directly to the Overseas Issuer or its principal or branch share registrar (if any).

## Section 8 Nominee Services

### 8.2 GENERAL PRINCIPLES

#### 8.2.2 HKSCC's role

HKSCC's role as provider of nominee services in relation to the four broad categories of corporate actions or activities affecting Eligible Securities and in relation to (a) Electronic Application Instructions for New Issue Shares, (b) Tender Instructions and (c) electronic applications for issue and redemption of Units can be summarised as follows:

- (ii) Voting : this refers to actions or activities affecting Eligible Securities that are to be voted upon by the holders of those Eligible Securities. Here, the role of HKSCC will be to endeavour to obtain the instructions of Participants and, where applicable, instructions of SSA Statement Recipients in relation to the Eligible Securities in SSA with Statement Service for the account of Clearing Participants or Custodian Participants and to vote and, if appropriate, make a demand for poll on their behalf, or appoint persons nominated by Participants and, where applicable, by SSA Statement Recipients as aforesaid to attend meetings directly. In respect of Uncertificated Securities, this refers to or may include (where applicable or where the applicable laws, rules or regulations so permit or require), HKSCC communicating or passing on any voting or other instructions, proxy nominations or appointments or all other authorizations, declarations, requests or information received from Participants and, where applicable, from SSA Statement Recipients to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar.;

### 8.6 VOTING

#### 8.6.2 General procedures

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

### 8.6.3 Corporate actions subject to book-close period

If voting is required in respect of corporate actions or activities which are subject to a book-close period or there is a record date for determining entitlements, the following procedures will normally apply :

- (vii) where appropriate instructions have been received by HKSCC from a Participant and HKSCC has not received further instructions from the Participant to change the original instruction before the stated deadline (as specified in Section 8.6.2 above), HKSCC will complete and submit a proxy form or a letter of appointment of corporate representatives to appoint the Participant or the person nominated by the Participant to attend and vote at the meeting at his/her discretion, as the case may be, unless the Participant specifically inputs instructions to HKSCC to vote in respect of the holding of Eligible Securities to which the proxy form relates by submitting the prescribed form at the Customer Service Centre or via a CCASS Terminal or a Participant Gateway, as the case may be, in which case the proxy will have already indicated his/her voting preference. In respect of Uncertificated Securities (where applicable or where the applicable laws, rules or regulations so permit or require), HKSCC will communicate or pass on any voting or other instructions, proxy nominations or appointments or all other authorizations, declarations, requests or information received from Participant to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar.

## 8.14 SUB-DIVISIONS, CONSOLIDATIONS ETC.

### 8.14.1 General

This Section is concerned with how sub-divisions, consolidations, stock conversions and changes in trading currency of Eligible Securities will normally be handled by HKSCC. There may be special handling procedures applicable to Foreign Securities and Uncertificated Eligible Securities which will be notified to Participants by circular from time to time. In most cases, the "new" securities will also be accepted as Eligible Securities by HKSCC.

## Section 9

### Overview of Clearing and Settlement in CCASS

## 9.6A CROSS-BORDER TRANSFER INSTRUCTIONS

- (i) Any Participant that wishes Foreign Securities to be transferred from an account of a person (other than HKSCC or the Nominee) with an Appointed Depository to HKSCC's account or the Nominee's account with that Appointed Depository (or vice versa) must complete and submit to HKSCC a Cross-Border Transfer Instruction Form in respect of Foreign Securities in accordance with

Section 12.5 and in accordance with the rules and procedures of the Appointed Depository. Upon receipt of a duly completed Cross-Border Transfer Instruction Form in respect of Foreign Securities, HKSCC will forward the instruction to the Appointed Depository or its nominee in accordance with Section 12.5.

HKSCC will update the Participant's Stock Account by reference to the settlement results as are advised by the Appointed Depository or its nominee.

- (ii) Any Participant that wishes Uncertificated Eligible Securities to be transferred from an Overseas Account to its Stock Account with CCASS (or vice versa) must complete and submit to HKSCC a Cross-Border Transfer Instruction Form in respect of Uncertificated Eligible Securities in accordance with Section 12.5 and in accordance with the rules and procedures to which the Overseas Account are subject. Upon receipt of a duly completed Cross-Border Transfer Instruction Form in respect of Uncertificated Eligible Securities, HKSCC will forward the instruction to the relevant Overseas Issuer (or its agents or representatives) or the entity with which the relevant Overseas Account is maintained in accordance with Section 12.5.

HKSCC will update the Participant's Stock Account by reference to the settlement results as are advised by the Overseas Issuer (or its agents or representatives) or the entity with which the relevant Overseas Account is maintained.

