

香港中央結算有限公司  
(香港交易及結算所有限公司全資附屬公司)

**HONG KONG SECURITIES CLEARING COMPANY LIMITED**  
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

## 通告 CIRCULAR

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Subject: Amendments to the General Rules of CCASS (the "Rules") and the CCASS Operational Procedures (the "Procedures") of Hong Kong Securities Clearing Company Limited ("HKSCC")

Enquiry: CCASS Hotline 2979 7111 / E-mail: [clearingps@hkex.com.hk](mailto:clearingps@hkex.com.hk)

CCASS Participants are requested to note that the Securities and Futures Commission has approved amendments to the Rules and the Procedures for the purpose of facilitating a further enhancement of the third party clearing arrangement by allowing an Exchange Participant which is a clearing participant to self-clear its Exchange Trades and appoint a General Clearing Participant ("GCP") for the clearing of its China Connect Securities Trades provided that it is itself not a GCP registered for the clearing of China Connect Securities Trades.

The amendments, as set out in Appendices 1 and 2, will come into effect on Monday, 20 April 2020.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- "Rule Update - General Rules of CCASS"
- "Rule Update - CCASS Operational Procedures"

Florence Leung  
Head of Legal

**GENERAL RULES OF CCASS**

**PART A: RULES OF GENERAL APPLICATION**

**CHAPTER 1**

**INTERPRETATION**

**101. Definitions**

When used herein, the following expressions shall, unless the context otherwise requires, bear the following meanings:

“Clearing Agreement”	means a written agreement between an NCCCP and a GCP made pursuant to Rule 4001 or between a Special Participant and a China Connect Clearing House made pursuant to Rule 4205;
“Forced-Sale Notice”	means a notice which may from time to time be issued by HKSCC, the Exchange or an SEHK Subsidiary to a Participant or an NCCCP of the Participant, requiring the Participant or the NCCCP to reduce its or its clients’ relevant holdings in a China Connect Security in compliance with any foreign shareholding limit imposed under the applicable laws of Mainland China;
“Non-China Connect Clearing Participant” or “NCCCP”	means (i) an NCP or (ii) a Clearing Participant which is not a China Connect Clearing Participant and which has entered into a Clearing Agreement with a GCP for the clearing of its China Connect Securities Trades;

**CHAPTER 9**

**CLEARING SERVICES**

**901A. Clearance of China Connect Securities Trades**

- (ii) Substitution Process for China Connect Securities Trades

Where a China Connect Exchange Participant for whom a China Connect Securities

Trade is executed is an NCCCP, the GCP of that NCCCP designated for clearing China Connect Securities Trades of such NCCCP shall become a party to the China Connect Securities Trade as principal in substitution for, and with exactly the same rights and obligations under the China Connect Securities Trade as, that NCCCP.

## **CHAPTER 19**

### **INDEMNITY**

#### **1902. Participants liable for officers, employees etc.**

For the purpose of determining whether a Participant other than an Investor Participant or a Corporate Investor Participant is liable under Rule 1901, the acts or omissions of its officers, employees, agents, representatives, SSA Statement Recipients and the persons comprising SSA Statement Recipients, and NCPs shall be deemed to be the acts or omissions of the Participant or in the case of any NCCCP in respect of its China Connect Securities Trades, deemed to be the acts or omissions of its GCP designated for the clearing of such China Connect Securities Trades.

## **CHAPTER 25**

### **GUARANTEE FUND**

#### **2502. Contributions by Clearing Participants**

Each Clearing Participant shall pay to HKSCC the Basic Contribution and the Dynamic Contribution, being two types of contributions to the Guarantee Fund, in accordance with the Rules. HKSCC shall credit the Basic Contributions and Dynamic Contributions by Clearing Participants to the Guarantee Fund.

(i) **Basic Contribution**

Subject to this Rule and Rule 2509B, the amount of Basic Contribution from time to time required to be made by each Clearing Participant shall be determined by reference to and shall be subject to such adjustments as are provided in the Operational Procedures.

The minimum amount of Basic Contribution to be made by each DCP shall be HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by such DCP in the Exchange, whichever is the higher. The minimum amount of Basic Contribution to be made 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 minimum amount of Basic Contribution to be made by each Clearing Participant shall be made in cash. HKSCC may from time to

time specify such other amount as the minimum amount of Basic Contribution by each Clearing Participant.

