

CCASS OPERATIONAL PROCEDURES

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Definitions

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

“Back-Up Centre”

means a place where back-up facilities are provided by HKSCC to a Participant other than an Investor Participant, as referred to in Rule 1301;

“CCASS”

means the Central Clearing and Settlement System operated by HKSCC, and unless otherwise stated or the context requires otherwise, references in the Rules to “CCASS” shall include RMS and CCMS;

“CCASS Terminal User Guide” or “CCASS Terminal User Guide for Participants”

means the guide entitled "CCASS Terminal User Guide for Participants" of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Participants other than Investor Participants, as from time to time in force;

“Expected Uncollateralised Loss”

means, in respect of a Clearing Participant, the net projected loss calculated under daily stress testing arising from all CNS stock positions of the Clearing Participant;

“Guarantee Fund Expected Uncollateralised Loss”

has the meaning given to it in Section 10.11.3C of the Operational Procedures;

“Initial Margin Calculation Guide”

means the guide entitled “Initial Margin Calculation Guide” of HKSCC in relation to RMS, containing information on the calculation of Margin under the CNS System, as from time to time in force;

“Marginable Position”

means the Mark-to-market value of the unsettled stock position of a Clearing Participant or Clearing Agency Participant under the CNS System, as determined by HKSCC for computation of Margin;

“RMS”

means a sub-system of CCASS operated by HKSCC which enables Participants other than Investor Participants to conduct risk monitoring and risk management functions on their stock positions under the CNS System;

“RMS Guide”

means the guide entitled “RMS Guide” of HKSCC in relation to RMS, containing information on the use of RMS, the Initial Margin Calculation Guide, the Stress Test Value Calculation Guide and such other information as may be included by HKSCC as part of the RMS Guide from time to time;

“Stress Test Value Calculation Guide”

means the guide entitled “Stress Test Value Calculation Guide” of HKSCC in relation to RMS, containing information on the calculation of stress test value under the CNS System, as from time to time in force;

- (b) When used in the Operational Procedures, the following expressions shall have the following meanings unless the context otherwise requires:

“Access Level”

means, in relation to an Authorised User of a Participant other than an Investor Participant, the pre-determined level of CCASS functions or services to be made available to that Authorised User via the CCASS Terminal and/or RMS of that Participant, such level to be determined by that Participant from time to time, as referred to in Section 3.4;

“Administration Rights”

means the pre-determined security management functions available to Delegated Administrators via the CCASS Terminals and/or RMS of Participants other than Investor Participants, as referred to in Section 3.5.2;

“Allocated Positions”

means, in relation to a Market Contract, long stock positions under the CNS System of a Clearing Participant or a Clearing Agency Participant to which Eligible Securities have been allocated but monies payment obligations arising therefrom remain outstanding and are not covered in full by cash prepayment;

“CCASS Terminal User Guide for Designated Banks”

means the guide entitled "CCASS Terminal User Guide for Designated Banks" of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Designated Banks, as from time to time in force;

“Collateral Security Batch-run”

means the process adopted by HKSCC to effect, at stated times, the provision of Collateral Securities by Clearing Participants or Clearing Agency Participants to HKSCC whereby Eligible Securities will be automatically debited from the Stock Accounts of the Clearing Participants or Clearing Agency Participants and credited to the CCMS Collateral Accounts of such Clearing Participants or Clearing Agency Participants for HKSCC's waiver of computation of Marks and reduction of Marginable Position for computation of Margin, as referred to in Sections 10.10.3 and the Initial Margin Calculation Guide;

“Final Clearing Statement” or “FCS”

means, in relation to Exchange Trades or Clearing Agency Transactions executed or effected on T-day for clearing and settlement by a Clearing Participant or a Clearing Agency Participant, a statement issued by HKSCC to that Participant on T+1, the Business Day following the relevant day of the transaction, as referred to in Sections 10.2.3 and 12.2.2; and in relation to China Connect Securities Trades executed on T-day for clearing and settlement by a China Connect Clearing Participant, a statement issued by HKSCC to that Participant on T-day, as referred to in Sections 10A.1.4 and the CCASS Terminal User Guide for Participants;

“Input Transaction Limit”

means, in relation to an Authorised User of a Corporate Investor Participant and a Participant other than an Investor Participant, the pre-determined limit (in money terms) of that Authorised User above which certain instructions input into CCASS by that Authorised User will not be processed in CCASS by HKSCC, such limit to be determined by that Participant from time to time, as referred to in Section 3.4;

“Mainland Security Deposit Payable Report”

means, in relation to a China Connect Clearing Participant, a report provided by HKSCC to such Participant, containing details of the computation of Mainland Security Deposit payable by such Participant in respect of each China Connect Market with reference to the net settlement amount in China Connect Securities Trades of such Participant and its NCCCPs on that China Connect Market, as referred to in the CCASS Terminal User Guide for Participants;

“Mainland Settlement Deposit Payable Report”

means, in relation to a China Connect Clearing Participant, a report provided by HKSCC to such Participant, containing details of the computation of Mainland Settlement Deposit payable by such Participant in respect of each China Connect Market with reference to the buy turnover in China Connect Securities and overdue short CNS positions in China Connect Securities of such Participant and its NCCCPs on that China Connect Market and the sell turnover in China Connect Securities that are executed on that China Connect Market by such Participant and its NCCCPs for Special Segregated Accounts, as referred to in the CCASS Terminal User Guide for Participants;

“Margin Rate”

means the percentage determined by HKSCC to be applied to Marginable Position in the computation of Margin, as referred to in Section 10.10A;

“Marks and Margin Account”

means, in relation to a Clearing Participant or a Clearing Agency Participant, a sub-account in the Money Ledger of that Participant which is used to record Marks and Margin on all unsettled stock positions of that Participant under the CNS System, as referred to in Section 10.10.11 or 10.10A.8;

“Non-cash Collateral Cap”

means a percentage of Marks, Margin, Collateral and other obligations (actual and contingent) of a Participant, as determined by HKSCC from time to time in order to calculate the maximum amount of Non-cash Collateral that may be allowed as cover for the Marks, Margin, Collateral and other obligations (actual and contingent) of the Participant due to HKSCC under the CNS System. For the avoidance of doubt, the provision of Collateral Security to cover a part or the whole of a short CNS stock position from a Clearing Participant or Clearing Agency Participant for HKSCC’s waiver of computation of Marks and reduction of Marginable Position for computation of Margin required from such Participant will not be included in such calculation of the maximum amount of Non-cash Collateral;

“Preferred Single Settlement Currency”

means an Eligible Currency selected by a Clearing Participant and accepted by HKSCC as the currency for cash settlement of the shortfall in Marks and Margin of the Clearing Participant after the collateralization process under Section 10.15.3 of the Operational Procedures;

“RMS Authorised User”

means, in relation to a Participant other than an Investor Participant, a person approved by that Participant in the manner prescribed by HKSCC from time to time as being authorised to access RMS on behalf of that Participant, as referred to in Section 3.4.2;

“RMS Delegated Administrator”

means, in relation to a Participant other than an Investor Participant, a person appointed by that Participant in a manner prescribed by HKSCC from time to time as being authorised to administer the access profile of a RMS Authorised User of that Participant via the RMS, as referred to in Section 3.3.2;

Section 1

Introduction

1.3 MAIN CCASS SERVICES

The main services of CCASS are:

- (i) depository and custodian services, whereby Participants can maintain Eligible Securities in CCASS (for safe-keeping or settlement purposes) and can make deposits into or withdrawals out of CCASS, as reflected in Stock Accounts allocated to them by HKSCC;
- (ii) nominee and similar services in relation to Eligible Securities in CCASS, such as the distribution of dividends, interest and redemption proceeds, forwarding shareholders' circulars, appointment of proxies for voting, etc.;
- (iii) clearing and settlement services in relation to all Exchange Trades based on trade details received from the Exchange, either under the CNS System, whereby HKSCC becomes the settlement counterparty, or under the Isolated Trades System;
- (iiia) clearing and settlement services in relation to all Clearing Agency Transactions based on trade details received from the relevant Clearing Agency Participant, either under the CNS System, whereby HKSCC becomes the settlement counterparty, or under the Isolated Trades System;
- (iiib) China Connect Clearing Services, including clearing and settlement services in relation to all China Connect Securities Trades under the CNS System based on trade details received from the relevant SEHK Subsidiary and the relevant China Connect Clearing House, whereby HKSCC becomes the settlement counterparty to the relevant China Connect Clearing Participants, and nominee and depository services in relation to China Connect Securities held by Participants;
- (iv) nominee, clearing and settlement services in relation to issues of securities (including New Issues and issues of Units), such as receipt of and compliance with application instructions from Participants and the payment and receipt of refunds in respect of application moneys;
- (v) additional services in relation to the issue and redemption of Units, such as receipt of and compliance with instructions to pay or receive cash or to transfer securities on such issue and redemption and to repay cash and re-transfer securities on cancellation or rejection of such instructions;
- (vi) nominee, clearing and settlement services in relation to issues of Exchange Fund Notes,

Government Bonds, Specified Instruments and CMU Instruments, such as receipt of and compliance with instructions from Participants to tender for Exchange Fund Notes or Specified Instruments or to apply for Government Bonds or CMU Instruments, and to pay moneys and receive refunds in respect of the tender or application (as the case may be);

- (vii) clearing and settlement services in relation to instructions to transfer Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments between Participants and (in the case of Exchange Fund Notes, Government Bonds and Specified Instruments) Recognized Dealers or (in the case of CMU Instruments) CMU Members;
- (viii) clearing and settlement services in relation to non-Exchange Trades between Participants (the details of such transactions being recorded in CCASS by the input of (a) in the case of Participants other than Investor Participants, Settlement Instructions by the two Participants involved in each such non-Exchange Trade or (b) an Investor Settlement Instruction by a Participant and, if required, affirmation by the relevant Investor Participant or being reported to HKSCC in such other manner as agreed between HKSCC and Participants);
- (ix) money settlement services, in relation to nominee services involving payments (e.g. distribution of dividend payments), or settlement services to be made against payment, whereby HKSCC will, based on details already recorded in CCASS, generate electronic payment instructions to the Designated Banks of Participants or for certain Hong Kong dollar money obligations, the Clearing House of HKAB, as the case may be, for processing;
- (x) the provision of comprehensive statement and/or reporting services to assist and enhance the use of CCASS by Participants in order to enable Participants to obtain the maximum benefit from CCASS; and
- (xi) the provision of risk monitoring and risk management services in relation to CNS stock positions via RMS.

The operation of the CNS System by HKSCC in effect involves HKSCC providing a "guarantee of settlement" for the Exchange Trades, China Connect Securities Trades and Clearing Agency Transactions settled under the CNS System, in favour of Participants which are parties to the Market Contracts.

Section 2

Participants

2.3 STOCK ACCOUNTS AND CCMS COLLATERAL ACCOUNTS

2.3.10 Stock Collateral Control Account

The Stock Collateral Control Account of a Clearing Participant or a Clearing Agency Participant which is a China Connect Clearing House will be used to record the Collateral Securities that have been transferred from the Stock Accounts of that Participant to its CCMS Collateral Account(s) to secure:

- (i) payment of Marks, Margin and/or Collateral payable by that Participant pursuant to the Rules;
- (ii) all obligations and liabilities (actual or contingent) of such Participant to HKSCC arising directly in connection with HKSCC ensuring the settlement of Market Contracts to which such Participant is a party;
- (iii) the discharge and satisfaction of all liabilities (actual or contingent) of the Participant to HKSCC arising from a loss of or defects affecting Eligible Securities pursuant to Rule 812, Rule 813, Rule 814 and Rule 815; and
- (iv) the discharge and satisfaction of all other obligations (actual or contingent) of the Participant to HKSCC.

Such Collateral Securities will also secure HKSCC's waiver of computation of Marks and reduction of Marginable Position for computation of Margin required from the Participant.

2.4 MONEY LEDGER

2.4.2 Sub-accounts of a Money Ledger

A Money Ledger of a Participant in respect of an Eligible Currency may consist of the following sub-accounts:

- (i) Settlement Account;
- (ii) Marks and Margin Account;
- (iii) [Repealed];
- (iv) Entitlements Account;
- (v) Billing Account; and

- (vi) Miscellaneous Account.

Only Clearing Participants and any Clearing Agency Participant which is a China Connect Clearing House will have the first two sub-accounts, namely the Settlement Account and the Marks and Margin Account. All these sub-accounts are relevant to the operation of the CNS System.

The sub-accounts of a Money Ledger are used to categorise the money positions of a Participant in an Eligible Currency in CCASS by their nature. For example, money positions arising from the delivery of Eligible Securities under the CNS System in an Eligible Currency will be booked to the Settlement Account in that Eligible Currency. The stock lending fee payable to a Lender under a Compulsory Stock Borrowing Transaction will be booked to the Lender's Miscellaneous Account.

2.5 AUTHORISED SIGNATORIES

2.5.1 Subject to 2.5.2, each Participant (other than an Investor Participant) must provide HKSCC with a list of authorised persons as its Authorised Signatories to give written instructions to HKSCC in connection with any matters relating to its participation and operations in CCASS and to perform, inter alia, any or all of the following functions on behalf of the Participant:-

- (a) authorise deposits and withdrawals of securities into and from its Stock Accounts, other than Stock Collateral Control Account or TSF Accounts (if the Participant is a TSF CCASS Participant), in CCASS and sign and submit the relevant forms to HKSCC, and “sign”, in relation to Stock Deposit Forms, includes the affixing or making of a stamped impression of the signature;
- (b) establish the list of its "Authorised Users" and RMS Authorised Users in CCASS and, where applicable, their "Access Level" and "Input Transaction Limit" as described in the respective Sections 3.4.1, 3.4.2, 3.5.3, 3.5.4 and 3.5A of the Operational Procedures, and sign and submit the relevant forms to HKSCC;
- (ba) authorise and/or amend the list of its "Delegated Administrators" and RMS Delegated Administrators in CCASS and, where applicable, their "Administration Rights" as described in the respective Sections 3.3.1, 3.3.2, 3.5.2 and 3.5A of the Operational Procedures, and sign and submit the relevant forms to HKSCC;
- (c) authorise change of its Designated Bank or Designated Bank Account for CCASS money settlement and sign and submit the relevant forms to HKSCC;
- (d) authorise the installation of additional CCASS Terminal(s) and additional Participant Gateway(s) and sign and submit the relevant forms to HKSCC;
- (e) notify HKSCC of any changes in any of the information provided in relation to its application for admission as a CCASS participant, including company name, Designated Officer or Alternate Designated Officer and correspondence address by signing and submitting the relevant forms to HKSCC; and
- (f) authorise Transfer Instructions.

Section 3

CCASS Terminals/CCASS Phone System/CCASS Internet System/ Participant Gateways/RMS

3.1 DIRECT LINKAGE

3.1.1 Use of PCs for direct linkage to CCASS

With the exception of Investor Participants and unless otherwise authorised by HKSCC pursuant to Rule 704, each Participant or its Settlement Agent is required to be directly linked to CCASS via dedicated data communication links through the use of a PC or multiple PCs at the Participant's office premises or its Settlement Agent's office premises located in Hong Kong or in a foreign jurisdiction.

With the exception of Investor Participants, each Participant or its Settlement Agent, in addition to the requirement set out in Section 3.1.1 above, may also be directly linked to CCASS via dedicated data communication links through the installation of a Participant Gateway to the host computer of HKSCC at the Participant's office premises or its Settlement Agent's office premises located in Hong Kong.

All Designated Banks are also required to install CCASS Terminals. In addition, a Designated Bank may also be directly linked to CCASS via dedicated data communication links through the installation of a Participant Gateway to the host computer of HKSCC at the Designated Bank's office premises located in Hong Kong (see Section 3.9). Designated Banks are responsible for bearing their own costs relating to their CCASS Terminals and Participant Gateways (whether in respect of installation, maintenance, connection or otherwise).

Unless otherwise approved by HKSCC, Investor Participants are not entitled to install CCASS Terminals, Participant Gateways or have access to RMS. They may access CCASS via the CCASS Phone System using a touch-tone phone, via the CCASS Internet System, or at the Customer Service Centre.

3.1.3 Technical requirements

The technical requirements for interface with the CCASS host computer of HKSCC are contained in the CCASS Terminal User Guide for Participants, the RMS Guide and the CCASS Terminal User Guide for Designated Banks, which can be found on the HKEX website.

