

CHAPTER 24

SECURITIES LOSSES

2401. Declaration of a Securities Loss

Without prejudice to any obligation or liability that HKSCC may have (including, but not limited to, those under Rule 813, Rule 814, Rule 815 and Rule 816), if one or more Eligible Securities in CCASS is lost or otherwise becomes unavailable (such loss or unavailability being referred to as a "Securities Loss"), then, HKSCC may declare that a Securities Loss has occurred.

For the avoidance of doubt, HKSCC shall not declare that a Securities Loss has occurred unless it determines that it is not possible or reasonably practicable for HKSCC to replace the Eligible Securities which are the subject of the Securities Loss.

2402. Eligible Securities deemed to be lost or unavailable

For the purpose of Rule 2401, HKSCC may deem one or more Eligible Securities to be lost or unavailable if :

- (i) such Eligible Securities are lost or defective, including where Eligible Securities are stolen, mutilated or destroyed; or are forged, fraudulent or invalid; or if for any reason cannot be registered or re-issued or cannot be delivered or are unavailable for delivery; or
- (ii) such Eligible Securities are nationalised, expropriated or seized.

2403. Allocation of a Securities Loss to Participants

Upon a declaration of a Securities Loss, HKSCC shall allocate such Securities Loss to those Participants having the relevant Eligible Securities in their Stock Accounts at the time by debits to their Stock Accounts either pro-rata to their holdings at the time HKSCC declares that such Securities Loss has occurred or in such other manner as HKSCC shall in its absolute discretion consider fair and appropriate in the circumstances.

If, as a result of an allocation of a Securities Loss to affected Participants, there shall be in the Stock Accounts of such Participants fractional Eligible Securities, HKSCC shall be authorised to sell such fractional Eligible Securities on such terms as it sees fit for the benefit of such Participants.