

Amendments to CCASS Rules, CCASS Operational Procedures and Terms and Conditions for Investor Participants for the Launch of Depositary Receipts

(I) CCASS Rules

PART A: RULES OF GENERAL APPLICATION

CHAPTER 1

INTERPRETATION

101. Definitions

When used herein, the following expressions shall, unless the context otherwise requires, bear the following meanings:

“Depositary Receipts” has the same meaning as “depositary receipts” in the Exchange’s Listing Rules;

“Depositary” has the same meaning as “depositary” in the Exchange’s Listing Rules.

“Eligible Security” means an issue of securities including but not limited to Foreign Securities, Debt Securities, Depositary Receipts, Structured Products, Exchange Fund Notes, Specified Instruments, CMU Instruments and Units which is from time to time and for the time being accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with Rule 501, and (a) where the context so requires shall include any particular security or securities of such an issue and (b) unless the context will not admit, shall include, upon their issue, all New Issue Shares so accepted as eligible;

"Issuer" means any company or other legal person (i) any of whose shares, warrants, Structured Products or Debt Securities, or (ii) whose shares are represented by Depositary Receipts of which or (iii) which is the trustee or manager of any Units and the Units in which, are the subject of an application for listing on the Exchange in connection with an initial public offering of those shares, warrants, Depositary Receipts, Structured Products, Debt Securities or Units or are listed on the Exchange;

"New Issue" means, in relation to any Issuer falling within paragraphs (i) and (ii) of the definition of that term in the Rules, the issue or sale of shares in the capital, warrants, Depositary Receipts, Structured Products or Debt Securities of that Issuer and in relation to any Issuer falling within paragraph (iii) of that definition, the first issue or sale of Units on the Unit Trust of which the Issuer is the manager or trustee, in each case in accordance with the terms and conditions of a Prospectus;

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“Prospectus” means any prospectus, notice, circular or other document offering or calculated to invite offers by the public to subscribe for or purchase securities (including shares, warrants, [Depositary Receipts](#), Debt Securities and Units) and includes, unless inconsistent with the context, its associated application form or forms;

CHAPTER 5

ELIGIBLE SECURITIES AND ELIGIBLE CURRENCIES

501. HKSCC's discretion to determine eligibility

HKSCC shall have absolute discretion to determine whether or not (i) an issue of securities (including all shares, stocks, Debt Securities, Foreign Securities, [Depositary Receipts](#), Structured Products, warrants, options, Units and other rights under collective investment schemes and all other instruments or arrangements commonly known as securities, whether or not evidenced in writing) shall be eligible for deposit, clearance and settlement in CCASS and be accepted as an Eligible Security and (ii) to accept a currency as being one in which an Eligible Security may be denominated. Without prejudice to the aforesaid, where an issue of securities is accepted by HKSCC as an Eligible Security, HKSCC shall have absolute discretion to determine the manner in which such issue of securities is to be deposited, cleared and settled in CCASS.

502. Grounds for non-eligibility of Eligible Securities

Without prejudice to any other rights HKSCC may have, HKSCC may refuse to accept an issue of securities as an Eligible Security or may discontinue the eligibility of an Eligible Security, if :

- (i) a question exists, in the opinion of HKSCC, as to whether or not an issue of securities may, under applicable laws, be the subject of book-entry delivery as contemplated herein;
- (ii) a question exists, in the opinion of HKSCC, as to whether or not it has the operational capability to provide services referred to herein in respect of an issue of securities;
- (iii) in the case of an issue of securities issued in registered form (other than a Foreign Security), no register of holders of securities (or a branch thereof) is kept in Hong Kong or if there is no transfer agent for such issue in Hong Kong, or a question exists, in the opinion of HKSCC, as to the adequacy of the performance of the relevant registrar or transfer agent for such issue;
- (iv) a question exists, in the opinion of HKSCC, as to whether or not an issue of

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securities may be treated as fungible;

- (v) in the case of an issue of securities listed on the Exchange or other exchanges, such issue ceases or will cease to be so listed or if such listing is suspended;
- (vi) the number of transactions in an issue of securities is, in the opinion of HKSCC, insufficient to justify its inclusion as an Eligible Security;
- (vii) HKSCC determines in its discretion that an issue of securities is no longer suitable to be an Eligible Security; ~~or~~
- (viii) in the case of Foreign Securities which are U.S. corporate stocks, such securities cease or will cease to be Eligible U.S. Securities; or
- (ix) in the case of Depositary Receipts where the Depositary resigns or is removed by the Issuer as the Depositary (“Predecessor”) and there is no replacement to succeed all the rights, powers, duties and obligations of the Predecessor.