## **CHAPTER 36**

### **RISK MANAGEMENT MEASURES - CNS SYSTEM**

#### **3602A. Mainland Settlement Deposit and Mainland Security Deposit**

Each China Connect Clearing Participant shall on demand provide to HKSCC such amount of Mainland Settlement Deposit and Mainland Security Deposit for each China Connect Market as may from time to time be determined by HKSCC to be payable by the China Connect Clearing Participant in respect of its or its NCCCPs' China Connect Securities Trades on that China Connect Market.

HKSCC shall be entitled from time to time and at any time to compute Mainland Settlement Deposit and Mainland Security Deposit using the formulae set forth in the Operational Procedures or such other methods and assumptions as HKSCC may consider appropriate. Unless HKSCC otherwise specifies, in respect of each China Connect Market, (i) Mainland Settlement Deposit will be computed with reference to the buy turnover in China Connect Securities and any overdue short CNS stock positions in China Connect Securities of a China Connect Clearing 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 the China Connect Clearing Participant and its NCCCPs for Special Segregated Accounts; and (ii) Mainland Security Deposit will be computed with reference to the net settlement amount in China Connect Securities Trades of the China Connect Clearing Participant and its NCCCPs on that China Connect Market under the CNS System.

#### **3605. Evidence of Securities available for settlement**

In relation to Exchange Trades, China Connect Securities Trades or Clearing Agency Transactions in Eligible Securities which are subject to expiry (e.g. warrants) or which HKSCC considers as high risk securities and which are to be settled under the CNS System, the delivering Clearing Participant, delivering China Connect Clearing Participant or the delivering Clearing Agency Participant as the case may be must ensure that when they or, in the case of GCPs, including their NCCCPs, place a selling order or in the case of a Clearing Agency Transaction when the transaction is reported to HKSCC by the Clearing Agency Participant they have readily available evidence showing that, on or before the due date for settlement of the Market Contracts, they have or will have the required quantity of Eligible Securities in their stock accounts in CCASS for settlement of the Market Contracts. The delivering Clearing Participant, delivering China Connect Clearing Participant or delivering Clearing Agency 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 on the due date for settlement of the Market Contract, HKSCC may direct such Participant to arrange or may on behalf of such Participant execute immediately a Buy-in on or

off the Exchange to purchase the Eligible Securities required by that Participant to settle its obligations in respect of that Market Contract. If a Buy-in is unable to be effected, HKSCC may require additional cash collateral to be provided by the Participant in such amount as HKSCC considers appropriate.

## **CHAPTER 37**

### **DEFAULT RULES - CNS SYSTEM**

#### **3701. Events of Default**

In the event that:-

- (iia) failure by a GCP which is a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to demonstrate to the satisfaction of HKSCC its capability to manage the portfolio of a defaulting NCCCP for which it clears. Such capability might include, for example, having a valid, binding and effective Clearing Agreement with more than one NCCCP for which it provides clearing services which permits such GCP to close out positions of the NCCCP in the event of a default by such NCCCP under the Exchange Rules;

then on the occurrence of any one or more of such events (each an “Event of Default”), in its absolute discretion, HKSCC shall be entitled then or at any time thereafter whilst such event is, in the opinion of HKSCC, continuing unremedied, to take any one or more of the actions referred to in Rule 3702.

## **CHAPTER 40**

### **CLEARING BY GENERAL CLEARING PARTICIPANTS**

#### **4001. Execution of Clearing Agreement**

Every GCP which intends to clear and settle Exchange Trades or Clearing Agency Transactions for an NCP and/or China Connect Securities Trades for an NCCCP shall enter into a Clearing Agreement in such form or containing such provisions as may from time to time be required by HKSCC with such NCP or NCCCP. Except as otherwise approved by HKSCC and subject to such terms and conditions as HKSCC may from time to time specify, a GCP shall not accept for clearing and settlement of any Exchange Trades or Clearing Agency Transactions for an NCP and/or China Connect Securities Trades of an NCCCP unless and until there is in place a valid, binding and effective Clearing Agreement between it and the NCP or the NCCCP. Every GCP which is a TSF CCASS Participant which intends to clear and settle TSF Exchange Trades for NCPs shall, in addition to the above, comply with Rule 12A21. Every GCP which is a China Connect Clearing Participant which intends to clear and settle China Connect Securities Trades for NCCCPs shall, in addition to the above, comply with Rule 4104.

#### **4002. Notification of execution of Clearing Agreement**

A GCP shall notify HKSCC of each Clearing Agreement it entered into with an NCP or NCCCP forthwith upon its execution. Such notification shall be in such form as HKSCC may from time to time specify. The GCP shall, at the request of HKSCC, supply it with a certified copy of the executed Clearing Agreement.

