
CHAPTER 38

SETTLEMENT AGENT

3801. Application for Settlement Agents to be connected to CCASS

HKSCC may, on a Participant's application, approve the appointment of a Settlement Agent by a Participant to access CCASS and conduct settlement and other activities in CCASS on behalf of the Participant. For the avoidance of doubt, Investor Participants are not entitled to apply for the appointment of a Settlement Agent, and a Participant (other than an Investor Participant) shall not appoint more than one Settlement Agent unless with the prior written approval of HKSCC.

In applying for the appointment of a Settlement Agent to access CCASS, a Participant shall follow such procedures as may from time to time be prescribed by HKSCC.

Approval of an application for the appointment of a Settlement Agent is entirely at the discretion of HKSCC. HKSCC may impose such conditions and restrictions as it thinks fit at the time of approval of such application and at any time thereafter during the appointment of the Settlement Agent by giving written notice to the Participant.

HKSCC shall be entitled to revoke any approval granted to a Participant concerning its appointment of a Settlement Agent and to disconnect its Settlement Agent's connection to CCASS, at any time after the appointment has commenced by notifying the Participant in writing. For the avoidance of doubt, in the event that any connection to CCASS by a Settlement Agent is determined by HKSCC to be incompatible with or in any way inappropriate for CCASS, HKSCC may revoke any approval granted to a Participant concerning its appointment of the Settlement Agent and to disconnect all connections of the Settlement Agent at any time by giving written notice to the Participant.

3802. Obligations of CCASS Participants in connection with Settlement Agents

So long as its appointment of a Settlement Agent is valid, the Participant shall ensure and shall procure that the Settlement Agent, in conducting its activities in CCASS on behalf of the Participant, complies with the Rules and the Operational Procedures as set out by HKSCC from time to time. Where its Settlement Agent's access to CCASS is from a foreign jurisdiction or its Settlement Agent's office premises are located in a foreign jurisdiction, the Participant shall specifically comply with Rules 3901 to 3904.

A Participant shall give prompt notice to HKSCC of any change in information regarding the Settlement Agent or its appointment as supplied to HKSCC at the time of application under Rule 3801 or as supplied to HKSCC from time to time after the application has been approved.

A Participant shall, in relation to all its activities, dealings and transactions in CCASS or with HKSCC or in relation to all Eligible Securities standing to its credit in CCASS from time to time, be liable to HKSCC under the Rules as principal notwithstanding its arrangement with a Settlement Agent. For the avoidance of doubt, all acts done, instructions input and communications given in or related to CCASS by a Participant's Settlement Agent or purported to be done, input or given via the Participant's Settlement Agent's access and connection to CCASS shall, for the purposes of the Rules, be treated as those of the Participant, and the Participant shall be liable as principal for all such acts, instructions and communications.

A Participant shall ensure that it is able to, and shall continue to, comply with all of its obligations as a Participant under the Rules despite its appointment of and engagement of the services of a Settlement Agent. A Participant shall further ensure that its Settlement Agent does not subcontract, assign or in any way permit

any other party (whether or not associated with the Settlement Agent or the Participant) to perform its rights and obligations as the Participant's Settlement Agent except with the prior written approval of HKSCC.