

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Exchange Traded Fund”

Means any open-ended fund, Unit Trust or similar investment arrangement that is listed and/or traded 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 Exchange Traded Fund of which the Issuer is the manager or trustee, in each case in accordance with the terms and conditions of a Prospectus;

“Unit”

means one undivided share or undivided beneficial interest in an Unit Trust Exchange Traded Fund, a fund or similar investment arrangement;

Section 6

Operational and Service Schedule

6.2.1 Daily Processing and Service Schedule in relation to Eligible Securities Other than China Connect Securities

For the purpose of this Section 6.2.1, references to “Eligible Securities” shall mean Eligible Securities other than China Connect Securities.

Time	CCASS events
...	
9:00 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable: <ul style="list-style-type: none"> (i) Electronic Application Instructions for New Issue Shares (if such day is the application start date) maintenance function; (ii) Tender Instructions (if such day is the tender or application start date) maintenance function; and (iii) Collateral Security maintenance and upload functions First batch of scrip entitlement distribution <u>Commencement of book-entry deposit / withdrawal orders maintenance functions</u>
...	
<u>3:00 p.m.</u>	<u>Close of book-entry deposit / withdrawal orders maintenance functions</u>
...	

Section 8 Nominee Services

8.20 **ELECTRONIC APPLICATIONS FOR THE ISSUE AND REDEMPTION OF UNITS AND BOOK-ENTRY DEPOSIT OR WITHDRAWAL OF UNITS**

8.20.1 **General**

The procedures for the issue and redemption of Units in an Unit Trust Exchange Traded Fund, and the rights and obligations of Participants in respect of such issue and redemption, will be governed by the trust deed (including any other relevant constitutive document such as an instrument of incorporation, etc.) constituting the Unit Trust Exchange Traded Fund and the general law. The trust deed normally gives the manager or trustee of the Unit Trust Exchange Traded Fund the right to issue and holders of Units the right to redeem Units. Normally, Units may be issued against payment in cash and/or the transfer of underlying securities. Normally, Units are redeemed by the manager or trustee paying cash and/or transferring underlying securities to the redeeming holder of Units. Underlying securities (including but not limited to equities, debts, and derivative products) of Units may be Eligible Securities or non-Eligible Securities.

8.20.2 **Issue of Units**

The following procedures will usually apply provided that where the underlying securities of Units are non-Eligible Securities, HKSCC may not be responsible for the transfer of such underlying securities for the issue of Units and the following procedures relating to the debiting of underlying securities by CCASS may not apply:

- (i) Participants (other than Investor Participants) that wish to apply for Units must input Cash Creation Orders (if the Units are to be issued for cash) and/or In Kind Creation Orders (if the Units are to be issued for Eligible Securities, with a cash component, if any), in each case via their CCASS Terminals. Orders (which expression includes Cash Creation Orders and In Kind Creation Orders) must be in whatever minimum amounts and multiples thereof as specified. Normally, the times for input of such Orders will be 9:15 a.m. to 4:25 p.m. on any Business Day. However, the exact times and days will be determined by the manager or trustee of the relevant Unit Trust Exchange Traded Fund. The trust deeds constituting the Unit Trusts Exchange Traded Fund may limit the number of Units which may be issued within a period or certain periods of time, for example, the trust deed constituting the Tracker Fund of Hong Kong limits the number of Units which may be issued in any quarter. For such Unit Trusts Exchange Traded Fund, Participants may enquire via CCASS Terminals as to the number of the Units available for creation. When the limit of the Units available for creation has been reached, no Cash Creation Orders in respect of the Units of the relevant Unit Trust Exchange Traded Fund will be accepted. Orders which are at the accepted status shown on the CCASS screen will be deemed to have been accepted by the relevant manager or trustee provided that such an accepted order may still be unsuccessful or rejected in accordance with the relevant trust deed.
- (ii) Following receipt of Cash Creation Orders at accepted status, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such Cash Creation Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant Unit Trust Exchange Traded Fund via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Creation of Units - Credit Authorization Form (Cash Application) (as set out in the CCASS Terminal User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date and remit the application monies and all applicable duties, charges and transaction fees via CHATS to HKSCC's designated bank accounts under advice to HKSCC at or before 1:00 p.m. on the relevant settlement date. The

settlement date will normally be the date falling two Business Days after the date on which the Cash Creation Orders are accepted.