CHAPTER 11

NOMINEE SERVICES

1108. HKSCC not liable

Without prejudice to any liability HKSCC may have in respect of anything not done or not omitted to be done in good faith on its part, if HKSCC or its nominee shall be unable to exercise rights or entitlements (including, without limitation, voting rights) or to participate in actions, transactions or other matters affecting all or any Eligible Securities held in CCASS or by an Appointed Depositary due to:

- (i) limitations on the exercise of or participation in such rights or actions by HKSCC or its nominee imposed by law, the issuer of the Eligible Security, the Depositary, the person initiating or responsible for such actions or any other competent authority; or
- (ii) if HKSCC receives insufficient notice of such rights or actions to enable it (using its best endeavours) to take all relevant steps in time in relation to the exercise of or participation in such rights or actions as contemplated herein;

HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall be under no obligation and shall be relieved from any further obligation whatsoever to provide for the exercise of or participation in such rights or actions to Participants and shall not be liable to Participants in any manner whatsoever.

CHAPTER 21

DUTIES AND LIABILITIES OF HKSCC

2104. HKSCC not to be liable

In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall have no liability for any losses, costs (including legal costs), charges, assessments and damages of any nature whatsoever suffered or incurred directly or indirectly as a result of or in connection with the following matters:-

- (xvi) the operation of the CMU Service or the taking by HKSCC of any action or omission in accordance with the provisions in the CMU Membership Agreement including the CMU Rules and CMU Manual (as referred to in Rule 703) including compliance with any notice or requirement of the HKMA not to make or allow any transfer, dealing or disposition of CMU Instruments in CMU Account or compliance with directions given by the HKMA thereunder; ~~and/or~~
- (xvii) any acts, omissions or delays of any service provider or any other person through which SMS and/or E-mail is provided or its employees or agents; and/or-

(xviii) any acts, omissions or delays of any Depositary or its employees or agents.

Nothing in this Rule 2104 shall operate to limit or restrict the operation of Rule 2103.

CHAPTER 28

DISCLOSURE

2802. Disclosure to Issuers or Depositories of Eligible Securities

HKSCC shall from time to time upon the written request of an Issuer of Eligible Securities or a Depositary in the case of Depositary Receipts disclose to that Issuer or Depositary details of Participants' holdings of that Eligible Security in CCASS or in any Appointed Depositary of the Eligible Securities concerned.

HKSCC may also disclose the details of names and addresses of recipients of copies of Corporate Communications from time to time to the Issuer of the relevant Eligible Securities or Depositary in the case of Depositary Receipts or to their registrars. Participants shall not release such details to HKSCC without first obtaining from the recipients written authorization authorizing such release of his/her details.

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(II) CCASS Operational Procedures

Definitions

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

“Depositary Receipts”

has the same meaning as “depositary receipts” in the Exchange’s Listing Rules;

“Depositary”

has the same meaning as “depositary” in the Exchange’s Listing Rules;

"Eligible Security"

means an issue of securities including but not limited to Foreign Securities, Debt Securities, [Depositary Receipts](#), Structured Products, Exchange Fund Notes, Specified Instruments, CMU Instruments and Units which is from time to time and for the time being accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with Rule 501, and (a) where the context so requires shall include any particular security or securities of such an issue and (b) unless the context will not admit, shall include, upon their issue, all New Issue Shares so accepted as eligible;

"Issuer"

means any company or other legal person (i) any of whose shares, warrants, Structured Products or Debt Securities, or (ii) [whose shares are represented by Depositary Receipts of which or \(iii\)](#) which is the trustee or manager of any Units and the Units in which, are the subject of an application for listing on the Exchange in connection with an initial public offering of those shares, warrants, [Depositary Receipts](#), Structured Products, Debt Securities or Units or are listed on the Exchange;

"New Issue"

means, in relation to any Issuer falling within paragraphs (i) [and \(ii\)](#) of the definition of that term in the Rules, the issue or sale of shares in the capital, warrants, [Depositary Receipts](#), Structured Products or Debt Securities of that Issuer and in relation to any Issuer falling within paragraph (iii) of that definition, the first issue or sale of Units on the Unit Trust of which the Issuer is the manager or trustee, in each case in accordance with the terms and conditions of a Prospectus;

“Prospectus”

means any prospectus, notice, circular or other document offering or calculated to invite offers by the public to subscribe for or purchase securities (including shares, warrants, [Depositary Receipts](#), Debt Securities and Units) and includes, unless inconsistent with the context, its associated application form or forms;

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Section 5 Eligible Securities

5.1 SECURITIES ACCEPTED AS ELIGIBLE SECURITIES

Eligible Securities include securities listed or admitted to trading on the Exchange. These may include :

- (i) ordinary shares;
- (ii) preference shares;
- (iii) [Depositary Receipts](#);
- (iv) registered warrants;
- (v) provisional allotment letters relating to nil paid rights;
- (vi) Debt Securities;
- (vii) Exchange Fund Notes, Specified Instruments and CMU Instruments;
- (viii) Foreign Securities;
- (ix) Units; and
- (x) Structured Products.

