
CHAPTER 19

INDEMNITY

1901. Scope of indemnity

Each Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and their respective agents, nominees, representatives, officers and employees and hold each of them harmless against all costs, fees, expenses, liabilities, taxes, assessments, losses, fines, penalties, and damages of any nature whatsoever (including the interest accrued to any such amount) suffered or incurred by any of them directly or indirectly as a result of or in connection with the following matters (except where HKSCC is guilty of anything not done or not omitted to be done in good faith on its part and is directly responsible for the losses etc.):

- (i) the participation in any System by the Participant and/or its activities in any System, the provision of services by HKSCC to the Participant in respect of Eligible Securities held or recorded in CCASS or by an Appointed Depositary (as the case may be), the provision of Synapse services by HKSCC to the Participant if the Participant is a Synapse User, the provision of FINI services by HKSCC to the Participant if the Participant is a FINI CP User and the provision of the FX Services by HKSCC as TSF operator to the Participant if the Participant is a TSF CCASS Participant and all matters relating thereto as contemplated in the Rules;
- (ii) the failure by the Participant to comply with the provisions of the Rules and the Participant Agreement (including, without limitation, the representations and warranties contained therein) or to comply with any directions or regulations of HKSCC;
- (iii) the actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in reliance on instructions or communications believed in good faith by any of them to have been given by or on behalf of the Participant (including, but not limited to, the giving of effect to such instructions or communications by any of them) or the failure of the Participant to give instructions to HKSCC as contemplated in the Rules;
- (iv) the acceptance by HKSCC of Eligible Securities deposited by the Participant (including Eligible Securities deposited by the Participant for credit into the CCMS Collateral Account and TSF Accounts, and Eligible Securities held by an Appointed Depositary) and the giving of effect to transactions relating thereto by HKSCC in accordance with the Rules; and the withdrawal of Eligible Securities by the Participant;
- (v) the registration of Eligible Securities in the name of HKSCC or its nominee or in the name of an Appointed Depositary or its nominee (as the case may be) and the withdrawal of such Eligible Securities by the Participant (including, without limitation, all assessments, calls, taxes and charges in respect thereof; losses, liabilities and expenses arising from claims by third parties; and the inability of any

person entitled to exercise or enjoy any rights, entitlements and benefits accruing thereto on a timely basis);

- (vi) the failure by the Participant to make payment or to deliver Eligible Securities, or to perform such other duties or obligations contemplated in the Rules;
- (vii) the failure of any Designated Bank to perform in relation to money settlement services in CCASS and other matters involving payments as contemplated in the Rules or (where applicable) to perform its duties or obligations as contemplated in the FINI Terms and Conditions in respect of the Participant's Electronic Application Instructions for New Issue Shares;
- (viii) anything done, omitted or suffered by HKSCC under, arising out of or in connection with the CMU Software Sub-license Agreement, the CMU Membership Agreement including the CMU Rules and CMU Manual referred to therein (as referred to in Rule 703) or the CMU Service, insofar as the same arises out of or is connected with or related to Tender Instructions or Transfer Instructions given by the Participant;
- (viiiia) anything done, omitted or suffered by HKSCC, its agents, nominees, representatives, officers and employees under, arising out of, in connection with or otherwise related to Cross-Border Transfer Instructions given by the Participant;
- (ix) any proceeding or investigation brought by or on behalf of any government, regulatory body, self-regulatory organization, or any other regulatory authority exercising disciplinary functions to which the Participant is subject;
- (x) any action by HKSCC or its agents, nominees, representatives, officers and employees in respect of Eligible Securities held or recorded in CCASS or by an Appointed Depository, taken in good faith to comply with any law, decree, regulation or order of any government, competent authority or any court or tribunal;
- (xi) any actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in relation to SSA Statement Recipients (including but not limited to any acts or omissions in reliance on or pursuant to the authorization of the Participant under Section 3.4A of the Operational Procedures) and all matters relating thereto as contemplated in the Rules;
- (xii) any actions taken or any transactions entered into by HKSCC, as TSF operator, to adjust, amend, or reverse any TSF FX Transactions or Stock Release FX Transactions in respect of or for a Participant which is a TSF CCASS Participant, whether such adjustment, amendment or reversal arises from a Trade Amendment or otherwise;
- (xiii) any actions taken by HKSCC, as the operator of Synapse, to effect any instruction in respect of or for a Participant which is a Synapse User; and

- (xiv) any actions taken or any transactions entered into by HKSCC, as the operator of FINI, to effect any Electronic Application Instructions for New Issue Shares in respect of or for a Participant which is a FINI CP User.

1902. Participants liable for officers, employees etc.

For the purpose of determining whether a Participant other than an Investor Participant or a Corporate Investor Participant is liable under Rule 1901, the acts or omissions of its officers, employees, agents, representatives, SSA Statement Recipients and the persons comprising SSA Statement Recipients, and NCPs shall be deemed to be the acts or omissions of the Participant or in the case of any NCCCP in respect of its China Connect Securities Trades, deemed to be the acts or omissions of its GCP designated for the clearing of such China Connect Securities Trades.

- 1903.** Each Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and keep HKSCC, the Exchange and a recognized exchange controller which is the controller of HKSCC indemnified from and against any loss, cost (including cost of enforcement), interests, liability (including any tax or other fiscal liability), claim, damage, cost or expenses of whatever nature which HKSCC, the Exchange and a recognized exchange controller which is the controller of HKSCC incurred or suffered in connection with any actions taken by HKSCC or any actions that HKSCC is required to take to comply with any obligations relating to the Tax Information Exchange Framework (or fails to take relating to Withholding Tax obligations) with respect to such Participant.