

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Exchange Trading System”

means the automatic order matching and execution system as installed and operated by the Exchange for securities trading;

“TSF Buy Exchange Trade”

means an Exchange Trade with respect to the purchase of TSF Stocks by a TSF Exchange Participant through the Exchange Trading System which is (i) supported by a TSF Buy FX Order prior to the effect of the Exchange Trade on the Exchange Trading System; and (ii) supported by a TSF Buy FX Transaction upon the effect of the Exchange Trade on the Exchange Trading System;

“TSF Buy FX Order”

means an order for the conversion of HKD to RMB by a TSF Exchange Participant to HKSCC as TSF operator through an input into the Exchange Trading System for the purpose of supporting an order to purchase TSF Stocks, which order shall, upon matching on the Exchange Trading System, constitute a TSF Buy Exchange Trade;

“TSF Sell Exchange Trade”

means an Exchange Trade with respect to the sale of TSF Stocks by a TSF Exchange Participant through the Exchange Trading System which is (i) supported by a TSF Sell FX Order prior to the effect of the Exchange Trade on the Exchange Trading System; and (ii) supported by a TSF Sell FX Transaction upon the effect of the Exchange Trade on the Exchange Trading System;

“TSF Sell FX Order”

means an order for the conversion of RMB to HKD by a TSF Exchange Participant to HKSCC as TSF operator through an input into the Exchange Trading System for the purpose of supporting an order to sell TSF Stocks, which order shall, upon matching on the Exchange Trading System, constitute a TSF Sell Exchange Trade;

Section 9

Overview of Clearing and Settlement in CCASS

9.2 EXCHANGE TRADES

Under the Exchange Rules, all Exchange Trades (excluding those not recognized by the Exchange) will have to be settled in CCASS.

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

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

Exchange Trades will be settled in CCASS either under:

- (i) the CNS System (see Section 10) pursuant to which HKSCC becomes substituted as the settlement counterparty and settlement will be effected between Clearing Participants and HKSCC on a net basis; or
- (ii) the Isolated Trades System (see Section 11) where settlement will be effected directly between the Clearing Participants concerned.

Settlement under the CNS System will always be effected on a DVP basis.

Settlement under the Isolated Trades System may be effected on a DVP or FOP basis, as selected by delivering Clearing Participants.