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:

- (i) **Announcement/communication** : this refers to announcements by issuers [or Depositaries](#) of Eligible Securities (eg. declarations of dividends or announcements of notifiable transactions) or announcements by third parties affecting holders of Eligible Securities (eg. announcements of take-over offers) as well as the distribution of corporate communications by the issuers of Eligible Securities to holders of those Eligible Securities [and by Depositaries](#) (eg. release of annual reports, circulars to shareholders containing details of notifiable transactions etc.). Here, the role of HKSCC as provider of nominee services to Participants will be to endeavour to bring the relevant matters to the attention of the Participants concerned or to arrange for the distribution of copies of relevant corporate communications to Participants;

8.5 CORPORATE COMMUNICATIONS

8.5.1 General

From time to time, issuers [and Depositaries](#) of Eligible Securities will send out reports or circulars to holders of Eligible Securities (eg. annual reports, circulars to shareholders etc.). Save in the case of Foreign Securities in respect of which Participants will be

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notified of important notices and record date notices pertaining to Foreign Securities by HKSCC if such information is provided to HKSCC by the appropriate Appointed Depositary, HKSCC aims to ensure that Participants receive copies of such reports or circulars by providing to issuers of Eligible Securities the names and addresses of Participants to enable the issuers to send copies of corporate communications direct to Participants. This Section 8.5 does not apply to Foreign Securities.

8.7 CASH DIVIDEND ENTITLEMENTS

8.7.1 Determination of entitlements

A Participant's entitlement to cash dividends accruing to Eligible Securities will be determined by reference to its holding of such Eligible Securities in CCASS or by an Appointed Depositary at the date on which the entitlement of HKSCC (i.e. the Nominee) is determined (normally the last day on which transfers can be submitted for registration in order to qualify for entitlement to dividends).

Dividend entitlements of Participants will normally be calculated down to two decimal places for most currencies (see Section 8.23 which sets out the number of decimal places for calculation purposes in respect of different currencies.)

In the case of Foreign Securities [and Depositary Receipts](#), dividend entitlements will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC.

III. Terms and Conditions for Investor Participants

1. Definition

“Depositary Receipts”

[has the same meaning as “depositary receipts” in the Exchange’s Listing Rules;](#)

“Depositary”

[has the same meaning as “depositary” in the Exchange’s Listing Rules;](#)

“Eligible Security”

means an issue of securities including but not limited to Foreign Securities, Debt Securities, [Depositary Receipts](#), Structured Products, Exchange Fund Notes, Specified Instruments, CMU Instruments and Units which is from time to time and for the time being accepted as eligible by HKSCC for deposit, clearing and settlement in CCASS, in accordance with Rule 501, and (a) where the context so requires shall include any particular security or securities of such an issue and (b) unless the context will not admit, shall include, upon their issue, all New Issue Shares so accepted as eligible;

“Issuer”

means any company or other legal person (i) any of whose shares, warrants, Structured Products or Debt Securities, or (ii) [whose shares are represented by Depositary Receipts of which or \(iii\)](#) which is the trustee or manager of any Units and the Units in which, are the subject of an application for listing on the Exchange in

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connection with an initial public offering of those shares, warrants, [Depositary Receipts](#), Structured Products, Debt Securities or Units or are listed on the Exchange;

"New Issue"

means, in relation to any Issuer falling within paragraphs (i) [and \(ii\)](#) of the definition of that term in the Rules, the issue or sale of shares in the capital, warrants, [Depositary Receipts](#), Structured Products or Debt Securities of that Issuer and in relation to any Issuer falling within paragraph (iii) of that definition, the first issue or sale of Units on the Unit Trust of which the Issuer is the manager or trustee, in each case in accordance with the terms and conditions of a Prospectus;

"Prospectus"

means any prospectus, notice, circular or other document offering or calculated to invite offers by the public to subscribe for or purchase securities (including shares, warrants, [Depositary Receipts](#), Debt Securities and Units) and includes, unless inconsistent with the context, its associated application form or forms;

7. Physical deposit of Eligible Securities into CCASS

- 7.3 Notwithstanding instructions to the contrary, HKSCC shall, in respect of Eligible Securities in registered form deposited with the CCASS Depository by an Investor Participant (other than New Issue Shares), submit such Eligible Securities for registration or re-issue in the name of HKSCC's nominee. Save in respect of New Issue Shares allotted to HKSCC's nominee, no immediate credit of the Eligible Securities is made to the Stock Account of the Investor Participant upon deposit in accordance with clause 7.2. Such Eligible Securities will only be credited to the Stock Account of the Investor Participant at such other time as the registration or re-issue of such Eligible Securities in the name of HKSCC's nominee has been effected or at such time as HKSCC determines it would be in the interests of HKSCC to do so. In normal circumstances, and by way of guidance only, deposited securities will be credited into the Investor Participant's Stock Account within twelve Business Days provided that there are no rejections by the applicable registrars [or the applicable Depositories](#).