3.1.4 Participants responsible for costs etc.

Participants are responsible for obtaining their own PCs, software and printers; and for arranging the installation of the required data communication links with CCASS. Participants are also responsible for all costs (maintenance or otherwise) relating to their access via CCASS Terminals, Participant Gateways, RMS, printers, data communication links and related peripherals, as well as for all costs (maintenance or otherwise) relating to the required system software.

3.1.5 Participants responsible for the use of CCASS

Participants shall take steps to protect their own computer systems. HKSCC does not warrant that CCASS is free from viruses or other harmful components or that it will be uninterrupted, error free or without delay in information transmission or processing. HKSCC makes no warranty of any kind, whether express or implied, as to the use of CCASS. Neither HKSCC nor any of its affiliates shall be liable for any damages, whether direct or indirect, incidental, special, punitive, consequential or otherwise, that may result from a Participant's reliance on or use of any information or services provided through CCASS, from any unauthorised access to CCASS by a third party, or from any error, omission, data deletion, delay, interruption, defect or failure in the operation or performance of CCASS.

3.3 DELEGATED ADMINISTRATORS

3.3.1 Establishing and Cancelling Delegated Administrators of CCASS Terminals

Each Participant must appoint its own administrators ("Delegated Administrators") to establish or cancel, via CCASS Terminal, the access of its Authorised Users to CCASS.

To appoint and cancel the appointment of a Delegated Administrator, a Participant must apply in the prescribed manner to HKSCC.

Upon approval of an application of a Participant to appoint a Delegated Administrator, HKSCC will provide to the Participant concerned a unique User ID and smartcard, in respect of that Delegated Administrator for access control purposes. The Participant must ensure that its Delegated Administrator creates or changes his initial Smartcard Password (where applicable) immediately upon receipt of the smartcard. If a Delegated Administrator forgets his Smartcard Password, the Participant will need to apply in the prescribed manner to HKSCC to establish a new Smartcard Password.

3.3.2 Establishing and Cancelling RMS Delegated Administrators

Each Participant must appoint its own RMS Delegated Administrators to establish or cancel the access of its RMS Authorised Users. The right of an RMS Delegated Administrator to RMS shall be limited to the administration and management of the access rights of the Participant's RMS Authorised Users.

To appoint and cancel the appointment of an RMS Delegated Administrator, a Participant must apply in the prescribed manner to HKSCC.

3.4 AUTHORISED USERS

3.4.1 Establishing and cancelling Authorised Users of CCASS Terminals

Each Participant must ensure that only persons approved as its Authorised Users are allowed access to CCASS via CCASS Terminals.

Each Participant will need to establish or cancel its Authorised Users through its Delegated Administrators via CCASS Terminals.

To establish a new Authorised User, a Participant will need to apply in the prescribed manner to HKSCC for a smartcard for that Authorised User for access control purposes. The Participant must ensure that its new Authorised User creates his initial Smartcard Password or changes his initial Smartcard Password (where applicable) immediately upon receipt of the smartcard.

A Participant will need to establish a new Smartcard Password through its Delegated Administrators via CCASS Terminal for any Authorised User who forgets his Smartcard Password.

3.4.2 Establishing and cancelling RMS Authorised Users

Each Participant must ensure that only persons approved as its RMS Authorised Users are allowed access to RMS to use the functions and services provided under RMS.

Each Participant will need to establish or cancel the access of its RMS Authorised Users through its RMS Delegated Administrators in accordance with the RMS Guide.

Each Participant shall ensure that its RMS Authorised Users act in good faith, exercise reasonable care and diligence in keeping their user passwords confidential at all times. Under no circumstances shall RMS Authorised Users disclose or assign to any other person, or allow any other person to use their user passwords.

3.5 ACCESS CONTROL OF CCASS TERMINALS AND PARTICIPANT GATEWAYS

3.5A ACCESS CONTROL OF RMS

It is the responsibility of each Participant to control its access to RMS, to ensure the security and confidentiality of the user passwords of its RMS Authorised Users and RMS Delegated Administrators, to ensure that its RMS Authorised Users abide by any access levels assigned to each of them and to ensure that its RMS Delegated Administrators abide by the administration rights assigned to them. Participants shall be liable for all actions performed on RMS via the user passwords of its RMS Authorised Users and RMS Delegated Administrators. Please refer to the RMS Guide for details of RMS Delegated Administrators' administration rights and RMS Authorised Users' access rights.

3.6 OPERATIONS UNDERTAKEN THROUGH CCASS TERMINALS, PARTICIPANT GATEWAYS AND RMS

The operations that may be undertaken using CCASS Terminals and RMS and the procedural steps for executing those operations are set out in the CCASS Terminal User Guide and the RMS Guide.

The CCASS Terminal User Guide and the RMS Guide will be updated from time to time to reflect any changes and alterations to the operations that may be undertaken using CCASS Terminals or RMS or to the procedural steps for executing those operations.

The operations that may be undertaken using Participant Gateways and the procedural steps for

executing those operations are available at the discretion of HKSCC.

3.7 SERVICING OF CCASS TERMINALS, PARTICIPANT GATEWAYS AND RMS

Participants requiring assistance relating to the use of CCASS Terminals, Participant Gateways and RMS may contact HKSCC for assistance. Please refer to the CCASS Terminal User Guide, the RMS Guide and the CCASS Terminal User Guide for Designated Banks for details.

3.8 BACK-UP CENTRE FOR ACCESS TO CCASS

In the event that a Participant other than an Investor Participant or a Designated Bank is unable to access CCASS due to technical issues or other reasons, it will be eligible to use the Back-Up Centre subject to the Rules.

Section 4

Back-Up Centre/Customer Service Centre

4.1 INTRODUCTION

4.1.1 Scope of services

The Back-Up Centre, operated by HKSCC, provides back-up facilities to Participants other than Investor Participants and Designated Banks.

All facilities with respect to Compulsory Stock Borrowing Transactions shall be made available only through the Lender's CCASS Terminal or by such other means as HKSCC may prescribe from time to time.

4.1.4 Persons eligible for facilities

In the event that a Participant other than an Investor Participant or a Designated Bank is unable to access CCASS due to technical issues or other reasons, it will be eligible to use the Back-Up Centre subject to the Rules.

Designated Banks of Participants can, in the event that their CCASS Terminals break down, make use of the Back-Up Centre to confirm to HKSCC in respect of payments to be made by Participants.

Participants other than Investor Participants and Designated Banks should submit a request to HKSCC in such form as HKSCC may prescribe from time to time for the use of the Back-up Centre. For the service hours and other details of the Back-Up Centre, please refer to relevant user guides available on the HKEX website.

Access to the Back-Up Centre is subject to availability and HKSCC reserves the right not to entertain requests for the use of the Back-up Centre.

4.1.5 Scope of Back-Up Centre

All CCASS maintenance functions, enquiry functions and report printing via CCASS Terminals, as well as risk monitoring and risk management functions via RMS, will be provided in the Back-Up Centre.

Section 6

Operational and Service Schedule

6.1 PROCESSING AND SERVICE

In general, CCASS offers processing and servicing facilities to Participants other than Investor Participants as follows:

- CCASS (other than RMS) between the hours of 7:15 a.m. and 9:30 p.m., Monday to Friday (except public holidays)
- RMS (other than RMS report retrieval) between the hours of 10:00 a.m. and 7:30 p.m., Monday to Friday (except public holidays)
- RMS report retrieval between the hours of 7:00 a.m. to 12:00 a.m., Monday to Friday (except public holidays)

and certain other services and functions specified by HKSCC, between the hours of 7:15 a.m. to 1:00 p.m. on Saturday (except public holiday).

In general, services and facilities provided to Investor Participants for use and access to SSA with Statement Service provided to SSA Statement Recipients via the CCASS Phone System and the CCASS Internet System are usually available on an approximately 24 hours basis.

Notwithstanding the above, HKSCC has the right to prescribe and change the general hours of service from time to time. Further, all or part of the operations of CCASS, and services and facilities of HKSCC may be expanded, modified, reduced or suspended by HKSCC from time to time without notice.

6.2 DAILY PROCESSING AND SERVICE SCHEDULE FOR PARTICIPANTS OTHER THAN INVESTOR PARTICIPANTS

The daily processing and service schedule in CCASS below only sets out the major events. For details on the daily processing and service schedule availability in CCASS (including RMS), please refer to the CCASS Terminal User Guide for Participants and the RMS Guide.

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 (including RMS) events
7:00 a.m.	<p>Revaluation of General Collateral Inventory</p> <p>Commencement of RMS for retrieval of reports and data files</p>
7:15 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) clearing services (SI and ATI/STI upload functions); and (ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions. <p>All previous day's reports are available for retrieval</p>
8:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) clearing services (SI/ISI maintenance and ISI upload functions); (ii) ATI/STI and Mass ATI/STI maintenance functions; (iii) SSA maintenance and upload functions; (iv) Cash Prepayment Instruction, Cash Prepayment / TSF Payment Standing Instruction, Intra-day Payment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; (v) subscription, election, voting instructions, Electronic Application Instructions for New Issue Shares (except where such day is the application or confirmation start date), Tender Instructions (except where such day is the tender or application start date) and Corporate Representative / Proxy instructions maintenance functions; and (vi) CA ISO Message Service maintenance functions.
9:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <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
	Commencement of book-entry deposit / withdrawal orders maintenance functions
9:15 a.m.	Commencement of Unit Creation / Redemption Orders maintenance functions
	First SI matching
	First STI Batch-run
9:30 a.m.	Commencement of the following services and functions, through CCASS Terminal and Participant Gateway where applicable:
	(i) settlement services (DI input, input of recall and return request, if appropriate);
	(ii) Stock Release Request maintenance functions for TSF CCASS Participants;
	(iii) depository services (deposits and withdrawals of Eligible Securities by Participants);
	(iv) submission of Transfer Instructions; and
	(v) CCMS services.
9:45 a.m.	Second batch of scrip entitlement distribution
10:00 a.m.	Second SI matching
	Second STI Batch-run
	First Collateral Security Batch-run
	Commencement of online services through RMS
10:15 a.m.	First TSF Share De-earmarking Process

10:30 a.m.	First Batch-settlement-run
11:00 a.m.	Revaluation of General Collateral Inventory and collateralization of intra-day Marks, and (if HKSCC collects intra-day Margin on such date which is a Trading day with no Afternoon Session) intra-day Margin Deadline for inputting subscription instructions which involve the collection of subscription monies by CPIs or where the deadline for subscription imposed by the relevant Issuer falls on such day
11:30 a.m.	Third SI matching Third batch of scrip entitlement distribution
11:45 a.m.	Second TSF Share De-earmarking Process
12:00 noon	Deadline for Electronic Application Instructions for New Issue Shares input in respect of New Issues whose application lists close on such day Deadline for inputting election instructions where the deadline for election imposed by the relevant Issuer falls on such day Deadline for submitting Transfer Instructions to be effected on the same day on a delivery versus payment basis in CMU to HKSCC Second Batch-settlement-run
12:45 p.m.	Third STI Batch-run Second Collateral Security Batch-run
1:00 p.m. (after)	First batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
1:15 p.m.	Deadline for inputting Intra-day Payment Standing Instructions in order to have such instructions effected on the same day
1:30 p.m.	Fourth SI matching Fourth batch of scrip entitlement distribution
1:45 p.m.	Third TSF Share De-earmarking Process
2:00 p.m.	Third Batch-settlement-run Deadline for submitting Transfer Instructions to be effected on the same day on a free of payment basis in CMU to HKSCC

	Deadline for inputting Cash Prepayment Instructions with “CHATS” selected as the payment method
	Deadline for submitting Tender Instructions to HKSCC in respect of an issue of Government Bonds or CMU Instruments whose application lists close on such day
	Collateralization of intra-day Margin (if HKSCC collects intra-day Margin on such date which is a normal Trading day)
2:00 p.m. (after)	Final Clearing Statement or FCS in respect of Exchange Trades effected on or reported to the Exchange and Clearing Agency Transactions concluded on previous day, available to Clearing Participants and Clearing Agency Participants
2:30 p.m.	Fifth SI matching
	Deadline for inputting Cash Prepayment Instructions with “OTHERS” selected as the payment method
2:30 p.m. (around)	Generation of Intra-day Payment Instructions by HKSCC
3:00 p.m.	Close of book-entry deposit / withdrawal orders maintenance functions
3:15 p.m.	Sixth SI matching
	Fifth batch of scrip entitlement distribution
3:30 p.m.	Fourth STI Batch-run
	Fourth TSF Share De-earmarking Process
	Deadline for inputting Nominee Payment (Evening) Standing Instruction in order to have the evening distribution of nominee payment to start on the same day, subject to acceptance of the Nominee Payment (Evening) Standing Instruction by HKSCC
3:30 p.m. (after)	Second batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
3:45 p.m.	Close of clearing, settlement and depository services (except for enquiry, report retrieval and collection of securities)
	Close of subscription instruction maintenance functions
	Close of CCMS stock transfer maintenance service

Deadline for the input of Tender Instructions to HKSCC in respect of the issue of Exchange Fund Notes or Specified Instruments, the deadline being two Business Days before the tender date (as specified in the tender notice)

Seventh SI matching

Final Batch-settlement-run

- | | |
|--------------------|--|
| 4:00 p.m. | Close of Stock Release Request maintenance functions for TSF CCASS Participants |
| 4:00 p.m. (after) | Subscription instruction maintenance functions re-open (HKSCC will announce by broadcast message when subscription instruction maintenance functions re-open) |
| | Second session of ATI input service commences (HKSCC will announce by broadcast message when the second session of ATI input service is available to Participants) and CCMS stock transfer maintenance services commence |
| 4:05 p.m. (around) | Generation of DDIs, DCIs and EPIs by HKSCC for same day settlement |
| 4:15 p.m. | Deadline for inputting voting instructions and Corporate Representative/Proxy instructions where the deadline prescribed by HKSCC for inputting such instructions falls on such day |
| | Sixth batch of scrip entitlement distribution |
| | First TSF Share Earmarking Process |
| | Fifth TSF Share De-earmarking Process |
| 4:25 p.m. | Close of Unit Creation/ Redemption Orders maintenance functions |
| 5:00 p.m. | Eighth SI matching |
| 5:00 p.m. (after) | Commencement of the second session of clearing services (SI/ISI maintenance and upload) (HKSCC will announce by broadcast message when second session of clearing services is available to Participants) |
| | First batch of PCS in respect of Exchange Trades effected on or reported to the Exchange current day available to Clearing Participants and Clearing Agency Participants |
| | Fifth STI Batch-run (for STI Transfers to be effected on FOP basis only) |

	Third Collateral Security Batch-run
5:15 p.m.	Seventh batch of scrip entitlement distribution
6:00 p.m.	Close of Collateral Security maintenance and upload functions
	Final SI matching
	Eighth batch of scrip entitlement distribution
	Fourth Collateral Security Batch-run
6:00 p.m. (after)	Settled Position Report and third batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
7:00 p.m.	Close of SI/ISI maintenance and ISI upload, Cash Prepayment / TSF Payment Standing Instruction maintenance, Intra-day Payment Standing Instruction maintenance, Nominee Payment (Evening) Standing Instruction maintenance, CCMS cash transfer and stock collateral maintenance services and Tender Instructions, subscription, election, voting, Corporate Representative/Proxy instructions maintenance functions and CA ISO Message Service maintenance functions
	Deadline for inputting subscription instructions where the deadline for subscription imposed by the relevant Issuer falls on the next Business Day at or before 12:00 noon
	Ninth batch of scrip entitlement distribution
7:15 p.m. (after)	Revaluation of General Collateral Inventory and collateralization of day-end Marks, and day-end Margin
7:30 p.m.	Close of ATI/STI maintenance and SI upload functions
	Online services through RMS close
7:45 p.m.	Close of Mass ATI/STI maintenance function
8:00 p.m.	Final batch of scrip entitlement distribution
	Close of all enquiries, except for CCMS enquiry and Enquire Broadcast Message functions
	Close of ATI/STI upload functions
8:00 p.m. (after)	Second batch of PCS in respect of Exchange Trades effected on or reported

to the Exchange and Clearing Agency Transactions concluded on current day available to Clearing Participants and Clearing Agency Participants

Final STI Batch-run (for STI Transfers to be effected on FOP basis only)

8:30 p.m.	Second TSF Share Earmarking Process
	Electronic Application Instructions for New Issue Shares maintenance and CCMS enquiry functions close
8:30 p.m. (around)	Generation of DDIs, DCIs and EPIs by HKSCC for settlement on the next Business Day
9:30 p.m.	Report retrieval and Enquire Broadcast Message functions through CCASS Terminal and Participant Gateway close
12:00 a.m.	Report retrieval through RMS close

Notes :

- (i) Deposit and withdrawal services for Eligible Securities subject to book-close dates will be closed at 12:00 noon and 2:00 p.m. respectively on the last Business Day before the relevant book-close dates (where no book-close date is announced, HKSCC shall by broadcast message announce the cut-off time for deposit and withdrawal services with respect to the relevant Eligible Securities). Deposit and withdrawal services for eligible Debt Securities subject to CCASS Record Dates will be closed at 12:00 noon and 2:00 p.m. respectively on the relevant CCASS Record Date.
- (ii) Report retrieval functions through CCASS Terminal and Participant Gateway are available on Saturdays (except public holidays).
- (iii) The schedule set out above is indicative only.
- (iv) On each Settlement Day, the final Batch-settlement-run will include the following processes:
 - final Batch-settlement-run - Part 1
 - CSB run
 - 1st Auto-return run - for recalled CSB loans
 - final Batch-settlement-run - Part 2
 - 2nd Auto-return run - for all other CSB loans
 - settlement of TSF Final FX Position by the Evening FX Settlement Time

The final Batch-settlement-run - Part 1 will determine all unsettled due/overdue CNS long

positions. The CSB run will determine the aggregate of the total quantity of unsettled due/overdue CNS long positions and the total quantity of Eligible Securities in respect of which notices of recall have been served (rounded up to a multiple of board lot) for each Eligible Security and will automatically generate compulsory borrowing request(s) for each Eligible Security for matching with Eligible Securities credited to Stock Lending Accounts in accordance with Section 10.7.

