

GENERAL RULES OF CCASS

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:

“Exchange Trading System”	means the automatic order matching and execution system as installed and operated by the Exchange for securities trading;
“TSF Buy Exchange Trade”	means an Exchange Trade with respect to the purchase of TSF Stocks by a TSF Exchange Participant through the Exchange Trading System which is (i) supported by a TSF Buy FX Order prior to the effect of the Exchange Trade on the Exchange Trading System; and (ii) supported by a TSF Buy FX Transaction upon the effect of the Exchange Trade on the Exchange Trading System;
“TSF Buy FX Order”	means an order for the conversion of HKD to RMB by a TSF Exchange Participant to HKSCC as TSF operator through an input into the Exchange Trading System for the purpose of supporting an order to purchase TSF Stocks, which order shall, upon matching on the Exchange Trading System, constitute a TSF Buy Exchange Trade;
“TSF Sell Exchange Trade”	means an Exchange Trade with respect to the sale of TSF Stocks by a TSF Exchange Participant through the Exchange Trading System which is (i) supported by a TSF Sell FX Order prior to the effect of the Exchange Trade on the Exchange Trading System; and (ii) supported by a TSF Sell FX Transaction upon the effect of the Exchange Trade on the Exchange Trading System;
“TSF Sell FX Order”	means an order for the conversion of RMB to HKD by a TSF Exchange Participant to HKSCC as TSF operator through an input into the Exchange Trading System for the purpose of supporting an order to sell TSF Stocks, which order shall, upon matching on the Exchange Trading System, constitute a TSF Sell Exchange Trade;

CHAPTER 9

CLEARING SERVICES

901. Clearance of Exchange Trades

(ia) Substitution Process

Where a party to an Exchange Trade is an NCP, the GCP of that NCP designated for clearing Exchange Trades of such NCP shall become a party to the Exchange Trade as principal in substitution for, and with exactly the same rights and obligations under the Exchange Trade as, that NCP.

Where a party to an Exchange Trade is a Special Participant, the relevant Clearing Agency Participant which clears Exchange Trades for the Special Participant shall become a party to the Exchange Trade as principal in substitution for, and with exactly the same rights and obligations under the Exchange Trade as, that Special Participant.

In relation to TSF Exchange Trades of a TSF Exchange Participant, the TSF Clearing Participant of that TSF Exchange Participant designated for clearing TSF Exchange Trades of such TSF Exchange Participant shall become a party to the relevant TSF Exchange Trade and the corresponding TSF FX Transaction as principal in substitution for, and with exactly the same rights and obligations under the relevant TSF Exchange Trade and the corresponding TSF FX Transaction as, that TSF Exchange Participant at the same time as the relevant TSF Exchange Trade is effected on the Exchange Trading System.

CHAPTER 12A

FOREIGN EXCHANGE SERVICES

12A01. The TSF

HKSCC may, as TSF operator, provide FX Services to TSF Participants for the purpose of facilitating the purchase and sale of TSF Stocks traded on the Exchange based on the following principles:

- (ii) TSF Exchange Participants which place a TSF Buy FX Order accept that the funds in RMB which HKSCC may provide under the FX Services shall be applied towards the purchase of the relevant TSF Stocks only and accordingly shall only be used for the purposes of settling the corresponding TSF Buy Exchange Trade, when effected on the Exchange Trading System;

12A06. Trades supported by TSF

TSF is only available for trades:

- (i) which are designated by a TSF Exchange Participant as trades which require the FX Services and are effected on the Exchange Trading System in accordance with the Exchange Rules; and
- (ii) which are Exchange Trades accepted by HKSCC for settlement under the CNS System in accordance with the Rules.

12A10. RMB FX Rates

HKSCC may in its discretion determine to publish the FX rates set out in this Rule at such other times as it considers appropriate, whether due to a change in the trading hours of the Exchange or otherwise.

For the avoidance of doubt, where any order for the sale or purchase of TSF Stocks input into the Exchange Trading System by a TSF Exchange Participant during the Morning Session is not effected during that Session but is transferred to the Afternoon Session of a Trading day for execution:

- (a) the RMB Buy Indicative FX Rate or the RMB Sell Indicative FX Rate published by HKSCC for the Afternoon Session shall apply to the corresponding TSF FX Order; and
- (b) where the order is effected on the Exchange Trading System during the Afternoon Session, the RMB Buy Final FX Rate or the RMB Sell Final FX Rate published by HKSCC for the Afternoon Session shall apply to the corresponding TSF FX Transaction.