## Section 12

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

#### 12.5 CROSS-BORDER TRANSFER INSTRUCTION

##### 12.5.1 Submission of Cross-Border Transfer Instructions

###### (i) Foreign Securities

Any Participant that wishes Foreign Securities to be transferred from an account of a person (other than HKSCC or the Nominee) with an Appointed Depository to HKSCC's account or the Nominee's account with that Appointed Depository (or vice versa) must complete and submit to HKSCC a Cross-Border Transfer Instruction Form in respect of Foreign Securities in the form set out in Appendix 7.2 or 7.3 (as appropriate) the CCASS Terminal User Guide. Participants must submit the completed Cross-Border Transfer Instruction Form to HKSCC before 2:00 p.m. (or such other time as may be specified by HKSCC) on a Business Day if the transfer is to be effected by the Appointed Depository on the same day, provided always that it is a business day in the place of location of the Appointed Depository. HKSCC reserves the right not to process any Cross-

Border Transfer Instruction which is received after the deadline imposed by HKSCC. In such circumstances, late Cross-Border Transfer Instructions should be re-submitted by the Participant on the next Business Day.

A Participant who wishes to use Foreign Securities transferred from an account of a person (other than HKSCC or the Nominee) with the Appointed Depository to an account in the name of HKSCC or the Nominee with the Appointed Depository to settle an Exchange Trade, an SI and/or an ISI must submit a Cross-Border Transfer Instruction in respect of the receipt of Foreign Securities by the Participant to HKSCC at least one Business Day before the Settlement Day.

**(ii) Uncertificated Eligible Securities**

Any Participant that wishes Uncertificated Eligible Securities to be transferred from an Overseas Account to its Stock Account with CCASS (or vice versa) must complete and submit to HKSCC a Cross-Border Transfer Instruction Form in respect of Uncertificated Eligible Securities in the form set out in the CCASS Terminal User Guide. Participants must submit the completed Cross-Border Transfer Instruction Form to HKSCC before 2:00 p.m. (or such other time as may be specified by HKSCC) on a Business Day if the transfer is to be effected on the same day, provided always that it is a business day in the place of location of the Overseas Account. HKSCC reserves the right not to process any Cross-Border Transfer Instruction which is received after the deadline imposed by HKSCC. In such circumstances, late Cross-Border Transfer Instructions should be re-submitted by the Participant on the next Business Day.

A Participant who wishes to use Uncertificated Eligible Securities to be transferred from an Overseas Account to its Stock Account with CCASS to settle an Exchange Trade, an SI and/or an ISI must submit a Cross-Border Transfer Instruction in respect of the receipt of Uncertificated Eligible Securities by the Participant to HKSCC at least one Business Day before the Settlement Day.

**12.5.2 Settlement of Cross-Border Transfer Instructions in respect of which Foreign Securities are to be credited to HKSCC's account or the Nominee's account with the Appointed Depository and debited from another person's account with the Appointed Depository**

Upon receipt of a duly completed Cross-Border Transfer Instruction Form as set out in the CCASS Terminal User Guide from a Participant which relates to the crediting of Foreign Securities to HKSCC's account or the Nominee's account with the Appointed Depository, HKSCC shall transmit a Cross-Border Transfer Instruction to the Appointed Depository (or its nominee). The effecting of a transfer in accordance with that instruction will be dependent upon the appropriate action being taken by the Appointed Depository and the person whose account with the Appointed Depository will be debited.

Upon receipt of a confirmation from the Appointed Depository (or its nominee) that HKSCC's account or the Nominee's account with the Appointed Depository has been credited with the relevant Foreign Securities a corresponding entry will be made in the Participant's Stock Account.

Unless a cancel instruction is submitted by HKSCC to the Appointed Depository, transfer instructions which are not effected by the Appointed Depository on the specified day will be carried forward to the next business day in the location of the Appointed Depository. Participants who wish HKSCC to submit a cancel instruction to the Appointed Depository are required to submit a duly completed Cancel Receive Instruction Form in the form as set in the CCASS Terminal User Guide appearing in Appendix 7.4 before 2:00 p.m. on any Business Day which the Participant wishes to cancel the unsettled transfer instruction.

**12.5.3 Settlement of Cross-Border Transfer Instructions in respect of which Foreign Securities are to be debited from HKSCC's account or the Nominee's account with the Appointed Depository and credited to another person's account with the Appointed Depository**

Upon receipt of a duly completed Cross-Border Transfer Instruction Form as set out in the CCASS Terminal User Guide from a Participant which relates to the debiting of Foreign Securities from HKSCC's account or the Nominee's account with the Appointed Depository, HKSCC shall check whether a corresponding number of Foreign Securities are credited to that Participant's Stock Account. If there are sufficient Foreign Securities credited to the Participant's Stock Account, HKSCC will debit Foreign Securities from the Participant's Stock Account in accordance with the Cross-Border Transfer Instruction Form and will transmit a Cross-Border Transfer Instruction to the Appointed Depository (or its nominee) for processing.