The borrowed securities will be credited to HKSCC's Stock Account and will be used in the following order:

- (a) to settle outstanding Compulsory Stock Borrowing Transactions in respect of which a notice of recall has been served by the Lenders via the 1st Auto-return run;
- (b) to settle the unsettled CNS long positions via the final Batch-settlement-run - Part 2; and
- (c) to settle outstanding Compulsory Stock Borrowing Transactions in respect of which no notice of recall has been served by the Lender, but in respect of which HKSCC has elected to exercise its right of termination under the Compulsory Stock Borrowing and Lending Regulations via the 2nd Auto-return run.

The settlement of TSF Final FX Position by the Evening FX Settlement Time will follow the procedures set forth in Section 12A.4.4.

- (v) Electronic Application Instructions for New Issue Shares and Tender Instructions maintenance functions and enquiry and report retrieval functions are available on Saturdays from 8:00 a.m. to 1:00 p.m.
- (vi) First session of CCASS-To-CCMS stock transfer maintenance and CCMS-To-CCASS stock transfer maintenance closes at 3:45 p.m. and the second session commences at approximately 4:00 p.m. and closes at 7:00 p.m.
- (vii) Three batches of scrip entitlement distribution take place on Saturdays (except public holidays) at 9:45 a.m., 11:30 a.m. and 1:00 p.m. respectively.

6.2.2 Daily Processing and Service Schedule in relation to China Connect Securities

Time	CCASS (including RMS) events
7:00 a.m.	Revaluation of General Collateral Inventory Commencement of RMS for retrieval of reports and data files
7:15 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:

Time	CCASS (including RMS) events
	<ul style="list-style-type: none"> (i) clearing services (ATI/STI and SI maintenance and upload functions); and (ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions. <p>All previous day's reports are available for retrieval</p>
7:30 a.m. (around)	First batch of scrip entitlement distribution for both SSE Market and SZSE Market
8:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) Mass ATI/STI maintenance function; (ii) Intra-day Payment Standing Instruction (only applicable to nominee payment), Cash Prepayment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; and (iii) subscription (except for the acceptance of Take-over Offer of listed securities), election, voting instructions, Shareholding Category Disclosure and Proxy instruction maintenance functions. <p>Generation of CPIs by HKSCC (in respect of money obligations arising from CNS stock positions settled on previous Mainland Business Day) for same day settlement</p> <p>First STI Batch-run</p>
8:15 a.m.	Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCCCPs for pre-trade checking in the trading sessions for trading China Connect Securities between the time of such snapshot and the time of the next snapshot
9:15 a.m.	Second STI Batch-run (excluding Special Segregated Accounts)
10:00 a.m.	Third STI Batch-run (excluding Special Segregated Accounts)
11:45 a.m.	First SI matching
12:00 noon	Deadline for inputting election instructions, where the deadline prescribed by HKSCC for inputting such instructions falls on such day
12:45 p.m.	Fourth STI Batch-run (excluding Special Segregated Accounts)

Time	CCASS (including RMS) events
1:00 p.m. (after)	First batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
1:15 p.m.	Deadline for inputting Intra-day Payment Standing Instructions (only applicable to nominee payment) in order to have such instructions effected on the same day
1:45 p.m.	Second SI matching
2:00 p.m.	Deadline for submitting the following instructions in relation to the Collateral provided for the early release of Securities-on-hold, in order to have such instructions effected on the same Settlement Day: <ul style="list-style-type: none"> (i) standing instructions to request HKSCC not to redeliver the Collateral or instructions to cancel such standing instructions; and (ii) withdrawal instructions to request HKSCC to redeliver all or any of the Collateral.
2:30 p.m. (around)	Generation of Intra-day Payment Instructions (only applicable to nominee payment) by HKSCC
3:00 p.m.	Third SI matching Close of Cash Prepayment Standing Instruction maintenance function
3:30 p.m.	Fifth STI Batch-run (excluding Special Segregated Accounts) Deadline for inputting Nominee Payment (Evening) Standing Instruction in order to have the evening distribution of nominee payment to start on the same day, subject to acceptance of the Nominee Payment (Evening) Standing Instruction by HKSCC
3:45 p.m. (around)	Second batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
4:00 p.m. (after)	Final Clearing Statement or FCS in respect of China Connect Securities Trades effected via a Trading Link available to China Connect Clearing Participants Commencement of Cash Prepayment Instruction Maintenance and DI input functions Application for the early release of Securities-on-hold available

Time	CCASS (including RMS) events
4:05 p.m. (around)	Generation of EPIs by HKSCC for same day settlement
4:15 p.m.	Deadline for inputting voting instructions, Proxy instructions and Shareholding Category Disclosure where the deadline prescribed by HKSCC for inputting such instructions falls on such day
4:45 p.m.	Fourth SI matching First Batch-settlement-run
5:00 p.m.	Fifth SI matching Sixth STI Batch-run (for STI Transfers on FOP basis only and excluding STI Transfers from Special Segregated Accounts)
5:30 p.m.	Sixth SI matching Second Batch-settlement-run Seventh STI Batch-run (for STI Transfers on FOP basis only) Deadline for inputting DI for settlement of SI stock positions in Eligible Currencies other than RMB on RDP basis Deadline for inputting Cash Prepayment Instructions with “CHATS” selected as the payment method Deadline for submitting an application for the early release of Securities-on-hold and transferring same day available funds as Collateral for the early release to HKSCC’s specified bank account
5:45 p.m. (around)	Reconciliation of China Connect Securities Trades with the relevant China Connect Clearing House
6:00 p.m.	Deadline for inputting Cash Prepayment Instructions with “OTHERS” selected as the payment method
6:00 p.m. (around)	Second batch of scrip entitlement distribution for SSE Market
6:15 p.m. (around)	Third batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available Seventh SI matching

Time	CCASS (including RMS) events
	Eighth STI Batch-run (for STI Transfers on FOP basis only)
	Third Batch-settlement-run
7:00 p.m.	Close of Intra-day Payment Standing Instruction maintenance (only applicable to nominee payment), election, voting, Shareholding Category Disclosure and Proxy instructions maintenance functions
	Close of ATI/STI maintenance and upload functions
	Third batch of scrip entitlement distribution for SSE Market
7:00 p.m. (around)	Eighth SI matching
	Fourth Batch-settlement-run
	Deadline for inputting DI for settlement of SI stock positions in RMB on RDP basis and CNS stock positions
	Commencement of SPSA Delivery Failure maintenance function and subscription instructions maintenance function (for all announcement types)
	Second session of ATI/STI maintenance/upload services commence
	Ninth STI Batch-run (for STI Transfers on FOP basis only)
7:00 p.m. (after)	Calculation of Mainland Settlement Deposit
7:30 p.m.	Close of SI upload function
	Tenth STI Batch-run (for STI Transfers on FOP basis only)
7:45 p.m.	Close of SI maintenance function, DI input function (for settlement of SI stock positions only), Mass ATI/STI maintenance function, SPSA Delivery Failure maintenance function and subscription instructions maintenance function
	Final SI matching
	Final Batch-settlement-run (for settlement of SI stock positions on DVP and FOP basis only)

Time	CCASS (including RMS) events
8:00 p.m.	Final STI Batch-run (for STI Transfers on FOP basis only) Close of all enquiries, except for CCMS enquiry, Enquire Sellable Balance Adjustment Request and Enquire Broadcast Message functions Close of ATI/STI maintenance and upload functions
8:00 p.m. (after)	Second batch of scrip entitlement distribution for SZSE Market
8:05 p.m. (around)	Generation of EPIs by HKSCC for same day Night Settlement
8:30 p.m.	Close of CCMS enquiry function Final batch of scrip entitlement distribution for SSE Market Third batch of scrip entitlement distribution for SZSE Market
8:30 p.m. (around)	Generation of DDIs, DCIs and EPIs by HKSCC for settlement on the next Business Day
9:00 p.m.	Close of Enquire Sellable Balance Adjustment Request function Final batch of scrip entitlement distribution for SZSE Market
9:30 p.m.	Report retrieval and Enquire Broadcast Message functions through CCASS Terminal and Participant Gateway close
9:30 p.m. (after)	Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCCCPs for pre-trade checking
12:00 a.m.	Report retrieval through RMS close

Notes:

- (i) Report retrieval functions through CCASS Terminal and Participant Gateway are available on Saturdays (except public holidays).
- (ii) The schedule set out above is indicative only.
- (iii) Final Clearing Statement or FCS availability to China Connect Clearing Participants is subject to HKSCC's timely receipt of clearing information from the relevant China Connect Clearing House.



- (iv) The commencement of the fourth Batch-settlement-run is subject to HKSCC's timely receipt of settlement information from the relevant China Connect Clearing House.

Section 10

Exchange Trades - CNS System

10.10 RISK MANAGEMENT: MARKS

10.10.1 General

As settlement counterparty to Participants under the CNS System, HKSCC is exposed to market risks as a result of unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System. In this Section 10.10, any unsettled stock positions in Eligible Securities under the CNS System are referred to as “CNS stock positions”.

To monitor and control such risk exposure, HKSCC will Mark-to-market the CNS stock positions of Participants and collect Marks from Participants. In respect of the CNS stock positions in any Eligible Security, HKSCC will compute Marks in accordance with the provisions of this Section 10.10 in the Eligible Currency in which that Eligible Security is traded.

HKSCC will collect Marks from the Participant in Hong Kong dollar unless the Participant has maintained a Preferred Single Settlement Currency in another currency or unless the Marks are to be collected from a Clearing Agency Participant.

Where the Eligible Currency in which an Eligible Security is traded is not Hong Kong dollar, HKSCC will convert Marks in the Eligible Currency to Hong Kong dollar at such exchange rate and subject to such haircut as determined by HKSCC from time to time. Where the Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will further convert Marks from Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Marks from the Participant in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Where the Participant is a Clearing Agency Participant which is a China Connect Clearing House, Marks will be computed and collected from or redelivered to such Participant separately in respect of each of its designated Special Participants with reference to the CNS stock positions arising from Exchange Trades executed by such Special Participant, and references to the CNS stock positions of a Participant in this Section 10.10 shall be construed accordingly for such Clearing Agency Participant. HKSCC will convert the Marks to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time and collect the Marks from the Clearing Agency Participant in Renminbi. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Marks to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Mark-to-market of a CNS stock position involves the evaluation of the risk exposure of a Participant to HKSCC relating to the CNS stock position by reference to the extent to which the Mark-to-market value of the CNS stock position has moved against the value originally agreed

in respect of such CNS stock position.

Under the Rules, HKSCC has the right to collect Marks from Participants in respect of all CNS stock positions, whether or not due for settlement and whether or not such CNS stock positions may be subsequently amended or excluded or not accepted for settlement under the CNS System in accordance with the Rules.

Marks will normally be collected in the form of cash. HKSCC may in exceptional cases collect Marks in the form of Collateral Securities acceptable to it.

This Section 10.10 describes the extent to and the manner in which Marks from Participants will be collected and redelivered by HKSCC.

The provisions of this Section 10.10 shall also be applicable, in so far as they are relevant to risk management measures detailed in Section 12.2.9(i), in respect of Clearing Agency Transactions.

10.10.2 Various terms explained

For the purpose of this Section, the term "Favourable Marks" refers to Marks computed by the Mark-to-market of a CNS stock position which are favourable to a Participant and the term "Unfavourable Marks" has the opposite meaning.

A "day-end Marks position", in relation to the calculation and collection of day-end Marks, comprises the following stock positions of a Participant:

- (i) "pending CNS stock positions", which are the unsettled CNS stock positions of the Participant which are not yet due for settlement.

Under a T+2 settlement system, pending CNS stock positions of a Participant on a Business Day will be derived from Exchange Trades which were effected by the Participant and, in the case of a GCP or a Clearing Agency Participant, will include Exchange Trades effected by each NCP or Special Participant with which such GCP or Clearing Agency Participant has entered into a Clearing Agreement, on that Business Day ("Current Day") and the immediately preceding Business Day ("Previous Day") and which had been accepted by HKSCC for settlement under the CNS System. Such pending CNS stock positions on the Current Day and Previous Day shall be referred to in this Section 10.10.2 as "Current Day positions" and "Previous Day positions" respectively. Unless otherwise stated, "pending CNS stock positions" in this Section 10.10.2 cover both Current Day positions and Previous Day positions;

- (ii) "overdue CNS stock positions", which are the CNS stock positions of the Participant which are due for settlement but not yet settled; and
- (iii) "corporate action entitlement positions", which are the stock positions to which the Participant is entitled under CCASS, as determined by HKSCC based on the holding of that Participant in the relevant Eligible Securities as at the date by reference to which the entitlement is determined.

An "intra-day Marks position", in relation to the calculation and collection of intra-day Marks, may comprise any of the following stock positions of a Participant which are not covered by cash prepayment or credit from settlement activities:

- (i) pending CNS stock positions, as referred to in this Section 10.10.2;
- (ii) overdue CNS stock positions, as referred to in this Section 10.10.2;
- (iii) corporate action entitlement positions, as referred to in this Section 10.10.2; and
- (iv) Allocated Positions.

10.10.3 Computation of Marks

The value of the Mark on a CNS stock position of a Participant is the difference between:

- (i) the money position of that CNS stock position (see Section 10.5.2); and
- (ii) the prevailing market value of such CNS stock position (as determined by HKSCC).

The Marks on CNS stock positions of any Eligible Security will first be calculated and denominated in the Eligible Currency in which the Eligible Security is traded. Favourable Marks and Unfavourable Marks in the same Eligible Currency will offset against one another to arrive at the Favourable Marks or Unfavourable Marks in that Eligible Currency.

Favourable Marks or Unfavourable Marks in an Eligible Currency will then be offset against the Unfavourable Marks or Favourable Marks, as the case may be, in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on the CNS stock positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation.

Where a Participant has provided the relevant quantity of Collateral Security to cover a part or the whole of a short CNS stock position not due for settlement to HKSCC pursuant to Rule 3601, the short CNS stock position covered by the Collateral Security will be waived from computation of Marks. HKSCC has absolute right to use such Collateral Security to settle the covered portion of the short CNS stock position on or before its Settlement Day.

Where a Participant has provided the relevant amount of Specific Cash Collateral to cover the corresponding money position of a part or the whole of a long CNS stock position not due for settlement to HKSCC pursuant to Rule 3601, the long CNS stock position covered by the Specific Cash Collateral will be waived from computation of Marks. HKSCC has absolute right to use such Specific Cash Collateral to settle the money position of the covered portion of the long CNS stock position on or before its Settlement Day.

10.10.3A Marks on day-end Marks position

In relation to the calculation and collection of day-end Marks on day-end Marks positions, Favourable Marks and Unfavourable Marks on such positions in the same Eligible Currency will be offset against each other to arrive at the Net Favourable Marks or Net Unfavourable Marks in that Eligible Currency.