- (iii) Following receipt of In Kind Creation Orders at accepted status, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such In Kind Creation Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant Unit Trust Exchange Traded Fund via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Creation of Units (In Kind Creation) - Debit and Credit Authorization Form (as set out in the CCASS Terminal User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date. Following receipt of such forms HKSCC will debit the Eligible Securities specified in them from the designated Stock Accounts of the Participants concerned after each Batch-settlement-run on the settlement date. Relevant Participants must remit the applicable cash component (if any) and all applicable duties, charges and transaction fees via CHATS to HKSCC's designated bank account under advice to HKSCC at or before 1:00 p.m. on the settlement date. The settlement date will normally be the date falling two Business Days after the date on which the In Kind Creation Orders are accepted.
- (iv) If HKSCC does not receive the relevant application monies (including any cash component) and all applicable duties, charges and transaction fees at or before 1:00 p.m., or the underlying Eligible Securities are not successfully debited from the designated Stock Account by the time immediately following the last Batch-settlement-run, on the settlement date, the relevant Orders will be rejected by HKSCC under advice to the relevant Participants by facsimile or in any other manner as decided by HKSCC. There may be other circumstances set out in the relevant trust deed requiring or entitling the manager or trustee of the Unit Trust Exchange Traded Fund to reject a request to issue Units. HKSCC shall make only one debit attempt after each Batch-settlement-run on the settlement date until the relevant Eligible Securities are transferred to HKSCC.
- (v) If a Cash Creation Order is unsuccessful or is rejected, the application monies received from the Participant giving the Order will be re-credited to its Money Ledger by HKSCC. If an In Kind Creation Order is unsuccessful or is rejected, the Eligible Securities debited from the Participant's designated Stock Account will be re-credited to its designated Stock Account by HKSCC. Any CCASS fee, if applicable, collected will not be refunded.
- (vi) If HKSCC receives certificates representing Units created or, in respect of Units issued in uncertificated form, written confirmation from the manager or trustee of the relevant Unit Trust Exchange Traded Fund confirming successful creation of the relevant number of Units at or before 3:45 p.m. on any Business Day, HKSCC will cause the Units to be credited to the Stock Accounts designated in the Debit and Credit Authorization Forms or the form(s) specified by HKSCC of the relevant Participants (other than Investor Participants) after 3:45 p.m. on the same day. Otherwise, such crediting will be carried out on the following Business Day. Nothing in this paragraph shall be construed as the giving of a guarantee for same day settlement on the part of HKSCC.
- (vii) If HKSCC receives any cash amount payable to a Participant applying for Units at or before 3:45 p.m. on any Business Day, HKSCC will credit such cash amount to the Money Ledger of such Participant on the same day. Otherwise, such crediting will be carried out on the following Business Day.
- (viii) Following receipt of instructions from the manager or trustee of the Unit Trust Exchange Traded Fund, debit entries representing cancellation fees (if applicable) will be posted to the Money Ledgers of Participants that have failed to remit or make available for debit the requisite application monies (including any cash component) and/or Eligible Securities in accordance with Section 8.20.2(ii) or 8.20.2(iii) (as the case may be).

8.20.2A Book-entry deposit of Units

The following procedures will usually apply to the book-entry deposit of Units which are not issued or redeemed through HKSCC :

- (i) Participants (other than Investor Participants) that wish to deposit issued Units into CCASS must input their book-entry deposit orders via their CCASS Terminals. The times for the input of such orders will normally be 9:00 a.m. to 3:00 p.m. starting from two Business Days prior to the settlement date.
- (ii) For a book-entry deposit order, a Participant's designated Stock Account in CCASS will be credited at or before 3:45 p.m. on the settlement date once confirmation is received from the registrar (or any administrative agent acting in such capacity) of the Exchange Traded Fund that the relevant Units have been issued and recorded in the name of Nominee on the register of Unitholders and such book-entry deposit order will be changed to settled status.
- (iii) If HKSCC does not receive a confirmation from the registrar (or any administrative agent acting in such capacity) that the Units under a book-entry deposit order have been issued and recorded in the name of Nominee on the register of Unitholders before 3:45 p.m. on the settlement date, such book-entry deposit order will be rejected by HKSCC via the CCASS Terminal.
- (iv) HKSCC has the right to reject a book-entry deposit order if the details input by a Participant into the CCASS Terminal are incomplete or inaccurate.