12A11. TSF Exchange Trades and TSF FX Transactions

Subject to Trade Amendments as allowed by the Exchange Rules and the publication of the FX rates referred to in Rule 12A10 on the relevant Trading day, upon effecting a TSF Exchange Trade on the Exchange Trading System, a TSF FX Transaction relating to the corresponding TSF FX Order shall automatically be generated for the purpose of settlement of the TSF Exchange Trade.

A TSF Participant's obligation under a TSF FX Transaction represents an unconditional and irrevocable commitment to buy RMB from or sell RMB to HKSCC at the applicable RMB Sell Final FX Rate or RMB Buy Final FX Rate. Subject to the Rules and the Operational Procedures, TSF FX Transactions shall be settled by TSF Clearing Participants on the same Settlement Day on which the corresponding TSF Exchange Trades are settled by the delivery to HKSCC of the relevant funds in RMB at the applicable RMB Buy Final FX Rate (in respect of a TSF Sell FX Transaction), or in HKD at the applicable RMB Sell Final FX Rate (in respect of a TSF Buy FX Transaction). Procedures on the settlement of TSF FX Transactions and related provisions are set out in the Operational Procedures.

12A16. HKSCC's obligations

The provision of the FX Services by HKSCC and HKSCC's obligations to settle a TSF FX Transaction or a Stock Release FX Transaction are at all times conditional and dependent on the relevant TSF Partner Bank providing FX rates to HKSCC and delivering RMB or HKD to HKSCC on the relevant settlement day. Accordingly, should a TSF Partner Bank fail to deliver funds or sufficient funds in the relevant currency on the relevant settlement day, HKSCC is entitled not to:

- (i) settle a TSF FX Transaction notwithstanding that such TSF FX Transaction and the related TSF Exchange Trade shall be deemed to be binding on a TSF Participant upon the effect of a TSF Exchange Trade on the Exchange Trading System pursuant to the Exchange Rules; or

12A18. Temporary suspension of TSF

If HKSCC decides to suspend all or part of the FX Services, it shall publish an announcement, on the HKEX website and/or by such other means as HKSCC considers appropriate, stating which part of the FX Services will be suspended, whether any TSF Exchange Trade, TSF FX Transaction or Stock Release FX Transaction will be affected, the effective date and time of suspension and any other information as HKSCC shall consider appropriate.

Unless HKSCC otherwise determines or specifies:

- (a) a suspension of part of the FX Services does not affect the availability of other FX Services. Specifically, a suspension of the FX Services for TSF Buy FX Orders does not affect FX Services for TSF Sell FX Orders, and a suspension of the FX Services for TSF Buy FX Transactions does not affect the FX Services for TSF Sell FX Transactions or Stock Release FX Transactions and vice versa;
- (b) where the FX Services for TSF Buy FX Orders are suspended, all TSF Buy FX Orders input on the Exchange Trading System and all TSF Buy FX Transactions generated after the effective date or time of the suspension shall not be dealt with or settled by HKSCC; and
- (c) where the FX Services for TSF Sell FX Orders are suspended, all TSF Sell FX Orders input on the Exchange Trading System and all TSF Sell FX Transactions and Stock Release FX Transactions generated after the effective date or time of the suspension shall not be dealt with or settled by HKSCC.

In the event where paragraph (b) occurs, unless HKSCC otherwise determines, TSF CCASS Participants shall be responsible for obtaining the relevant funds in RMB to settle any TSF Buy Exchange Trades which are supported by TSF Buy FX Transactions generated after the effective date or time of suspension of the relevant FX Services. In the event where paragraph (c) occurs, unless HKSCC otherwise determines, TSF CCASS Participants shall be deemed to accept the relevant sale proceeds in RMB in respect of any TSF Sell Exchange Trades which are supported by TSF Sell FX Transactions generated after the effective date or time of suspension of the relevant FX Services. Further, all Stock Release Requests submitted to and Stock Release FX Transactions accepted by HKSCC after the effective date or time of suspension of the relevant FX Services shall be of no effect.