

CCASS OPERATIONAL PROCEDURES

**Section 16
Statements and Reports**

16.6 REPORTS AND STATEMENTS FOR PARTICIPANTS

16.6.1 Reports and Statements for Participants other than Investor Participants

Report ID	Report name	Frequency	Time available
GFR608	Statement of Guarantee Fund Contributions	Monthly/Ad hoc	shortly after 8:00 a.m. <u>around 12:00 noon after completion of the Guarantee Fund review processing</u>
GFR616	NCP(s) Guarantee Fund Contributions Projection By Position	Monthly/Ad hoc	shortly after 8:00 a.m. <u>around 12:00 noon after completion of the Guarantee Fund review processing</u>

**Section 18
Guarantee Fund**

18.2 CALCULATION OF CONTRIBUTIONS

18.2.1 Determination of amount

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 daily CNS positions of all Clearing Participants ~~during the most recent 60 Business Days for the previous month~~, 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 NCP 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 daily CNS positions of all Clearing Participants ~~during the most recent 60 Business Days for the previous month~~ 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 following a review of the size of the Guarantee Fund by HKSCC, less the aggregate Basic Contributions required from all Clearing Participants and any 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.

18.4 REVIEW OF CONTRIBUTIONS

18.4.2 Ad hoc reviews

If the daily risk exposure of the Guarantee Fund as calculated by HKSCC on each Business Day exceeds ~~80%~~90% of the existing Guarantee Fund size plus the aggregate Dynamic Contribution Credit utilized by all Clearing Participants ~~for two consecutive Business Days~~ or if HKSCC considers it appropriate to do so in any other circumstances, HKSCC may, from time to time and in its absolute discretion, review the size of the Guarantee Fund and the Basic Contribution and Dynamic Contribution required from each Clearing Participant. Such review by HKSCC may be undertaken at any time, regardless of whether or not a monthly review of Contributions has recently been, or is soon due to be, completed. At a minimum, HKSCC will review the size of Guarantee Fund monthly and HKSCC may, as a result of the ad hoc review or monthly review, require additional amounts as Basic Contributions and/or Dynamic Contributions from Clearing Participants.

18.6 REPLENISHMENT OF GUARANTEE FUND

18.6.1 Clearing Participants to replenish Contributions

Whenever the whole or any part of the Basic Contribution and/or Dynamic Contribution of a Relevant Clearing Participant is applied in accordance with Rules 2507 and 2507A, HKSCC shall require the Relevant Clearing Participant to replenish the deficiency of its Basic Contribution and Dynamic Contribution as a result of such application. HKSCC will notify the Relevant Clearing Participant and demand for replenishment of such deficiency of Contributions in the notice of application to the Relevant Clearing Participant. The Relevant Clearing Participant shall replenish the deficiency of Contributions no later than the ~~third~~first Business Day after the date of the notice of application, or within such other time period as may be specified by HKSCC.

18.6.3 Limit on Relevant Clearing Participant's liability to replenish Contributions

Where Rule 2509(i) applies, the aggregate liability of the Relevant Clearing Participant to replenish the deficiency of its Contributions and to provide additional amounts as its Contributions in respect of pending applications pursuant to Rule 2508 shall be limited to an amount which equals to the Relevant Clearing Participant's required Basic Contribution and Dynamic Contribution on the Business Day HKSCC actually receives the notice of termination by the Relevant Clearing Participant, plus two times such amount, as prescribed in Rule 2509(i). For example, assume that (i) HKSCC gives a notice of application to a Relevant Clearing Participant on a particular Business Day requiring the Relevant Clearing Participant to replenish the deficiency of its Contributions in the sum of HK\$10,000,000, (ii) HKSCC actually receives a notice of termination from the Relevant Clearing Participant on the following Business Day, (iii) the Relevant Clearing Participant's required Basic Contribution and Dynamic Contribution on the Business Day HKSCC actually receives the notice of termination by the Relevant Clearing Participant is HK\$2,000,000, (iv) no notice of application is outstanding and no other notice of application has been given to the Relevant Clearing Participant by HKSCC and (v) the Relevant Clearing Participant is not in default. In this case, the maximum liability of the terminating Relevant Clearing Participant to replenish the deficiency of its Contributions would be HK\$6,000,000 (i.e. the Relevant Clearing Participant would only be obliged to pay a further sum of HK\$4,000,000 in addition to full payment of its existing required Contributions of HK\$2,000,000).