Net Favourable Marks or Net Unfavourable Marks in an Eligible Currency will then be offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on day-end Marks positions in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on such day-end Marks positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. After cross-currency offset, any resulting Net Unfavourable Marks will be collected by HKSCC as day-end Marks from the Participant at day end. The Net Favourable Marks on day-end Marks positions will be used to offset the day-end Margin, if any, of the Participant.

Net Favourable Marks on day-end Marks positions resulting from the computation of day-end Marks, if any, will not be paid to the Participant by HKSCC.

10.10.3B Marks on intra-day Marks positions

In relation to the calculation and collection of intra-day Marks on intra-day Marks positions, Favourable Marks and Unfavourable Marks on such positions in the same Eligible Currency will be offset against each other to arrive at the Net Favourable Marks or Net Unfavourable Marks in that Eligible Currency.

Net Favourable Marks or Net Unfavourable Marks in an Eligible Currency will then be offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on intra-day Marks positions in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on such intra-day Marks positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. After cross-currency offset, any resulting Net Unfavourable Marks will be collected by HKSCC as intra-day Marks from the Participant by the time prescribed by HKSCC.

Net Favourable Marks on intra-day Marks positions resulting from the computation of intra-day Marks, if any, will not be paid to the Participant by HKSCC.

10.10.4 [Repealed]

10.10.5 [Repealed]

10.10.6 [Repealed]

10.10.7 [Repealed]

10.10.8A [Repealed]

10.10.8B [Repealed]

10.10.9 [Repealed]

10.10.11 Collection of Marks

(i) Clearing Participants

Marks to be requested from a Clearing Participant on each Business Day will be collateralized against the value (or the Discounted Market Value, if applicable) of the General Collateral Inventory in the CCMS House Collateral Account of the Clearing Participant. For details of the collateralization process, reference should be made to Section 10.15.3.

(ii) Clearing Agency Participants

In respect of CNS stock positions arising from Exchange Trades executed by each designated Special Participant of a Clearing Agency Participant, HKSCC will convert the Marks to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Marks to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Unless otherwise agreed by HKSCC, any shortfall in day-end Marks required from a Clearing Agency Participant in respect of a designated Special Participant, as determined by HKSCC, will be debited to the Miscellaneous Account allocated to the Clearing Agency Participant in respect of the designated Special Participant and will be collected from such Clearing Agency Participant on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. In general, any surplus cash collateral over Marks in the CCMS House Collateral Account allocated to a Clearing Agency Participant in respect of a designated Special Participant will be automatically redelivered to the Clearing Agency Participant in respect of such designated Special Participant on the Business Day following T-day by HKSCC issuing DCIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Notwithstanding the foregoing, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

If there is any shortfall in Marks after the collateralization, HKSCC will collect the shortfall in Hong Kong dollar unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert the

shortfall to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and HKSCC will collect the shortfall in Marks in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Unless otherwise agreed by HKSCC, any shortfall in Marks required, as determined by HKSCC, will be debited to the Marks and Margin Account of a Clearing Participant and will be collected from the Clearing Participant on a daily basis by HKSCC via CPIs or by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Subject to the determination of HKSCC, any surplus cash collateral over Marks and Margin in the CCMS House Collateral Account will not be automatically redelivered at the end of the day and HKSCC reserves the right to redeliver surplus cash collateral at any time it considers appropriate. HKSCC may redeliver such surplus to the Clearing Participant upon redelivery instruction from the Clearing Participant given to HKSCC in such form prescribed by HKSCC, and the redelivery will be made in such manner and at such time as prescribed by HKSCC from time to time.

10.10A RISK MANAGEMENT: MARGIN

10.10A.1 General

As settlement counterparty to Participants under the CNS System, HKSCC is exposed to market risks as a result of potential unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System. In this Section 10.10A, any unsettled stock positions in Eligible Securities under the CNS System are referred to as “CNS stock positions”.

To monitor and control such risk exposure, HKSCC will compute Margin on the CNS stock positions of Participants and collect Margin from Participants. In respect of the CNS stock positions in any Eligible Security, HKSCC will compute Margin in accordance with the provisions of this Section 10.10A in the Eligible Currency in which that Eligible Security is traded.

(i) Clearing Participants

HKSCC will collect Margin from the Clearing Participant in Hong Kong dollar unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar.

(ii) Clearing Agency Participants

Where the Participant is a Clearing Agency Participant which is a China Connect Clearing House, Margin will be computed and collected from or redelivered to such Participant separately in respect of each of its designated Special Participants with reference to the CNS stock positions arising from Exchange Trades executed by such Special Participant, and references to the CNS stock positions of a Participant in this Section 10.10A shall be construed accordingly for such Clearing Agency Participant. HKSCC will convert the Margin to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time and collect the Margin from the Clearing Agency Participant in Renminbi. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay

Margin to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency.

Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert Margin calculated in Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Margin from the Clearing Participant in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency.

The computation of Margin on a CNS stock position involves the estimation of the risk exposure of a Participant to HKSCC relating to the CNS stock position by reference to the estimated future market movement against the Mark-to-market value of such CNS stock position.

Under the Rules, HKSCC has the right to collect Margin from Participants in respect of all CNS stock positions, whether or not due for settlement and whether or not such CNS stock positions may be subsequently amended or excluded or not accepted for settlement under the CNS System in accordance with the Rules.

Margin will normally be collected in the form of cash. HKSCC may in exceptional cases collect Margin in the form of Collateral Securities acceptable to it.

This Section 10.10A describes the extent to and the manner in which Margin from Participants will be collected and redelivered by HKSCC.

The provisions of this Section 10.10A shall also be applicable, in so far as they are relevant to risk management measures detailed in Section 12.2.9(i), in respect of Clearing Agency Transactions.

10.10A.2 Computation of Margin

(i) Margin requirement

The Margin requirement on CNS stock positions of a Participant will be computed in accordance with the methodology referred to in the Initial Margin Calculation Guide.

The amount of Margin requirement on CNS stock positions in an Eligible Security is computed in Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert Margin calculated in Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Margin from the Clearing Participant in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency.

For the avoidance of doubt, HKSCC has the right to compute Margin requirement using other methods and assumptions as HKSCC may from time to time consider appropriate.

(ii) Marginable Position

Marginable Position refers to the CNS stock positions included in the computation of Margin using a hybrid approach or such other methodology as may from time to time be determined by HKSCC and referred to in the Initial Margin Calculation Guide. Marginable Positions can be broadly divided into three categories, which are summarised as follows:

- (i) primary tier (Tier P) positions: subject to portfolio margining and minimum margin levels prescribed by HKSCC from time to time;
- (ii) non-constituent Tier (Tier N) positions: subject to a flat Margin Rate and margin multipliers prescribed by HKSCC from time to time; and
- (iii) corporate action entitlement positions: subject to a flat Margin Rate prescribed by HKSCC from time to time.

In respect of the methodology of categorisation, please refer to the Initial Margin Calculation Guide.

Multi-counter Eligible Securities of the same class of an Issuer are treated as different positions and will not be netted against each other for the determination of the Mark-to-market value of the CNS stock positions as mentioned above.

Where a Participant has provided the relevant quantity of Collateral Security to cover a part or the whole of a short CNS stock position not due for settlement to HKSCC pursuant to Rule 3601A, the Mark-to-market value of the net short day-end Marks positions or intra-day Marks positions, and hence the Marginable Position for computation of Margin, will be reduced by the Mark-to-market value of the short CNS stock position covered by the Collateral Security, as HKSCC considers appropriate. HKSCC has absolute right to use such Collateral Security to settle the covered portion of the short CNS stock position on or before its Settlement Day.

Where a Participant has provided the relevant amount of Specific Cash Collateral to cover the corresponding money position of a part or the whole of a long CNS stock position not due for settlement to HKSCC pursuant to Rule 3601A, the Mark-to-market value of the net long day-end Marks positions or intra-day Marks positions, and hence the Marginable Position for computation of Margin, will be reduced by the Mark-to-market value of the long CNS stock position covered by the Specific Cash Collateral, as HKSCC considers appropriate. HKSCC has absolute right to use such Specific Cash Collateral to settle the money position of the covered portion of the long CNS stock position on or before its Settlement Day.

(iii) Margin Rate

The flat Margin Rates for Tier N positions and corporate action entitlement positions will be determined by HKSCC in its absolute discretion from time to time.

(iv) Margin Multiplier

The Margin Multiplier will be defined and applied to Tier N positions at individual Participant level as HKSCC may consider appropriate. It will be determined by HKSCC in its absolute discretion from time to time by reference to the level of risk exposure of the individual Participant to HKSCC and such other matters as HKSCC may consider relevant.

(v) Favourable Marks Offset

The Margin amount calculated on Marginable Position in Hong Kong dollar will be offset by the Net Favourable Marks on day-end Marks positions.

(vi) Margin Credit

The Margin Credit is the credit limit allowed to each Clearing Participant and the credit limit will be determined by HKSCC in its absolute discretion from time to time. HKSCC has the right to determine the credit limit on an individual Clearing Participant basis. In general, Margin Credit will be valued in Hong Kong dollar.

In the case where a Clearing Participant has Marginable Position in more than one Eligible Currency, Margin will be converted to and calculated in Hong Kong dollar and Margin Credit in Hong Kong dollar will be applied to such Margin.

For the avoidance of doubt, the Margin Credit shall only be utilized for the purpose of reducing the Margin requirement of the Clearing Participant as described in paragraph (i) above. HKSCC will not be required to make any actual payment in respect of the Margin Credit or any part thereof, irrespective of whether it has been utilized or not, to the Clearing Participant at any time, as referred to in Rule 2507A.

Margin Credit is not applicable to Clearing Agency Participants for the purpose of computing their Margin requirement.

(vii) HKSCC's rights

HKSCC reserves the right to use any other formula or adopt any other methodology in computing Margin, and the right to determine the Marginable Position, flat Margin Rates, Margin Multiplier and Margin Credit of a Clearing Participant or a Clearing Agency Participant in any manner. HKSCC will inform Participants of any changes to the Margin formula or methodology, the Margin Multiplier, the flat Margin Rates and the Margin Credit.

Notwithstanding the above, HKSCC may prescribe Margin requirement on a Participant in any amount and manner, and at any time. For the avoidance of doubt, HKSCC may at any time at its absolute discretion require or demand higher Margin from Participants or any individual Participant. The Participants or individual Participant shall pay such higher Margin to HKSCC forthwith on demand.

10.10A.3 [Repealed]

10.10A.4 Example (Computation of Day-end Margin Requirement)

For examples of computation of day-end Margin, please refer to the Initial Margin Calculation Guide.

10.10A.5 Intra-day Margin

In addition to day-end Margin which is collected from Participants on a daily basis, HKSCC has full discretion to call for intra-day Margin on CNS stock positions from all or any Participants. HKSCC may call for and collect intra-day Margin on CNS stock positions under any of the

following circumstances:

- (i) if, in the opinion of HKSCC, sudden fluctuations of the securities market operated by the Exchange are apparent;
- (ii) where some of the markets, which in the opinion of HKSCC are major markets, remain open when the securities market operated by the Exchange is closed for more than one calendar day, excluding Saturday and Sunday, due to public holidays; or
- (iii) where HKSCC considers it appropriate under any other circumstances.

For examples of computation of intra-day Margin, please refer to the Initial Margin Calculation Guide. If a Participant is unable to meet its intra-day Margin payment by the prescribed deadline for any reason, the Participant will be subject to such action which HKSCC may take under the Rules.

10.10A.5A Margin Add-Ons

HKSCC may apply Margin add-ons to Clearing Participants to monitor and control the risk exposure of HKSCC. The application of such Margin add-ons by HKSCC will be at the discretion of HKSCC and subject to such conditions and limits as HKSCC may from time to time specify.

For Margin add-ons application and computation, please refer to the Initial Margin Calculation Guide.

10.10A.6 [Repealed]

10.10A.8 Collection of Margin

Margin to be requested from a Participant on each Business Day will be collateralized against the value (or Discounted Market Value, if applicable) of the General Collateral Inventory in the CCMS House Collateral Account of the Participant. For details of the collateralization process, reference should be made to Section 10.15.3.

(i) Clearing Participants

If there is any shortfall in Margin after the collateralization process, HKSCC will collect the shortfall in Hong Kong dollar unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert the shortfall in Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and HKSCC will collect the shortfall in Margin in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the shortfall in Margin required in any Eligible Currency.

(ii) Clearing Agency Participants

In respect of CNS stock positions arising from Exchange Trades executed by each designated Special Participant of a Clearing Agency Participant, HKSCC will convert the Margin to Renminbi

at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Margin to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency. Unless otherwise agreed by HKSCC, any shortfall in day-end Margin required, as determined by HKSCC, from a Clearing Agency Participant in respect of a designated Special Participant will be debited to the Miscellaneous Account allocated to the Clearing Agency Participant in respect of the designated Special Participant and will be collected from the Clearing Agency Participant on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. In general, any surplus cash collateral over Margin in the CCMS House Collateral Account allocated to a Clearing Agency Participant in respect of a designated Special Participant will be automatically redelivered to the Clearing Agency Participant in respect of such designated Special Participant on the Business Day following T-day by HKSCC issuing DCIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Notwithstanding the foregoing, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

Unless otherwise agreed by HKSCC, any shortfall in Margin required, as determined by HKSCC, will be debited to the Marks and Margin Account of a Clearing Participant and will be collected from the Clearing Participant. Day-end Margin will be collected from the Clearing Participant on a daily basis by HKSCC by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Intra-day Margin demanded by HKSCC pursuant to Section 10.10A.5 will be collected by HKSCC via CPIs or by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Subject to the determination of HKSCC, any surplus cash collateral over Margin in the CCMS House Collateral Account will not be automatically redelivered at the end of the day and HKSCC reserves the right to redeliver surplus cash collateral at any time it considers appropriate. HKSCC may redeliver such surplus to the Clearing Participant upon redelivery instruction from the Clearing Participant given to HKSCC in such form prescribed by HKSCC, and the redelivery will be made in such manner and at such time as prescribed by HKSCC from time to time.

10.11 RISK MANAGEMENT: COLLATERAL

10.11.3 Amount of Collateral

Unless otherwise agreed by HKSCC, a Clearing Agency Participant which is a China Connect Clearing House is required to provide such amount of Eligible Securities as shall represent the short CNS stock positions in Exchange Trades executed by each of its designated Special Participants in such Eligible Securities to HKSCC as Collateral Security in such manner as may be considered appropriate by HKSCC pursuant to Rule 3602.

HKSCC shall be entitled from time to time to require a Clearing Agency Participant which is a China Connect Clearing House to provide on demand Collateral in such form, to such extent and in such manner as is determined by HKSCC to cover any shortfall in respect of the CNS positions arising from Exchange Trades executed by each of its designated Special Participants in the event

that its Marks, Margin and Collateral Securities held in HKSCC are insufficient to cover its stressed default loss determined by HKSCC from time to time in light of market conditions and such other factors as HKSCC may consider appropriate. Unless otherwise agreed by HKSCC, the required Collateral will be collected from the Clearing Agency Participant which is a China Connect Clearing House on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant which is China Connect Clearing House as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time.

10.11.3A [Repealed]

10.11.3B [Repealed]

10.11.3C Guarantee Fund Risk Collateral

HKSCC may require a Clearing Participant to provide from time to time on demand Guarantee Fund Risk Collateral if, when assessed by reference to the historical data from each of the realized stressed market conditions and/or hypothetical data for each of the unrealized stressed market conditions as HKSCC may determine:

- (i) the stressed default loss, determined by HKSCC from time to time in light of market conditions and such other factors as HKSCC may consider appropriate (less Margin and Collateral, each as may be specified by HKSCC from time to time in the Stress Test Value Calculation Guide and collected by HKSCC), arising from all the CNS stock positions of the Clearing Participant (“Guarantee Fund Expected Uncollateralised Loss”) exceeds the Guarantee Fund Risk Predefined Limit; and
- (ii) the prevailing Guarantee Fund size is equal to the Guarantee Fund Threshold.

Clearing Participants may refer to the Stress Test Value Calculation Guide for examples of the calculation of stressed default loss.

The amount of Guarantee Fund Risk Collateral required from the Clearing Participant is:

$$\text{Guarantee Fund Expected Uncollateralised Loss} - \text{Guarantee Fund Risk Predefined Limit}$$

For the avoidance of doubt, if Guarantee Fund Risk Collateral is required under two or more stressed market conditions, the higher or highest (as the case may be) Guarantee Fund Risk Collateral amount shall be imposed.