**12.5.3A Settlement of Cross-Border Transfer Instructions in respect of which Uncertificated Eligible Securities are to be credited to Participant's Stock Account with CCASS and debited from an Overseas Account**

Upon receipt of a duly completed Cross-Border Transfer Instruction Form as set out in the CCASS Terminal User Guide from a Participant in relation to the crediting of Uncertificated Eligible Securities to that Participant's Stock Account with CCASS and a confirmation from the Overseas Issuer, or its authorized agents or representatives or its principal or branch share registrar or the entity with which the Overseas Account is maintained in relation to the transfer and/or re-registration of such Uncertificated Eligible Securities in the name of HKSCC or the Nominee, HKSCC shall credit such Uncertificated Eligible Securities to the Participant's Stock Account with CCASS. The effecting of a transfer in accordance with that instruction will be dependent upon the appropriate actions being taken by the Overseas Issuer (or its agents or representatives), the entity with which the Overseas Account is maintained and the holder of the Overseas Account to be debited.

Cross-Border Transfer Instructions received by HKSCC cannot be cancelled by the Participant. In case a Cross-Border Transfer instruction is not effected on the specified day for any reason, such transfer instruction will be carried forward to the next business day in the location of the Overseas Account to be debited, subject to any specified procedures of the Overseas Issuer (or its agents or representatives) and the entity with which the Overseas Account is maintained. In order to effect the transfer instruction that has been carried forward as aforesaid, the Participant may be required to submit a revised Cross-Border Transfer Instruction Form to HKSCC.

**12.5.3B Settlement of Cross-Border Transfer Instructions in respect of which Uncertificated Eligible Securities are to be debited from Participant's Stock Account with CCASS and credited to an Overseas Account**

Upon receipt of a duly completed Cross-Border Transfer Instruction Form as set out in the CCASS Terminal User Guide from a Participant in relation to the debiting of Uncertificated Eligible Securities from that Participant's Stock Account with CCASS, HKSCC will debit such Eligible Securities from the Participant's Stock Account in accordance with the Cross-Border Transfer Instruction Form if there are sufficient Eligible Securities in credit in the Participant's Stock Account. HKSCC will forward the transfer instruction to the Overseas Issuer, its authorized agents or representatives or its principal or branch share registrar or the entity with which the Overseas Account is maintained for processing. The effecting of a transfer in accordance with that instruction will be dependent upon the appropriate actions being taken by the Overseas Issuer (or its agents or representatives), the entity with which the Overseas Account is maintained and the holder of the Overseas Account to be credited.

Upon receipt of a confirmation from the Overseas Issuer (or its agents or representatives) or the entity with which the Overseas Account is maintained that the relevant Uncertificated Eligible Securities are transferred and credited to the Overseas Account as specified in the Cross-Border Transfer Instruction Form, HKSCC will advise the Participant.

For transfer instructions which are not effected by the Overseas Issuer (or its agents or representatives) or the entity with which the Overseas Account is maintained on the specified day, the relevant Uncertificated Eligible Securities will be credited back to the Participant's Stock Account and the Participant will be advised accordingly. Participants that wish to proceed with the transfer are required to submit a new duly completed Cross-Border Transfer Instruction Form to HKSCC.

## Section 21

### Costs and Expenses

#### 21.3B CROSS-BORDER TRANSFER (RECEIPTS~~IVES~~/DELIVERIES) INSTRUCTIONS

- Cross-border transfer fee for Cross-Border Transfer Instructions on receipts/deliveries of Foreign Securities and Uncertificated Eligible Securities, as referred to in Rule 907. HK\$200 per receipt / delivery instruction.

*Notes:*

Fee debited on date of submission of completion of the Transfer Instruction.

Out-of-pocket expenses incurred by HKSCC, if any, will be borne by the Participant.

## Section 22

### Tariff for Investor Participants

#### 22.1B CROSS-BORDER TRANSFER (RECEIPTS~~IVES~~/DELIVERIES) INSTRUCTIONS

- Cross-border transfer fee for Cross-Border Transfer Instructions on receipts~~receives~~/deliveries of Foreign Securities and Uncertificated Eligible Securities, as referred to in Rule 907. HK\$200 per receipt~~receive~~ / delivery instruction.

*Notes:*

Fee debited on date of submission of instruction.

Out-of-pocket expenses incurred by HKSCC, if any, will be borne by the Investor Participant.

- Appendix 7 Foreign Securities Withdrawal Form & Cross-border Transfer Instruction Forms**
- Appendix 7.1 Foreign Securities Withdrawal Form
- Appendix 7.2 ~~Cross-border Transfer Instruction Form : Foreign Securities – 'Deliver Free of Payment' Instruction [Repealed]~~
- Appendix 7.3 ~~Cross-border Transfer Instruction Form : Foreign Securities – 'Receive Free of Payment' Instruction [Repealed]~~
- Appendix 7.4 ~~Cross-border Transfer Instruction Form : Foreign Securities – Cancel 'Receive Free of Payment' Instruction [Repealed]~~