8.20.3 Redemption of Units

The following procedures will usually apply provided that where the underlying securities of Units are non-Eligible Securities, HKSCC may not be responsible for the transfer of such underlying securities for the redemption of Units and the following procedures relating to crediting of underlying securities by CCASS may not apply :

- (i) Participants other than Investor Participants that wish to redeem Units must input their Unit Redemption Orders via their CCASS Terminals. Orders must be in whatever minimum amounts or multiples thereof as specified. Normally, the times for input of such Orders will be 9:15 a.m. to 4:25 p.m. on any Business Day. However, the exact times and days will be determined by the manager or trustee of the relevant ~~unit trust~~ Exchange Traded Fund. Orders which are at the accepted status shown on the CCASS screen will be deemed to have been accepted by the relevant manager or trustee provided that such an accepted order may still be unsuccessful or rejected in accordance with the relevant trust deed.
- (ii) Following receipt of Unit Redemption Orders, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such Unit Redemption Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant ~~Unit Trust~~ Exchange Traded Fund via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Redemption of Units - Debit and Credit Authorization Form (as set out in the CCASS Terminal User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date. The settlement date will normally be the date falling two Business Days after the date on which Unit Redemption Orders are accepted. Following receipt of such forms, HKSCC will debit the available Units specified in them from the designated Stock Accounts of the Participants concerned after each Batch-settlement-run on the settlement date. HKSCC shall make only one debit attempt after each Batch-settlement-run on the settlement date until the relevant Units are transferred to HKSCC. Relevant Participants must remit applicable cash component (if any), and all applicable duties, charges and transaction fees via CHATS to HKSCC's

designated bank account under advice to HKSCC at or before 1:00 p.m. on the settlement date.

- (iii) If the relevant Units are not successfully debited from the designated Stock Account by the time immediately following the last Batch-settlement-run on the settlement date, the relevant Unit Redemption Orders will be rejected by HKSCC under advice to Participants by facsimile or in any other manner as decided by HKSCC. There may be other circumstances set out in the relevant trust deed requiring or entitling the manager or trustee of the relevant Unit Trust Exchange Traded Fund to reject a request to redeem Units.
- (iv) If a Unit Redemption Order is unsuccessful or is rejected, the Units debited from the Participant's designated Stock Accounts will be re-credited to its designated Stock Account by HKSCC. HKSCC will also arrange for any surplus monies received by HKSCC in respect of duties, charges and transaction fees to be refunded to Participants. Any CCASS fee collected, if applicable, will not be refunded.
- (v) If HKSCC receives Eligible Securities representing the Units redeemed at or before 3:45 p.m. on any Business Day, HKSCC will cause such Eligible Securities to be credited to the Stock Accounts designated in the Debit and Credit Authorization Forms or the form(s) specified by HKSCC of the relevant Participants other than Investor Participants after 3:45 p.m. on the same day. Otherwise, such crediting will be carried out on the following Business Day. Nothing in this paragraph shall be construed as the giving of a guarantee for same day settlement on the part of HKSCC.
- (vi) If HKSCC receives any cash amount payable to a Participant applying for redemption of Units at or before 3:45 p.m. on any Business Day, HKSCC will credit such cash amount to the Money Ledger of such Participant on the same day. Otherwise, such crediting will be carried out on the following Business Day.
- (vii) Following receipt of instructions from the manager or trustee of the Unit Trust Exchange Traded Fund, debit entries representing cancellation fees (if applicable) will be posted to the Money Ledgers of Participants who have failed to make available for debit the requisite Units in accordance with section 8.20.3(ii).

8.20.3A Book-entry withdrawal of Units

The following procedures will usually apply to the book-entry withdrawal of Units which are not issued or redeemed through HKSCC:

- (i) Participants (other than Investor Participants) that wish to withdraw Units must input their book-entry withdrawal orders via their CCASS Terminals. The times for the input of such orders will normally be 9:00 a.m. to 3:00 p.m. starting from two Business Days prior to the settlement date.
- (ii) For a book-entry withdrawal order, HKSCC will debit a Participant's designated Stock Account in CCASS at or before 3:45 p.m. upon receiving such order on the settlement date and such book-entry withdrawal order will be changed to settled status.
- (iii) If the withdrawn Units are not successfully cancelled at the registrar (or any administrative agent acting in such capacity) of the relevant Exchange Traded Fund, the Units debited from the Participant's designated Stock Accounts will be re-credited to its designated Stock Account by HKSCC.
- (iv) HKSCC has the right to reject a book-entry withdrawal order if the details input by a Participant into the CCASS Terminal are incomplete or inaccurate.