Notwithstanding the above requirements of this Section, should HKSCC accept the Clearing Participant’s request to waive the whole or part of the Guarantee Fund Risk Collateral requirement, the Clearing Participant must close out such positions as may reduce the Guarantee Fund Expected Uncollateralised Loss to an amount which is less than the sum of the Guarantee Fund Risk Predefined Limit and Guarantee Fund Risk Collateral maintained by HKSCC (if any) by the end of the same Business Day as the Guarantee Fund Risk Collateral requirement collection due date, failing which HKSCC may subsequently close out such positions on behalf of the Clearing

Participant.

For the avoidance of doubt, any Guarantee Fund Risk Collateral provided by a Clearing Participant shall form part of such Clearing Participant's Collateral pursuant to Rule 3602 and shall not be regarded as resources of the Guarantee Fund.

10.11.3D Example (Computation of Guarantee Fund Risk Collateral)

Suppose: Guarantee Fund Threshold = HK\$320M
 Guarantee Fund Risk Predefined Limit = HK\$160M

		HK\$ million
Guarantee Fund size	=	320
Guarantee Fund Expected Uncollateralised Loss	=	180

The Guarantee Fund size is equal to the Guarantee Fund Threshold and the Guarantee Fund Expected Uncollateralised Loss exceeds the Guarantee Fund Risk Predefined Limit.

The amount of Guarantee Fund Risk Collateral required from the Clearing Participant
= HK\$180 million – HK\$160 million
= HK\$20 million.

10.11.4 Notification by HKSCC

Except for Collateral demanded from a Clearing Agency Participant which is a China Connect Clearing House the collection of which is described in Section 10.11.3, and except for Collateral calculated by reference to a Participant's apportioned liquid capital the collection of which will be by issuing DDIs to the Designated Bank of the Participant as part of the CCASS Hong Kong dollar money settlement process or in any other manner or Eligible Currency determined by HKSCC from time to time, HKSCC will notify a Participant in writing of the amount of any other Collateral required and the Participant will have to provide the Collateral within the time period specified.

10.11.5 Return or Redelivery of Collateral

Collateral provided by Participants will be returned or redelivered to them by HKSCC in such manner and at such time as is considered appropriate by HKSCC.

10.12 RISK MANAGEMENT: SECURITIES-ON-HOLD

10.12.4 Participants may effect cash prepayment

Participants that have outstanding payment obligations to HKSCC but wish to utilize any or all of the Securities-on-hold covering such outstanding payment obligations for any purpose, including to settle ISI/SI Transactions and Isolated Trades, if applicable, during a Settlement Day, may pay same day available funds in the relevant Eligible Currency to HKSCC to reduce their monetary obligations and to have the equivalent discounted market value of Securities-on-hold released.

A Participant may pay same day available funds to HKSCC by inputting Cash Prepayment Instructions on each Settlement Day or by inputting a Cash Prepayment Standing Instruction via the "Cash Prepayment / TSF Payment Standing Instruction" maintenance functions to authorize

HKSCC to generate recurring Cash Prepayment Instructions on behalf of the Participant on each Settlement Day. The cash prepayment amount that will be generated under a Cash Prepayment Standing Instruction will depend on the payment basis of the standing instruction given by the Participant, and will be either (a) the gross amount of the unsettled money obligations on its long CNS stock positions; or (b) the net amount of the unsettled money obligations on its long and short CNS stock positions, plus a certain percentage of the net amount input by the Participant. Where the Participant has selected “CHATS” as the payment method when creating the Cash Prepayment Standing Instruction, the cash prepayment amount will be generated as aforesaid on a Settlement Day will be reduced by the relevant amount of Specific Cash Collateral, as described in Section 10.12.4A.

Any Cash Prepayment Standing Instruction remaining in the “pending status” ten calendar days after its last updated date will be automatically purged from CCASS.

10.12.4A Use of Specific Cash Collateral to reduce cash prepayment amount

This Section 10.12.4A is applicable where a Cash Prepayment Standing Instruction to release Securities-on-hold has been created and authorized by a Participant, with “CHATS” set as the payment method.

In respect of the generation of Cash Prepayment Instruction by HKSCC under the Cash Prepayment Standing Instruction on a Settlement Day, HKSCC will reduce the cash prepayment amount by the relevant amount of Specific Cash Collateral that the Participant has provided to HKSCC to cover long CNS stock positions due for settlement on that Settlement Day.

When Eligible Security is allocated to the Stock Clearing Account of the Participant in respect of the long CNS stock position covered by the Specific Cash Collateral, and in any event upon completion of the third Batch-settlement-run on that Settlement Day, HKSCC will update the Settlement Account of the Participant’s Money Ledger with the amount of the Specific Cash Collateral to reduce the corresponding monetary obligations due to HKSCC. As a result, HKSCC will release equivalent discounted market value of the Securities-on-hold.

10.15 RISK MANAGEMENT: CASH AND COLLATERAL SECURITIES

10.15.1 Cash

Cash in Hong Kong dollar and other currencies recorded as credit entries in any CCMS Collateral Account of the Participant are amounts paid by the Participant to HKSCC. The only obligation of HKSCC to the Participant in respect of such amounts shall be to pay the Participant an amount equal to the balance remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to HKSCC.

Security

HKSCC shall have a first fixed charge over:-

- (a) the Collateral Securities from time to time credited to any CCMS Collateral Account of the Participant; and
- (b) the Derived Assets

by way of a continuing security (i) for the discharge and satisfaction of any Marks, Margin and Collateral obligations of such Participant, (ii) for the discharge and satisfaction of all other obligations and liabilities (actual or contingent) of such Participant to HKSCC arising directly in connection with HKSCC ensuring the settlement of Market Contracts to which such Participant is a party, (iii) for the discharge and satisfaction of all liabilities (actual or contingent) of such Participant to HKSCC arising from a loss or defects affecting Eligible Securities pursuant to Rule 812, Rule 813, Rule 814 and Rule 815, and (iv) for the discharge and satisfaction of all other obligations (actual or contingent) of such Participant to HKSCC. Each of the charges created over the assets specified in (a) and (b) and in respect of the Participant's obligations in (i), (ii), (iii) and (iv) above shall form a separate security.

Such Collateral Securities and the Derived Assets shall also be a continuing security for HKSCC's waiver of computation of Marks and reduction of Marginable Position for computation of Margin required from such Participant.

The provisions of this Section 10.15 shall also be applicable, in so far as they are relevant, to the risk management measures in respect of Clearing Agency Transactions.

10.15.4 Example (Marks and Margin covered by Non-cash Collateral)

On a given trade day, the Marks and Margin obligations of Participant A are HK\$10,000,000 and HK\$6,000,000 respectively. Prevailing Non-cash Collateral Cap is 40%.

Suppose at the time of collateralization, the total Discounted Market Value of the Collateral Securities in the General Collateral Inventory of the CCMS House Collateral Account of Participant A is HK\$8,000,000.

Maximum Marks and Margin amount that can be covered by Collateral Securities

$$\begin{aligned} &= \text{Marks and Margin obligation} \times \text{Non-cash Collateral Cap} \\ &= (\text{HK\$}10,000,000 + \text{HK\$}6,000,000) \times 40\% \\ &= \text{HK\$}6,400,000 \end{aligned}$$

Note: The actual Marks and Margin amount that will be covered by Collateral Securities is also HK\$6,400,000 because the total Discounted Market Value of the Collateral Securities available at the time of collateralization is more than this figure. The Ear-marked Value of Participant A is HK\$6,400,000.

$$\begin{aligned} &\text{Marks and Margin requirement amount that must be paid in cash} \\ &= (\text{HK\$}10,000,000 + \text{HK\$}6,000,000) - \text{HK\$}6,400,000 \\ &= \text{HK\$}9,600,000 \end{aligned}$$

Section 10A

China Connect Securities Trades – CNS System

10A.8 RISK MANAGEMENT: MAINLAND SETTLEMENT DEPOSIT

10A.8.1 General

As settlement counterparty to China Connect Clearing Participants in respect of China Connect Securities Trades under the CNS System, HKSCC is exposed to credit risk as a result of the failure by any China Connect Clearing Participant to meet its money obligations in respect of its stock positions in China Connect Securities under the CNS System. In this Section 10A.8, any overdue short stock positions in China Connect Securities under the CNS System are referred to as “overdue short positions in China Connect Securities”.

To monitor and control such risk exposure, HKSCC will collect Mainland Settlement Deposit in respect of each China Connect Market from China Connect Clearing Participants. HKSCC will compute and collect Mainland Settlement Deposit in accordance with the provisions of this Section 10A.8 in the form of cash in Renminbi, rounded to the nearest RMB1. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Mainland Settlement Deposit in any Eligible Currency. HKSCC shall have the right to satisfy its obligations as clearing participant to the China Connect Clearing House under the relevant Clearing Link with, or otherwise use, the Mainland Settlement Deposit collected from China Connect Clearing Participants.

This Section 10A.8 describes the extent to and the manner in which Mainland Settlement Deposit from China Connect Clearing Participants will be collected and redelivered by HKSCC.

10A.8.4 Example (Computation of Monthly Mainland Settlement Deposit Requirement for a China Connect Market)

Suppose there are 5 Trading days in the month. The following table shows a China Connect Clearing Participant’s buy turnover in China Connect Securities, contract value of overdue short positions in China Connect Securities and sell turnover in China Connect Securities for Special Segregated Accounts on each Trading day of the month on a China Connect Market:

	<u>Day 1</u> <u>(RMB)</u>	<u>Day 2</u> <u>(RMB)</u>	<u>Day 3</u> <u>(RMB)</u>	<u>Day 4</u> <u>(RMB)</u>	<u>Day 5</u> <u>(RMB)</u>	<u>Total</u> <u>(RMB)</u>
(a) Buy turnover in China Connect Securities on the China Connect Market	1,000,000	10,000	0	200,000	0	1,210,000
(b) Contract value of overdue short positions in China Connect	200,000	800,000	4,000	0	0	1,004,000

	Securities on the China Connect Market						
(c)	(a) + (b) excluding days without buy turnover	1,200,000	810,000	0	200,000	0	2,210,000
(d)	Sell turnover in China Connect Securities for Special Segregated Accounts on the China Connect Market	500,000	0	600,000	300,000	900,000	2,300,000
(e)	Number of days having buy turnover on the China Connect Market in the month = 3						
(f)	Number of days having sell turnover for Special Segregated Accounts on the China Connect Market in the month = 4						
(g)	Settlement Deposit Rate of the China Connect Market = 20%						

Monthly Mainland Settlement Deposit requirement
= [(c) / (e) + (d) / (f)] × (g)
= RMB (2,210,000 / 3 + 2,300,000 / 4) × 20%
= RMB 262,333 (rounded to nearest RMB1)
= RMB 262,333

10A.8.5 [Repealed]

10A.9 RISK MANAGEMENT: MAINLAND SECURITY DEPOSIT

10A.9.1 General

As settlement counterparty to China Connect Clearing Participants in respect of China Connect Securities Trades under the CNS System, HKSCC is exposed to market risks as a result of potential unfavourable fluctuations of prices in respect of the unsettled stock positions in China Connect Securities of China Connect Clearing Participants under the CNS System.

To monitor and control such risk exposure, HKSCC will collect Mainland Security Deposit for each China Connect Market from China Connect Clearing Participants in respect of their net trading amount in China Connect Securities on such China Connect Market under the CNS System. HKSCC will compute and collect Mainland Security Deposit in accordance with the provisions of this Section 10A.9 in the form of cash in Renminbi, rounded to the nearest RMB1.



Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Mainland Security Deposit in any Eligible Currency.

HKSCC shall have the right to satisfy its obligations as clearing participant to the China Connect Clearing House under the relevant Clearing Link with, or otherwise use, the Mainland Security Deposit collected from China Connect Clearing Participants.

This Section 10A.9 describes the extent to and the manner in which Mainland Security Deposit from China Connect Clearing Participants will be collected and redelivered by HKSCC.

10A.9.2 Computation of Mainland Security Deposit

In respect of each China Connect Market, the Mainland Security Deposit requirement of a China Connect Clearing Participant will be computed at the beginning of each month using the following formula:

$$\frac{\text{Sum of daily net trading amount in China Connect Securities on the relevant China Connect Market in the last 6 months}}{\text{Number of days traded in China Connect Securities on the relevant China Connect Market by the China Connect Clearing Participant in the last 6 months}} \times \text{Mainland Security Deposit Rate of the relevant China Connect Market}$$

subject to such minimum amount as may be determined by HKSCC from time to time in its absolute discretion. Such minimum amount of Mainland Security Deposit is required to be paid to HKSCC by a Clearing Participant upon its registration as a China Connect Clearing Participant as one of the China Connect Clearing Participant Registration Criteria as referred to in Rule 4103.

Mainland Security Deposit Rate is the rate determined by HKSCC in its absolute discretion from time to time by reference to the rate payable by HKSCC to the Mainland's Settlement Guarantee Fund in respect of the relevant China Connect Market as required by the relevant China Connect Clearing House under its rules.

10A.9.3 [Repealed]

Section 12

Non-Exchange Trades – SI Transactions, Clearing Agency Transactions, ISI Transactions, Transfer Instructions and Non-Trade Transfers in China Connect Securities

12.2.9 Risk Management

(i) Marks and Margin

As settlement counterparty to Participants under Market Contracts due for settlement under the CNS System, HKSCC would be exposed to market risks as a result of unfavourable fluctuations or potential unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System.

To monitor and control such risk exposure, HKSCC will Mark-to-market and compute Margin on the unsettled stock positions under the CNS System and collect Marks and Margin from Participants who are parties to Market Contracts. HKSCC will also Mark-to-market and compute Margin on the unsettled stock positions of Participants in respect of Clearing Agency Transactions to be settled under the CNS System, and collect Marks and Margin from Participants who are parties to the Clearing Agency Transactions.

From time to time, circumstances may warrant HKSCC taking additional risk management measures against a Participant.

In respect of Clearing Agency Transactions reported to HKSCC by a Clearing Agency Participant on a Business Day, HKSCC will calculate Marks and Margin in respect of the unsettled stock positions of the Clearing Agency Transactions to be settled under the CNS System, and collect the required Marks and Margin from Participants which are parties to the Clearing Agency Transactions, notwithstanding that the Clearing Agency Transactions have not been accepted by HKSCC for settlement in CCASS under the CNS System. HKSCC will collect the required Marks and Margin from the Participants by issuing DDIs to the Designated Banks of the Participants as part of the CCASS money settlement process, unless otherwise specified below.

HKSCC will not collect the required Marks and Margin in respect of Clearing Agency Transactions to be settled under the CNS System and to which a Clearing Participant is a party from the Clearing Participant direct if the Clearing Participant, in its capacity as a SEOCH Participant, has effected and maintained with the Clearing Agency Participant an arrangement for the Clearing Agency Participant to collect from the Clearing Participant and pay to HKSCC the required Marks and Margin. The Clearing Participant, in its capacity as a SEOCH Participant, shall pay the amount of such required Marks and Margin in cash to the Clearing Agency Participant. The Clearing Agency Participant shall transfer such cash amount to HKSCC on the Business Day following the day on which the Clearing Agency Transactions are reported to HKSCC, at such time and in such manner as HKSCC and the Clearing Participant may agree. HKSCC will record the cash amount

received by it from the Clearing Agency Participant as credit entries in the CCMS House Collateral Account of the Clearing Participant, and the cash amount will be treated as Contract Currency Collateral of the corresponding Clearing Participant.

(For further details, reference should also be made to Sections 10.10, 10.10A and 10.11 which shall also apply to Clearing Agency Transactions for settlement under the CNS System.)

(ii) Collateral

HKSCC monitors its risk exposure to Participants on a continuous basis. From time to time, circumstances peculiar to a particular Participant may warrant HKSCC taking additional risk management measures against it.

In appropriate cases, HKSCC will require a Participant to provide it with Collateral in the form of cash or Collateral Securities, subject to the Rules.

The amount of Collateral required to be provided by a Participant will be decided by HKSCC, taking into account HKSCC's exposure posed by that Participant.

(For further details, reference should also be made to Section 10.11 which shall also apply to Clearing Agency Transactions settled under the CNS System.)

(iii) Securities-on-hold

On each Settlement Day, HKSCC will, in respect of Eligible Securities made available to it by Participants with short stock positions under the CNS System, allocate such Eligible Securities to the stock accounts of Participants with long stock positions under the CNS System.