8. Withdrawal of Securities from CCASS

- 8.3 In the case of registered securities, the Investor Participant shall be responsible to promptly cause the securities withdrawn from its Stock Account to be registered in its own name and, in any event, before the next book-close date. HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable nor shall it be obliged to entertain any claim for any loss or non-receipt of any dividends or other distributions made by the issuer [or the Depository](#) in respect of any securities withdrawn from the Stock Account.

9. Nominee and Similar Services

- 9.1 An Investor Participant's entitlement to benefits and other distributions shall be determined on the basis of the amount of securities credited to its Stock Account and/or the Withholding Balance as at the last registration day before book-close date, such day being the last day on which transfers of Eligible Securities can be submitted

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for registration in order to qualify for the relevant entitlement or, in the case where the corporate action or activity is not subject to book-close periods, the relevant announcement date or record date fixed by the issuer [or the Depositary](#) of the Eligible Security or HKSCC, as the case may be.

10. Copies of Corporate Communication

- 10.1 Unless otherwise notified by the Investor Participant, HKSCC shall be authorized to provide the issuer [or the Depositary](#) of an Eligible Security or its agent with the Investor Participant's name and correspondence address to facilitate the direct distribution of copies of corporate communications to the Investor Participant by the issuer. HKSCC shall be entitled to from time to time upon the written request of an issuer [or a Depositary](#) of an Eligible Security disclose to that issuer [or Depositary](#) details of the holdings in CCASS of an Investor Participant in such Eligible Security in accordance with the Rules.

12. Money Settlement Services

- 12.2 An Investor Participant shall authorize its Designated Bank in writing in such form as is from time to time deemed acceptable to HKSCC to (i) give effect to instructions from HKSCC to debit and/or credit its Designated Bank Account and cause payments to be made to HKSCC or Issuers, [or Depositaries](#), as directed by HKSCC; (ii) give effect to CPIs generated by HKSCC to cause payments to be made to HKSCC or any other Participants, as directed by HKSCC; (iii) such other matters as may be required by HKSCC from time to time, and shall take such steps as shall be necessary or desirable to ensure such instructions, CPIs or other matters are effected. The Investor Participant undertakes not to stop, countermand, amend or restrain the authority granted to HKSCC as aforesaid and further agrees to ratify and confirm all actions taken by HKSCC in relation to the matters contemplated in this clause 12.

23. Force majeure

- 23.1 HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any action taken or for any failure, hindrance or delay in the provision of services or for any failure to give effect to or delay in giving effect to any instructions from Investor Participants with respect to any nominee, depository or other CCASS services or the performance in whole or in part of its obligations under the Terms and Conditions and the Rules if such action, failure, hindrance or delay arises out of causes beyond its reasonable control. Such causes may include, but shall not be limited to, acts of God or the public enemy, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, delay or inability to act by any registrar [or any Depositary](#), unavailability of or restrictions on any communication media for whatever reason (whether or not such media is used by Investor Participants), interruptions (whether in whole or in part) of power supplies or other utility or services, any law, decree, regulation or order of any government, competent authority or any court or tribunal, and any other causes beyond HKSCC's reasonable control including, without limitation to the foregoing, any similar causes affecting the Exchange or Hong Kong Interbank Clearing Limited (whether or not

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specified in the rules of the Exchange or the rules and regulations of Hong Kong Interbank Clearing Limited).

25. Data Protection

- 25.2 Unless consent of the individual is obtained, personal information of an individual held by HKSCC relating to Investor Participants will be kept confidential but HKSCC may release some of the information to external parties including but not limited to agents, contractors or third party service providers who provide administrative, telecommunications, computer, payment clearing, insurance or other services to HKSCC in connection with the operation of its business, any other person under a duty of confidentiality to HKSCC (including by way of contract), the Securities and Futures Commission, the Exchange, any recognized exchange controller, any company of which the recognized exchange controller which is the controller of HKSCC is the controller, other recognized clearing houses, central depositories, bodies of exchanges, overseas regulatory bodies, governmental departments and issuers [or Depositaries](#) of Eligible Securities authorised by law and/or pursuant to the Rules, notwithstanding that any such persons may be outside of Hong Kong.