Since under the current design of the CCASS money settlement process, payment by Participants to HKSCC via their Designated Banks (as part of CCASS money settlement process) will only be confirmed good and irrevocable at day end after the Eligible Securities have been delivered to Clearing Participants under the CNS System in CCASS, HKSCC faces significant risk exposure during the period from the time of delivery of Eligible Securities under the CNS System in CCASS to the time when confirmation of good and irrevocable payment is issued by the Designated Banks of Participants and the receiving bank of HKSCC.

To guard against this risk exposure, the Rules provide that until such time as HKSCC is satisfied that (i) it has received payment in full in respect of Eligible Securities delivered by HKSCC to a Clearing Participant or a Clearing Agency Participant (in each case, as a party to a Clearing Agency Transaction under the CNS System) on a Settlement Day; and (ii) such payment is good and irrevocable, or unless otherwise agreed by HKSCC, title and property in such Eligible Securities shall not pass to such Clearing Participant or Clearing Agency Participant, as the case may be. Until then, Clearing Participants and Clearing

Agency Participants who are parties to Clearing Agency Transactions will not be allowed to use or withdraw some or all of such Eligible Securities, except as permitted by HKSCC.

The quantity of Eligible Securities allocated to the Stock Clearing Account of a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction under the CNS System on a Settlement Day, which will not be permitted to be used or withdrawn by the Participant will depend on the amount to be paid by the Participant to HKSCC under the CNS System on such Settlement Day.

If a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction wishes to make use of any of such Eligible Securities allocated to its Stock Clearing Account before payment of the amount due to HKSCC is confirmed good and irrevocable, HKSCC may permit such use of any such Eligible Securities provided the value of such allocated Eligible Securities which will remain in the Stock Clearing Account of the Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction (determined by using the Mark-to-market values of the relevant Eligible Securities at the time), discounted by a percentage to be decided by HKSCC (normally, ten per cent), shall not be less than the total amount due to HKSCC from such Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction.

When payment of the amount owed to HKSCC is confirmed good and irrevocable, all Eligible Securities allocated under the CNS System to the Stock Clearing Account of a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction will become freely available for use by the Participant.

For Clearing Participants and Clearing Agency Participants which are parties to Clearing Agency Transactions that have outstanding payment obligations to HKSCC, but wish to utilize any or all of the Securities-on-hold covering such outstanding payment obligations for any purpose, including to settle SI Transactions and Isolated Trades during the Settlement Day, they may make payment through same day available funds to HKSCC to reduce or satisfy their monetary payment obligations. As such, the equivalent discounted market value of Securities-on-hold will be released for settlement.

(For further details reference should also be made to Section 10.12, which shall also apply to Clearing Agency Transactions settled under the CNS System.)

(iv) Eligible Securities subject to expiry

In relation to Clearing Agency Transactions in Eligible Securities which are subject to expiry (e.g. warrants) and which are to be settled under the CNS System, the delivering Clearing Participant which is (being a party to the Clearing Agency Transaction) must ensure that when the details of Clearing Agency Transactions are reported to HKSCC by the Clearing Agency Participant for settlement under the CNS System, the relevant delivering Participant has readily available evidence showing that, on or before the due date for settlement of the transaction under the CNS System, it has or will have the required quantity of Eligible Securities in its Stock Accounts in CCASS for settlement. The

delivering Participant, as the case may be, shall provide the evidence to HKSCC upon request.

If at any time HKSCC is not satisfied that such Participant has or will have the Eligible Securities, which are subject to expiry, on the due date for settlement of the transaction under the CNS System, HKSCC may direct that Participant to immediately execute or arrange the execution of a Buy-in on the Exchange to purchase the Eligible Securities required by such Participant to settle its obligations in respect of such transaction under the CNS System.

(v) Closing-out

On the occurrence of an Event of Default against a Participant, HKSCC may declare the Participant a Defaulter and if so, will effect Closing-out in respect of all of the unsettled obligations of the Participant under the CNS System.

If as a result of Closing-out the Participant owes money to HKSCC, HKSCC will apply the Marks, Margin and Collateral, if applicable, provided by the Participant (as well as all other assets and property of such a Participant which may be permitted by law to be applied by HKSCC for such purpose) towards such indebtedness. For the avoidance of doubt, Marks, Margin and Collateral provided by the Participant include the Marks, Margin and Collateral collected from such Participant (in its capacity as a SEOCH Participant) by a Clearing Agency Participant and transferred by the Clearing Agency Participant to HKSCC pursuant to Sections 12.2.9(i) and 12.2.9(ii) respectively.

If a Clearing Participant which is an Exchange Participant is declared a Defaulter, HKSCC will notify the Exchange forthwith and will request the Exchange to suspend the Clearing Participant from trading. HKSCC will also request the Exchange to suspend from trading any of the NCPs of the GCP which does not have in place immediately upon suspension of the GCP a binding, valid and effective Clearing Agreement with another GCP. If a Clearing Participant is not an Exchange Participant is declared a defaulter, HKSCC will request the Exchange to suspend from trading any of the NCPs of the GCP which does not have in place immediately upon suspension of the GCP a binding, valid and effective Clearing Agreement with another GCP.

A Clearing Participant or Clearing Agency Participant declared a Defaulter may also be suspended or restricted from further activities in CCASS.

(For further details reference should also be made to Section 10.14, which shall also apply to Clearing Agency Transactions settled under the CNS System.)

Section 14

Money Settlement

14.3 INSTRUCTIONS BY HKSCC TO DESIGNATED BANKS

14.3.3 Amounts arising out of transactions settled in CCASS

The amounts to be debited or credited to Designated Bank Accounts of Participants for different transactions in CCASS have been explained elsewhere.

In brief, in relation to settlement of transactions in securities or transfer of securities on a DVP basis:

- (i) for CNS stock positions of a Clearing Participant or Clearing Agency Participant arising from Exchange Trades, settled on each Settlement Day, the related money positions will be set-off against each other and the net sum, subject to (iv) below, due from or to the Clearing Participant or Clearing Agency Participant will be settled by HKSCC issuing a DDI or a DCI to the Designated Bank of the Clearing Participant or Clearing Agency Participant (see Section 10.5.6 and Section 14.4);
- (ia) for CNS stock positions of a China Connect Clearing Participant arising from China Connect Securities Trades, settled on each Settlement Day, the related money positions for all the China Connect Markets will be set-off against each other and the net sum will be settled by HKSCC issuing a CPI to the Designated Bank of the China Connect Clearing Participant or a bank designated by HKSCC (see Section 10A.4 and Section 14.7) on T+1 day;
- (ib) for fees, expenses, levies and taxes relating to China Connect Securities Trades to be settled by a China Connect Clearing Participant on each Mainland Business Day, including those collected by HKSCC on behalf of the relevant China Connect Clearing House, China Connect Market, regulatory or tax authority or relevant third parties, HKSCC will issue debit entries to the respective sub-accounts of the Money Ledger of the China Connect Clearing Participant;
- (ii) for Exchange Trades of a Clearing Participant settled under the Isolated Trades System on a DVP basis, on each Settlement Day, in respect of each such Exchange Trade settled under the Isolated Trades System, HKSCC will issue an EPI for the amount (as notified by the Exchange as the price for such Exchange Trade) to each of the Designated Banks of the two Clearing Participants concerned in each case, so as to effect payment by the Clearing Participant receiving Eligible Securities to the delivering Clearing Participant (see Section 14.5). The EPIs issued for each Exchange Trade in interest bearing Debt Securities will include the accrued interest;
- (iii) for ISI or SI Transactions of a Participant settled on a DVP basis on each Settlement Day, in respect of each such ISI or SI Transaction, HKSCC will issue an EPI for the amount

(as detailed in the ISIs or SI relating to the ISI or SI Transaction respectively) to each of the Designated Banks of the two Participants concerned in each case, so as to effect payment by the Participant receiving Eligible Securities to the delivering Participant (see Section 14.5);

- (iv) for Clearing Agency Transactions between Clearing Agency Participants and Participants settled under the CNS System on each Settlement Day, the related money positions will be set-off against each other and further set-off against any money positions of the CNS stock positions arising from Exchange Trades of such Participants. The net sum due from or to the Participants will be settled by HKSCC issuing a DDI or DCI to the Designated Bank of the Participant (see section 12.2.6 and section 14.4). For Clearing Agency Transactions between Clearing Agency Participants and Participants settled under the Isolated Trades System on a DVP basis, on each Settlement Day, in respect of each such Clearing Agency Transaction, HKSCC will issue an EPI for the amount (as notified by the Clearing Agency Participants as the price for such Clearing Agency Transactions) to each of the Designated Banks of the two Participants concerned in each case, so as to effect payment by the Participant receiving Eligible Securities to the delivering Participant (see Section 14.5) ; and
- (v) for STI Transfers of a Clearing Participant or a Custodian Participant effected on a DVP basis on each Business Day, in respect of each such STI Transfer, HKSCC will issue an EPI for the amount (as detailed in the STI) to the Designated Bank of the Clearing Participant or Custodian Participant and the receiving bank of the SSA Statement Recipient concerned, so as to effect payment by the Clearing Participant or Custodian Participant to its SSA Statement Recipient in respect of the transfer of Eligible Securities from the SSA with Statement Service to another Stock Account of the Clearing Participant or Custodian Participant.

For ISI or SI transactions of a Participant to be settled on a RDP basis on each Settlement Day, subject to availability of Eligible Securities in respect of such ISI or SI transactions, HKSCC will issue a CPI for the amount (as detailed in the ISIs or SIs relating to the ISI or SI transactions respectively) to the Designated Banks of the receiving Participant concerned in each case, so as to effect CHATS payment to the delivering Participant. Upon receipt of confirmation of payment from the Clearing House of HKAB for the relevant Eligible Currency, delivery of Eligible Securities takes place immediately on-line in CCASS.

For any cash prepayment request or intra-day marks of a Clearing Participant to be settled via CPIs on each Business Day, HKSCC will issue a CPI for the amount to the Designated Bank of the paying Participant, so as to effect CHATS payment to the respective bank account of HKSCC or the HKSCC HKD RTGS Account, as applicable.

For any accepted Intra-day Payment Standing Instruction covering intra-day refund to a Clearing Participant of surplus cash arising from overpaid cash prepayment and/or intra-day settlement of money obligations due to Clearing Participants from HKSCC under the CNS System on a Settlement Day, HKSCC will issue an Intra-day Payment Instruction covering the amount (as stated in the “Enquire Intra-Day Payment Summary” in CCASS Terminal) of the surplus cash refund and/or intra-day settlement of money obligations due to the Clearing

Participant from HKSCC under the CNS System included in the Intra-day Payment to the Designated Bank of the Clearing Participant to effect intra-day payment on each Settlement Day (See Section 14.8).

14.4 DDIs AND DCIs

14.4.2 Procedures

The following is a brief description of the procedures relating to DDIs/DCIs issued by HKSCC:

- (i) periodically, based on the balance of the relevant sub-accounts of the Money Ledger of Participants (i.e. the Settlement Account, the Marks and Margin Account, the Entitlements Account, and the Miscellaneous Account), HKSCC will generate DDIs/DCIs to collect or pay sums from or to Participants for value on the same day. Subject to HKSCC's right to offset credit and debit balances in the sub-accounts of the Money Ledger of a Participant, relevant DDIs or DCIs will be generated by HKSCC in respect of balances in the sub-accounts of the Money Ledger of the Participant as follows:
 - in respect of the Settlement Account, on each Settlement Day; and
 - in respect of the Marks and Margin Account, the Entitlements Account and the Miscellaneous Account, on each Business Day;
- (ii) except for balances in the Entitlements Account and the Billing Account, HKSCC will normally offset the credit and debit balances in the sub-accounts of the Money Ledgers of Participants before issuing relevant DDIs or DCIs (usually, the credit balances in the sub-accounts of the Money Ledger will be applied in the following order, namely, Miscellaneous Account, Settlement Account and the Marks and Margin Account);
- (iii) the DDIs/DCIs, so generated by HKSCC on each day for same day settlement and for settlement on the next Business Day, are forwarded to the Clearing House of HKAB for the relevant Eligible Currency by HKSCC. Special arrangements have been made by HKSCC with the Clearing House of HKAB for each relevant Eligible Currency pursuant to which extra clearing runs will be conducted by that Clearing House and files and/or reports will be provided to the Designated Banks of Participants by that Clearing House on the same day;
- (iv) Designated Banks will be able to obtain via their CCASS Terminals and Participant Gateways details of DDIs/DCIs affecting the Participants they act for, which will be contained in (a) the "DDI/DCI/EPI Listing for Designated Bank" and the "DDI/DCI/EPI Exception Report" or (b) the "DDI/DCI/EPI Listing for IP Related Transactions", as the case may be (see Section 16.7). Designated Banks will reconcile the details with the information they received from the Clearing House of HKAB for the relevant Eligible Currency and will report any discrepancies to HKSCC for clarification;
- (v) The "Statement of Money Ledger" and "DDI/DCI/EPI Summary for Participant" (see

Section 16.6), containing details of the DDIs/DCIs issued by HKSCC, will be available to Participants other than Investor Participants via their CCASS Terminals and Participant Gateways. In the case of Investor Participants, activity statements containing the relevant information will be posted on the CCASS Internet System and the activity statements will also be mailed to Investor Participants who have elected to receive their activity statements by mail on the Business Day following the issue of DDIs/DCIs by HKSCC (see Section 16.6.2). Activity statements will not be mailed to Investor Participants who have not elected to receive their activity statements by mail and such Investor Participants should enquire the details of their activity statements through the CCASS Internet System; and

- (vi) Designated Banks of Participants are required to confirm to HKSCC via their CCASS Terminals (a) the payment status of DDIs and DCIs affecting Participants other than Investor Participants and (b) the payment status of DDIs affecting Investor Participants, at the time or times and in the manner as set out in Section 14.4.3.

In addition to the above procedures, Designated Banks must follow the prescribed procedures of the Clearing House of HKAB for each Eligible Currency in relation to DDIs/DCIs.

Section 16

Statements and Reports

16.1 STATEMENTS AND REPORTS AVAILABLE

CCASS and RMS will generate statements and reports for Participants other than Investor Participants and Designated Banks throughout the day after completion of different processes as set out in Section 16.6.1, Section 16.6.1A and Section 16.7. Where a report is stated in Section 16.6.1, Section 16.6.1A or Section 16.7 to be available “daily”, the report will be available on each Business Day or Mainland Business Day only and will not be available on a Saturday unless expressly stated otherwise. Further, full descriptions of the information contained in the reports for Participants other than Investor Participants and Designated Banks are set out in the CCASS Terminal User Guide for Participants, the RMS Guide and the CCASS Terminal User Guide for Designated Banks.

Participants other than Investor Participants and Designated Banks may retrieve such reports through their CCASS Terminals or Participant Gateways or RMS (see Section 16.3).

In the event that a Clearing Participant or a Custodian Participant authorises HKSCC to furnish statements and reports relating to SSA with Statement Service to SSA Statement Recipients, such statements and reports are to be made available by HKSCC as set out in Section 16.8.

Investor Participants will receive statements from HKSCC relating to activities and balances of their Stock Accounts as described in Section 16.6.2.

16.2 ACCESS RIGHTS TO REPORT RETRIEVAL FUNCTIONS

The access rights of a Participant other than an Investor Participant to retrieve reports are stated in

Sections 3.5 and 3.5A.

16.3 RETRIEVAL OF REPORTS

The arrangement for retrieving

- (a) CCASS reports are set out in the CCASS Terminal User Guide and the CCASS Terminal User Guide for Designated Banks; and
- (b) RMS reports are set out in the RMS Guide.

16.4 [Repealed]

16.5. REQUEST FOR RE-PRINTS

In relation to copies of reports which are no longer available for printing or retrieval via CCASS Terminals, Participant Gateways or RMS, Participants other than Investors Participants may apply to HKSCC for re-prints of such reports. HKSCC may in its absolute discretion provide these re-prints in any form.

Re-prints of reports are subject to extra charges as outlined in HKSCC's current schedule of costs and expenses (see Section 21).

16.6 REPORTS AND STATEMENTS FOR PARTICIPANTS

16.6.1 Reports and Statements for Participants other than Investor Participants to be retrieved from CCASS Terminals or Participant Gateways

Report ID	Report name	Frequency	Time available
CCLTN04	Provisional Clearing Statement	Twice daily	shortly after 5:00 p.m. (for current day's Exchange Trades); Shortly after 8:00 p.m. (for current day's Exchange Trades and Clearing Agency Transactions)
CCLTN05	Final Clearing Statement	Daily	shortly after 2:00 p.m. (for previous day's Exchange Trades and Clearing Agency Transactions)
		Daily	shortly after 4:00 p.m. (for current day's China Connect Securities Trades) upon completion of the clearing process for the China Connect Markets

CCLID01	Intra-day Trade File (available in data format file only)	Ten times a day	shortly after 9:45 a.m., 10:15 a.m., 10:45 a.m., 11:30 a.m., 12:00 noon, 1:15 p.m., 2:00 p.m., 2:45 p.m., 3:30 p.m. and 4:25 p.m. (for current day's Exchange Trades effected on or reported to the Exchange by the NCPs of a GCP)
		Eight times a day	shortly after 9:45 a.m., 10:15 a.m., 10:45 a.m., 11:45 a.m., 1:15 p.m., 2:00 p.m., 2:30 p.m. and 3:30 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by the NCCCPs of a GCP)
CCLSI02	SI Activity Report	Daily	from the time when the report retrieval function is available (for previous day's SI activities)
CCLSI01	SI Status Report	Daily	from the time when the report retrieval function is available (for previous day's SI results)
CCLUS01	Unmatched SI Report	Nine times a day	around 9:45 a.m., 10:30 a.m., 12:00 noon, 2:00 p.m., 3:00 p.m., 3:30 p.m., 4:15 p.m., 5:30 p.m. and 6:30 p.m. (for unmatched SI results as of the completion of each SI matching run for Eligible Securities other than China Connect Securities)
		Nine times a day	around 12:00 noon, 2:00 p.m., 3:15 p.m., 5:00 p.m., 5:15 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for unmatched SI results as of the completion of each SI matching run for China Connect Securities)
CSESP01	Settled Position Report	Daily	shortly after 6:00 p.m. (for accumulated settlement results for Eligible Securities other than China Connect Securities as of current day)
			Shortly after 8:00 p.m. (for accumulated settlement results for China Connect Securities of current day)
CSESP04	Intra-day Settled Position Report	Three times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for settlement results as of the completion of first, second and third Batch-settlement-runs for Eligible Securities other than China Connect Securities)
		Four times a day	around 5:15 p.m., 6:00 p.m., 6:45 p.m. and 7:30 p.m. (for CNS stock positions and SIs settlement results as of the completion of the first to fourth Batch-settlement-runs for China Connect Securities)
CSESE01	Settlement Report	Daily	from the time when the report retrieval function is available (for previous day's settlement results)

CSESB01	Daily Stock Balance Report	Daily	from the time when the report retrieval function is available (for previous day's stock balances and value in their account and total portfolio value)
CSESM01	Statement of Stock Movement (By Stock) Report	Daily	from the time when the report retrieval function is available (for previous day's stock movements sorted by stocks)
CSESM02	Statement of Stock Movement (By Account) Report	Daily	from the time when the report retrieval function is available (for previous day's stock movements sorted by accounts)
CSEMS08/ CSEMA08	Statement of Money Ledger	Daily	CSEMS08: from the time when the report retrieval function is available (for previous day's Money Ledger movements); and CSEMA08: around 4:30 p.m. (for current day's Money Ledger movements)
CSEMP02	CCASS Funding Projection Report for Participant	Four times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for funding projection as of the completion of each of the first three Batch-settlement-runs for Eligible Securities other than China Connect Securities) and around 3:30 p.m. (for funding projection as of the completion of the sixth SI matching for Eligible Securities other than China Connect Securities)
CCNPT06	Nominee Fees Refund Report	Daily	from the time when the report retrieval function is available (for refund of the over-charged nominee fees arising from multi-counter stocks, i.e. scrip fee and dividend collection fee)
CSEMS28/ CSEMA28/ CSEMN28	DDI/DCI/EPI Summary for Participant	Daily	CSEMS28: from the time when the report retrieval function is available (for DDIs/DCIs/EPIs generated on the previous day); CSEMA28: around 4:05 p.m. (for DDIs/DCIs/EPIs generated on the current day for same day settlement); and CSEMN28: around 8:15 p.m. (for EPIs generated on the current day for same day Night Settlement)
CSEMS29/ CSEMA29/ CSEMN29	Settlement Related EPI Listing	Daily	CSEMS29: from the time when the report retrieval function is available (for EPIs generated on the previous day for settlement on the current day in relation to money obligations of Isolated Trades, SI Transactions and ISI Transactions on a DVP basis);

CSEMA29: around 4:05 p.m. (for EPIs generated on the current day for same day settlement in relation to money obligations of Isolated Trades and SI Transactions on a DVP basis); and
CSEMN29: around 8:15 p.m. (for EPIs generated on the current day for same day Night Settlement)

CSEOP01	Next Settlement Day Due/Overdue Position Report	Daily	from the time when the report retrieval function is available (for current day's due/overdue positions)
CCLEI01	SI Batch Input Control Report	After each SI upload	shortly after each individual SI batch validation (for status of SI batch uploads)
CCMSS05	Collateral Security Batch Input Control Report	After each batch validation	shortly after completion of each Collateral Security batch validation run scheduled at around 10:00 a.m., 12:45 p.m., 5:00 p.m. and 6:00 p.m. (for status of Collateral Security batch file uploads)
CSEBA01	ATI Batch Input Control Report	After each batch validation	shortly after completion of each ATI batch validation run scheduled at around 7:30 a.m., 8:00 a.m., 9:15 a.m., 10:00 a.m., 11:30 a.m., 12:45 p.m., 3:15 p.m., 5:00 p.m., 5:30 p.m. and 8:00 p.m. (for status of ATI batch file uploads).
CCNPT02	Entitlement Statement	Daily	from the time when the report retrieval function is available (for previous day's entitlement updates)
CCNPT01	Nominee Functions Input Activities Report	Daily	from the time when the report retrieval function is available (for previous day's input activities of all nominee functions, Intra-day Payment Standing Instruction in relation to payments arising out of nominee services, Nominee Payment (Evening) Standing Instruction and also voting instructions input by SSA Statement Recipients)
CCNPT05	Elected Quantity Exception Report for Structured Products (Before Election End)	Daily	from the time when the report retrieval function is available (for potential exceptional election instructions for payments relating to Structured Products)
CCNAN05	Corporate Announcement Master Data File (available in data format file only)	Three times a day	around 1:00 p.m., 3:30 p.m. and 6:00 p.m. (for active Corporate Announcements as of the file generation time)

CCNAN06	Corporate Announcement Maintenance Activities Report	Three times a day	around 1:00 p.m., 3:30 p.m. and 6:00 p.m. (for current day's Corporate Announcements' update activities as of the report / file generation time)
CCNDS04	Withdrawal Advice Report	Daily	from the time when the report retrieval function is available (for current day's lapsed/expired securities withdrawal)
	Overnight Report Distribution Summary Report	Daily (including Saturday)	printed overnight (for reports downloaded to the participants during the overnight report printing)
CCVTF01	Inter-counter Transfer/Conversion Instruction Activities Report	Daily	from the time when the report retrieval function is available (for previous day's processed Multi-counter Transfer Instructions and Parallel Trading Conversion Instructions)
CCVTF03	Multi-counter Transfer Instruction Batch Input Control Report	After each batch validation	shortly after completion of each batch validation run on uploaded files containing Multi-counter Transfer Instructions scheduled at around 9:15 a.m., 10:15 a.m., 12:30 p.m. and 2:30 p.m. (for status of Multi-counter Transfer Instruction batch uploads)
CCVTF05	Parallel Trading Conversion Instruction Batch Input Control Report	After each batch validation	shortly after completion of each batch validation run on uploaded files containing Parallel Trading Conversion Instructions scheduled at around 9:15 a.m., 10:15 a.m., 12:30 p.m. and 2:30 p.m. (for status of Parallel Trading Conversion Instruction batch uploads)
CCVWD04	Withdrawal Order Audit Trail Report	Daily	from the time when the report retrieval function is available (for previous day's withdrawal orders input activities)
CCVWD05	Withdrawal Order Status Report	Daily	from the time when the report retrieval function is available (withdrawal order status as at the end of the previous day)
CFIMC01	Monthly Stock Balance Report	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's Stock Account balance)

CCDPC02	Monthly Portfolio Fee Collection Report of China Connect Markets	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's portfolio values of each calendar day for calculating portfolio fee of China Connect Securities with details of the portfolio fee shown)
CCJCC12	Corporate Communications Event List	Daily	from the time when the report retrieval function is available (for previous day's corporate communications event updated)
CCJCC15	Corporate Communications Recipient Batch Input Control Report	Daily	shortly after each scheduled corporate communications batch validation run (for status of batch file uploads)
CCJCC13	Recipient Master Maintenance Activity Report	Daily	from the time when the report retrieval function is available (for previous day's Recipient master maintenance activities)
CCJCC14	Corporate Communications Event Recipient List Activity Report	Daily	from the time when the report retrieval function is available (for previous day's corporate communications Recipient list maintenance activities)
CCJCC21	Monthly Recipient Master List	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for latest Recipient masters as at end of previous month)
CIPSI01	ISI Status Report	Daily	from the time when the report retrieval function is available (for previous day's ISI results)
CIPSI02	ISI Activity Report	Daily	from the time when the report retrieval function is available (for previous day's ISI activities)
CSEPI01	Payment Instruction Input Activity Report	Daily	from the time when the report retrieval function is available (for previous day's payment instruction on-line activities)
CSESI02	Intra-day ISI/SI Full List	Eight times a day	around 11:30 a.m., 12:30 p.m., 2:30 p.m. and 4:15 p.m. (for settlement results as of the completion of each Batch-settlement-run for Eligible Securities other than China Connect Securities) and around 3:00 p.m., 3:30 p.m., 5:30 p.m. and 6:30 p.m. (for matched SI results as of the completion of the fifth, sixth, eighth

			and final SI matching runs for Eligible Securities other than China Connect Securities)
		Nine times a day	around 5:00 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for settlement results as of the completion of each Batch-settlement-run for settlement of SI stock positions in China Connect Securities) and around 12:00 noon, 2:00 p.m., 3:15 p.m., and 5:15 p.m. (for matched SI results as of the completion of the first, second, third and fifth SI matching runs for China Connect Securities)
CIPCL03	Monthly ISI Counterparty List	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for the latest ISI counterparty list as at end of previous month)
CIPEI01	ISI Batch Input Control Report	After each ISI upload	Shortly after each individual ISI batch validation (for status of ISI batch uploads)
CBLBR01	Stock Borrowing/Lending Activity Report	Daily	from the time when the report retrieval function is available (for previous day's stock loan activities)
CBLBP01	Stock Borrowing/Lending Position Status Report	Daily	from the time when the report retrieval function is available (stock loan status as at the end of the previous day)
CEPAA01	New Issues Application Input Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's EIPO application instruction and Tender Instruction maintenance activities)
CEPAB01	New Issues Application Input Activity Report	Daily (including Saturday)	shortly after 11:30 a.m. (for current day's EIPO application instruction and Tender Instruction maintenance activities as of the report generation time)
CEPBE01	New Issues Entitlement Report	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's entitlement updates of EIPO application instructions and Tender Instructions)
CEPSA01	Yellow Form Share Allotment Report	Daily (including Saturday)	from the time when the report retrieval function is available (for allotment results of applications for New Issue Shares using yellow application forms)

CEPBV01	EIPO Batch Input Control Report	After each scheduled validation	shortly after each scheduled batch validation run (for status of EIPO application instructions batch file uploads)
CEPBV02	EIPO Confirmation Batch Input Control Report	After each batch validation	shortly after each scheduled batch validation run (for status of EIPO Confirmation batch file uploads)
CEFUV01	Tender Instructions Batch Input Control Report	After each scheduled validation	shortly after each scheduled batch validation run (for status of Tender Instructions batch file uploads)
CCNVT08	CRP Batch Input Control Report	Three times a day	shortly after completion of each CRP batch validation run scheduled at around 11:45 a.m., 2:45 p.m. and 4:15 p.m. (for status of CRP batch file uploads)
CCNPT03	Participant Voted Quantity Exception Report - On Voting Deadline	Daily	shortly after the 4:15 p.m. voting validation run (for voting instructions being scaled down or cancelled)
CSEMP04	CCASS Funding Projection Report (Night Settlement) for Participant	Five times a day	around 5:00 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for funding projection as of the completion of each Batch-settlement-run for China Connect Securities)
CCNPT04	Participant Voted Quantity Exception Report - Before Voting Deadline	Daily	normally around 8:45 p.m. (for potential exceptional voting instructions of Eligible Securities other than China Connect Securities)
		Daily	normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for potential exceptional voting instructions of China Connect Securities)
CSEOP09	GEM Settlement Information Report	Daily	from the time when the report retrieval function is available (for previous day's settlement results in relation to transactions in securities listed on the Growth Enterprise Market of the Exchange)
CSECP03	Cash Prepayment / TSF Payment / Intra-day Payment Instruction Maintenance A/T Report	Daily	from the time when the report retrieval function is available (for previous day's maintenance activities of Cash Prepayment, TSF Payment and Intra-day Payment Standing Instruction)

CCSSG01	Stock Segregated Account with Statement Service Master Listing	Daily	from the time when the report retrieval function is available (for the previous day's latest master information of SSA with Statement Service)
CCSSG02	Stock Segregated Account with Statement Service Maintenance Activity Report	Daily	from the time when the report retrieval function is available (for previous day's maintenance activities of SSA with Statement Service)
CCSSU01	SSA Batch Input Control Report	Daily	shortly after the SSA batch input file validation run (for status of SSA batch uploads)
CSEAT02	STI Activity Report	Six times a day	shortly after completion of each STI batch transfer run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for Eligible Securities other than China Connect Securities)
		Eleven times a day	shortly after completion of each STI batch transfer run scheduled at around 8:00 a.m., 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 6:15 p.m., 7:00 p.m., 7:30 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for China Connect Securities)
CSEAT01	STI Batch Input Control Report	After each batch validation	shortly after completion of each STI batch validation run scheduled at around 7:30 a.m., 8:00 a.m., 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 7:30 p.m. and 8:00 p.m. (for status of STI batch uploads)
CCNPT07	Participant Shareholding Category Disclosure Activity Report	Daily	from the time when the report retrieval function is available (for previous day's Shareholding Category Disclosure maintenance activities)
CCNPT08	Participant Shareholding Category Disclosure Exception Report -	Daily	shortly after 4:15 p.m. voting validation run (for Shareholding Category Disclosure instructions being cancelled)

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CCNPT09	Participant Shareholding Category Disclosure Exception Report - Before Voting Deadline	Daily	normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for Shareholding Category Disclosure instructions to be cancelled)
CCNPT10	CA ISO Message Service Subscription Audit Trail Report	Daily	from the time when the report retrieval function is available (for previous day's CA ISO Message Service subscription activities)
CCNPT11	CA ISO Message Service Monthly Billing Report	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's CA ISO Message Service subscription fee and list of ISO Messages)
CSEAT03	STI Status Report	Daily	from the time when the report retrieval function is available (for previous day's STI results)
CFIBI01	Buy-in Notification Report	Daily	after 5:00 p.m. (for Buy-in of Eligible Securities other than China Connect Securities to be executed by HKSCC on the following Trading day and those executed on previous Trading day) after 7:15 p.m. (for Buy-in of China Connect Securities to be executed by HKSCC on the following Trading day and those executed on current Trading day for each China Connect Market)
CCMIA14	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shenzhen)	Quarterly	from the time when the report retrieval function is available on the first Business Day of each quarter (for previous quarter's interest)
CRMGF03	Mainland Security Deposit Payable Report (Shenzhen)	Monthly	from the time when the report retrieval function is available on the first Business Day of each month

CRMSD04	Mainland Settlement Deposit Payable Report (Shenzhen)	Daily	after calculation for current day's Mainland Settlement Deposit requirement
CRMSD09	Intra-day Mainland Settlement Deposit Payable Report (Shenzhen)	Daily	after calculation of intra-day Mainland Settlement Deposit requirement
CCLTA01	Trade File of Special Segregated Accounts (available in data format file only)	Daily	Around 4:15 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by a China Connect Exchange Participant for Special Segregated Accounts)
CRMSD07	Intra-day Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation of intra-day Mainland Settlement Deposit requirement
CSEAS05	A-share Sellable Balance Adjustment Report	Twice daily	from the time when the report retrieval function is available (for previous day's sellable balance adjustment) and around 8:15 a.m. (for current day's sellable balance adjustment)
CSEAS07	A-share Sellable Balance Adjustment Audit Trail Report	Daily	from the time when the report retrieval function is available
CSETF03	TSF FX Transaction / Stock Release Activity / Status Report	Daily	from the time when the report retrieval function is available (for previous Trading day's (i) Stock Release Request maintenance activities; and (ii) settlement status of TSF FX Transactions and Stock Release FX Transactions)
CSETF07	TSF Confirmation Report	Daily	around 6:00 p.m. (for (i) current Trading day's TSF FX Transactions and Stock Release Requests; (ii) the preceding Trading day's TSF FX Positions and Stock Release FX Transactions; (iii) a summary of the quantity of TSF Stocks to be earmarked and de-earmarked and money positions of the TSF CCASS Participants; and (iv) the applicable FX rates)

CSETF13	TSF Exception Handling Fee Report	Daily	from the time when the report retrieval function is available (for previous day's TSF exception handling fee)
CCMPY01	Posting/Collateralisation Result Report	Each marks batch run	before the completion of scheduled intra-day marks batch processing runs, or ad-hoc marks batch processing run (if any)
CCMPY02	Posting/Collateralisation Result Report	Daily	After the completion of day-end marks batch processing runs
CCMSU04	Special-Use Collateral Balance Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's special-use collateral balance)
CCMCA02	Collateral Account Balance Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral balance)
CCMMV01	Participant Collateral Account Movement Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral movements)
CCMIA02	Monthly Interest & Accommodation Fee Report – Detail	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's interest and accommodation fee)
CCMIR02	Collateral Parameters Information List	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (previous day's interest rates, retention rates, accommodation fee rate, exchange rate and exchange haircut)
CCMDS01	Statement of Collateral Account	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral account activities)
CCMSC01	Specific Cash Collateral Instruction Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's Specific Cash Collateral instruction activities)
CCMPS01	Maintain Preferred Single Settlement Currency Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's activities in relation to Preferred Single Settlement Currency)

CCMMM01	Marks and Margin for ChinaClear Southbound Payable Report	Daily	around 8:00 p.m. (after generation of the current day money obligations for next Business Day settlement)
CCMDF02	Statement of Default Fund Contributions	Monthly & ad hoc	Around 12:00 noon, following completion of monthly review of Guarantee Fund to be conducted on the first Business Day of each month or completion of any ad hoc review of Guarantee Fund
CCMIA12	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shanghai)	Quarterly	from the time when the report retrieval function is available on the first Business Day of each quarter (for previous quarter's interest)
CRMGF01	Mainland Security Deposit Payable Report (Shanghai)	Monthly	from the time when the report retrieval function is available on the first Business Day of each month
CRMSD01	Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation for current day's Mainland Settlement Deposit requirement
DMSDA01	Disabled User Listing	Daily (including Saturday)	Ad hoc
DMSDA02	SRN Listing	Daily (including Saturday)	Ad hoc
DMSDA03	User Group Listing (with Accessible Functions)	Daily (including Saturday)	Ad hoc
DMSDA04	User Profile Listing	Daily (including Saturday)	Ad hoc

DMSDA05	User Profile Maintenance Report	Daily (including Saturday)	Ad hoc
CETMB02	Broadcast Message Listing	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's broadcast messages)
CSECC03	Handling Fee Collection Report for the Early Release of Securities-on-hold for China Connect Markets	Daily	from the time when the report retrieval function is available (for previous day's handling fee)

The allotment results in the Yellow Form Share Allotment Report and the allotment results of EIPO application instructions in the New Issues Entitlement Report are based on the relevant allotment information provided by the Issuer or its agent. Where the relevant allotment information is not provided to or received by HKSCC soon enough, HKSCC shall not be required to make the Yellow Form Share Allotment Report and/or the allotment results of EIPO application instructions in the New Issues Entitlement Report available to the Participants as stated in this Section 16.6.1 and the Participants may receive the allotment results of applications for New Issue Shares using yellow application forms and/or EIPO application instructions from the Issuer or its agent.

16.6.1A Reports for Participants other than Investor Participants to be retrieved from RMS

Report ID	Report name	Frequency	Time available
DWH0081C	Daily Participant Margin Multiplier Report	Once daily	from the time when the report retrieval is available (for report generated overnight)
DWH0229	Corporate Action Event Report	Once daily	around 10:00 a.m.
DWH0303	IPO Indicator Report	Once daily	from the time when the report retrieval is available (for report generated overnight)

Report ID	Report name	Frequency	Time available
DWH0305	Series Price Report	Four / Five times daily	<ol style="list-style-type: none"> 1) from the time when the report retrieval is available (for report generated overnight) 2) around 11:45 a.m., after the intra-day Margin calculation process 3) around 2:45 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable 4) around 3:45 p.m., after the early Margin estimation process 5) around 5:30 p.m., after the Margin estimation process
RMADF01	Default Fund Requirement Report	Once daily, with monthly and/or ad hoc, if applicable	<ol style="list-style-type: none"> 1) around 9:00 p.m., after the end of day Guarantee Fund calculation process 2) around 10:30 a.m., after the completion of the monthly and/or ad hoc Guarantee Fund review processing
RMAMP01	Marginable Position Report	Four / Five times daily	<ol style="list-style-type: none"> 1) around 11:30 a.m., after the intra-day Margin calculation process 2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable 3) around 3:30 p.m., after the early Margin estimation process 4) around 5:15 p.m., after the Margin estimation process 5) around 9:00 p.m., after the end of day Margin calculation process
RMAMR01	MTM and Margin Requirement Report	Four / Five times daily	<ol style="list-style-type: none"> 1) around 11:30 a.m., after the intra-day Margin calculation process 2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable 3) around 3:30 p.m., after the early Margin estimation process 4) around 5:15 p.m., after the Margin estimation process 5) around 9:00 p.m., after the end of day Margin calculation process

Report ID	Report name	Frequency	Time available
RMAMR03	MTM and Margin Requirement Report Summary Version	Four / Five times daily	<ol style="list-style-type: none"> 1) around 11:30 a.m., after the intra-day Margin calculation process 2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable 3) around 3:30 p.m., after the early Margin estimation process 4) around 5:15 p.m., after the Margin estimation process 5) around 9:00 p.m., after the end of day Margin calculation process
RMAST01	Risk - Stress Testing Report	Once daily	around 9:00 p.m. on each business day
RMCNM01	Risk - Northbound MSTD Requirement Report	Three times daily	<ol style="list-style-type: none"> 1) around 12:00 noon, after the intra-day Mainland Settlement Deposit calculation process 2) around 4:00 p.m., after the Mainland Settlement Deposit estimation process 3) around 8:00 p.m., after the end of day Mainland Settlement Deposit calculation process
RMCNM03	Risk - Northbound MSCD Requirement Report	Once monthly	around 9:30 a.m. of the first business day of each month after the monthly calculation process
RMCSM01	Southbound Margin Requirement Report	Once daily	at around 9:00 p.m., after the end of day Margin calculation process
RPF01	Initial Margin Risk Parameter File	Once daily	Day-end
RPF02 RPF03 RPF04	Stress Testing Risk Parameter Files	Once daily	Day-end
RPF05 RPF06 RPF07	Risk Parameter Files for ChinaClear	Once daily	around 9:00 a.m. on a business day

Section 17

Suspension of Services

17.2 TYPHOONS AND EXTREME CONDITIONS

17.2.3 CCASS Terminals, Participant Gateways, RMS, the CCASS Phone System and the CCASS Internet System

Except for the services provided in Section 17.2.1 or otherwise specified by HKSCC, CCASS Terminals, Participant Gateways and RMS will normally cease to be available for use by Participants fifteen minutes after a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced and operations will normally resume two hours after the lowering of the Typhoon Signal and cancellation of Extreme Conditions (where applicable), if it takes place at or before 12:00 noon on a Business Day (or 9:00 a.m., on a Saturday). If a Typhoon Signal No. 8 or above is still hoisted or Extreme Conditions are still in force at 12:00 noon (or 9:00 a.m., on a Saturday), no CCASS services or facilities will be available to Participants other than Investor Participants on that day except those provided in Section 17.2.1 or otherwise specified by HKSCC.

Unless otherwise specified by HKSCC, the CCASS Phone System and the CCASS Internet System will continue to be available for use by Investor Participants in accordance with their normal service hours. However, ISI (without affirmation) and the subscription instructions input and ISI (with affirmation) affirmed by Investor Participants during the period when a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced will only be processed by CCASS after the Typhoon Signal is lowered and Extreme Conditions are cancelled (where applicable) and when normal CCASS and CCASS Depository services and facilities resume.

Unless otherwise specified by HKSCC, access to SSA with Statement Service in CCASS via the CCASS Phone System and the CCASS Internet System will continue to be available to SSA Statement Recipients in accordance with the normal service hours.

However, STI (with affirmation) affirmed by SSA Statement Recipients during the period when a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced will only be processed by CCASS after the Typhoon Signal is lowered and Extreme Conditions are cancelled (where applicable) and when normal CCASS and CCASS Depository services and facilities resume.

17.2.6 Clearing and settlement of Exchange Trades

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before 9:00 a.m. and the Typhoon Signal is not lowered or Extreme Conditions are not cancelled at 12:00 noon on a Business Day, that day will not be treated as a Settlement Day for the purpose of determining the date of settlement of Exchange Trades under a T+2 settlement system. Otherwise, it will still be treated as a Settlement Day notwithstanding the fact that part of the day may have been affected by a typhoon or Extreme Conditions.

The issue of outstanding PCs by HKSCC to Clearing Participants and Clearing Agency Participants in respect of a Business Day's Exchange Trades will take place as soon as practicable following the resumption of CCASS services.

In relation to Exchange Trades where counterparty Exchange Participants have not had any opportunity to effect Trade Amendments, where trading resumes during the morning trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be allowed on that day as announced by the Exchange and FCSs (giving details of relevant Trade Amendments) will be issued in accordance with the CCASS Terminal User Guide for Participants and the RMS Guide. Where trading resumes during the afternoon trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be allowed until 3:00 p.m. that day in accordance with Exchange Rules and FCSs will normally be issued by HKSCC two hours thereafter on that day.

In relation to settlement under the CNS System and the Isolated Trades System, the date of "delivery" by Clearing Participants to effect settlement of stock positions may be postponed as a result of a day not being counted as a Settlement Day and any measures which will be taken by HKSCC as a result of late deliveries or defaults may be postponed accordingly. In addition, accrued interest of affected Debt Securities positions may be adjusted by HKSCC to cover the deferred period. In case Debt Securities issuers change last registration day or extend interest period owing to typhoons or Extreme Conditions, or where other circumstances warrant, HKSCC may also adjust the accrued interest in line with market practice. Adjustments will be shown on FCSs, Next Settlement Day Due/Overdue Position Reports, Settled Position Reports and Settlement Reports, where applicable.

However, the adoption of risk management measures by HKSCC will not normally be affected by a typhoon or Extreme Conditions except where it will not be possible to implement such measures in the usual way. For instance, Marks, Margin and Collateral on stock positions of a Clearing Participant and Clearing Agency Participants under the CNS System will be determined in the normal way and will be collected unless CCASS money settlement is affected by a typhoon or Extreme Conditions.

17.3 RAINSTORMS

17.3.3 CCASS Terminals, Participant Gateways, RMS, the CCASS Phone System and the CCASS Internet System

CCASS Terminals, Participant Gateways and RMS will remain available for use by Participants if a Black Rainstorm Warning is issued at or after 9:00 a.m. on any Business Day. If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Business Day (or 9:00 a.m., on a Saturday), CCASS Terminals, Participant Gateways and RMS will normally be available for use two hours thereafter. When a Black Rainstorm Warning is issued before 9:00 a.m. and remains in effect at 12:00 noon on any Business Day, no CCASS services or facilities will be available to Participants other than Investor Participants on that day.

The CCASS Phone System and the CCASS Internet System will continue to be available for use by Investor Participants in accordance with their normal service hours if a Black Rainstorm Warning is issued. However, if a Black Rainstorm Warning is issued before 9:00 a.m., the ISI (without affirmation) and the subscription instructions input and ISI (with affirmation) affirmed by Investor Participants during the period when the Black Rainstorm Warning is issued will only be

processed by CCASS after the Warning is cancelled and when normal CCASS and CCASS Depository services and facilities resume.

The CCASS Phone System and the CCASS Internet System will continue to be available to SSA Statement Recipients for access to enquiry functions and voting services for the account of Clearing Participants or Custodian Participants in relation to SSA with Statement Service in CCASS in accordance with the normal service hours if a Black Rainstorm Warning is issued. However, if a Black Rainstorm Warning is issued before 9:00 a.m., the STI (with affirmation) affirmed by SSA Statement Recipients during the period when the Warning is issued will only be processed by CCASS after the Warning is cancelled and when normal CCASS and CCASS Depository services and facilities resume.

Section 18

Guarantee Fund

18.2 CALCULATION OF CONTRIBUTIONS

18.2.1 Determination of amount

Each Clearing Participant shall pay to HKSCC both the Basic Contribution and the Dynamic Contribution to the Guarantee Fund.

The amount of the Basic Contribution required from a Clearing Participant will be determined by reference to the Clearing Participant's share of the average Expected Uncollateralised Loss of all Clearing Participants during the most recent 60 Business Days, subject to a minimum cash Basic Contribution. The minimum cash Basic Contribution by each DCP shall be HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by such DCP, whichever is the higher. The minimum cash Basic Contribution by each GCP shall be HK\$150,000 or the aggregate of HK\$50,000 in respect of each Stock Exchange Trading Right held by it and HK\$50,000 in respect of each NCCCP with whom such GCP has entered into a Clearing Agreement, whichever is the higher. The size of the aggregate Basic Contributions required from all Clearing Participants shall generally be not less than HK\$100,000,000 provided that HKSCC reserves the right to determine from time to time the required size of the aggregate Basic Contributions.

A Clearing Participant's share of the average Expected Uncollateralised Loss of all Clearing Participants during the most recent 60 Business Days as mentioned above will also be used by HKSCC as the basis for calculating the Clearing Participant's share of the Dynamic Contribution calculated in respect of all Clearing Participants. The "Dynamic Contribution calculated" in respect of all Clearing Participants means the required size of the Guarantee Fund determined by HKSCC (which is an amount below or equal to the Guarantee Fund Threshold) following a review of the size of the Guarantee Fund by HKSCC, less:

- (i) the aggregate Basic Contributions required from all Clearing Participants;

- (ii) resources amounting to 10% or such other percentage of the Guarantee Fund size as HKSCC may determine from time to time which may be appropriated by HKSCC as contributions to the Guarantee Fund; and
- (iii) any other amounts which HKSCC, in its absolute discretion, considers as appropriate to reduce the Dynamic Contribution calculated in respect of all Clearing Participants. Such Clearing Participant's share of the Dynamic Contribution calculated in respect of all Clearing Participants, in money terms, will be the Dynamic Contribution calculated in respect of the Clearing Participant.

The Dynamic Contribution calculated in respect of the Clearing Participant, determined as above, will be compared with the Dynamic Contribution Credit allowed to the Clearing Participant to determine the Dynamic Contribution required from the Clearing Participant in the following manner: –

- (i) If the Dynamic Contribution calculated equals to the Dynamic Contribution Credit, no Dynamic Contribution will be required and the Dynamic Contribution Credit will be treated as fully utilized by the Clearing Participant.
- (ii) If the Dynamic Contribution calculated exceeds the Dynamic Contribution Credit, the excess amount will be the Dynamic Contribution required and the Dynamic Contribution Credit will be treated as fully utilized by the Clearing Participant.
- (iii) If the Dynamic Contribution calculated is less than the Dynamic Contribution Credit, no Dynamic Contribution will be required. The amount of Dynamic Contribution calculated will be the amount of Dynamic Contribution Credit utilized by the Clearing Participant.

When calculating the Expected Uncollateralised Loss arising from CNS stock positions in Eligible Securities denominated in an Eligible Currency other than Hong Kong dollars, the value of the CNS stock positions will be converted into Hong Kong dollar equivalent at such exchange rates as determined by HKSCC for the purpose of computing the amounts of Basic Contributions and Dynamic Contributions required from Clearing Participants. HKSCC reserves the right to collect the required amounts of Basic Contributions and Dynamic Contributions in an Eligible Currency other than Hong Kong dollars.