#### **4003. Obligations of GCP**

A GCP shall capture all liabilities for all the Exchange Trades or Clearing Agency Transactions concluded by each NCP and/or China Connect Securities Trades concluded by each NCCCP with which it has entered into a Clearing Agreement, as if it were a party to these trades and transactions and shall not be entitled to decline to settle and clear any Exchange Trades or Clearing Agency Transactions of the NCP, and/or China Connect Securities Trades of the NCCCP. A GCP shall have arrangement in place with each NCP or NCCCP for the NCP or NCCCP to notify it of all Exchange Trades and Clearing Agency Transactions concluded by the NCP and/or all China Connect Securities Trades concluded by the NCCCP.

A GCP shall have arrangement in place to monitor the ability of each NCCCP with whom it has entered into a Clearing Agreement to satisfy promptly all obligations arising from the Exchange Trades, Clearing Agency Transactions and/or China Connect Securities Trades, as the case may be, concluded by such NCCCP. A GCP must forthwith notify HKSCC of any failure of an NCCCP to meet its obligations under the Clearing Agreement, and in the case of an NCP, HKSCC may disclose such information to any other GCP of the NCP.

A GCP shall, within a period as HKSCC may specify, provide information in its possession about its NCCCPs to HKSCC, including but not limited to, financial position, an NCCCP's underlying client information or any other information or documents as HKSCC may demand.

A GCP shall ensure that the Clearing Agreement to which it is a party, and all subsequent agreements to amend the Clearing Agreement do not contain any provision which is inconsistent with the Rules and has terms and conditions to facilitate the performance of, and be consistent with, the GCP's obligations under the Rules. The Clearing Agreement shall incorporate any additional conditions prescribed by HKSCC from time to time. A GCP shall be bound by and comply strictly with the terms of each Clearing Agreement to which it is a party, to the extent that those Clearing Agreements are consistent with the Rules.

A GCP shall notify HKSCC of any changes to any of the Clearing Agreements it entered into forthwith upon such changes being made. Such notification shall be in a form as HKSCC may from time to time specify and be accompanied by a certified copy of a document evidencing such changes. For the avoidance of doubt, a GCP must ensure that any changes to the Clearing Agreement and any amendment agreement are in compliance with these Rules.

Every GCP which is a TSF CCASS Participant which intends to clear and settle TSF Exchange Trades for NCPs shall, in addition to the above, comply with Rule 12A21. Every GCP which is a China Connect Clearing Participant which intends to clear and settle China Connect Securities Trades for NCPs shall, in addition to the above, comply with Rule 4104.

#### **4004. Termination of Clearing Agreement**

A GCP shall give prior written notice to HKSCC if it or an NCCCP intends to terminate the Clearing Agreement between them, unless the NCCCP has already given notice to terminate the Clearing Agreement to the Exchange in accordance with the Exchange Rules.

When HKSCC receives a termination notice from a GCP or when HKSCC receives notification from the Exchange that notice to terminate the Clearing Agreement had been given by an NCCCP, HKSCC will issue a confirmation of termination to the GCP (with a copy to the NCCCP concerned) in writing and unless and until written confirmation has been issued to the GCP, the Clearing Agreement shall be treated as valid, binding and effective by HKSCC for the purposes of these Rules notwithstanding any provision to the contrary in the Clearing Agreement and/or the termination notice from the GCP or the NCCCP and the GCP shall continue to be bound by the Clearing Agreement and responsible for all the Exchange Trades, Clearing Agency Transactions and/or China Connect Securities Trades, as the case may be, concluded by such NCCCP.

Notwithstanding the above, the Clearing Agreement is deemed to be terminated when the GCP is declared as a defaulter or suspended from further activities in CCASS under the Rules.

The termination of Clearing Agreement will not affect any rights or liabilities of the GCP and the NCCCP arising out of matters which have taken place prior to the termination of the relevant Clearing Agreement and for the purpose of settlement of any such rights or liabilities of the GCP and the NCCCP, HKSCC may continue to treat the GCP as the GCP of the relevant NCCCP.

## **CHAPTER 41**

### **CHINA CONNECT CLEARING SERVICES**

#### **4104. General Clearing Participants as China Connect Clearing Participants**

Only General Clearing Participants which are China Connect Clearing Participants shall be eligible to clear and settle China Connect Securities Trades for NCCCPs which are China Connect Exchange Participants.

A General Clearing Participant which is a China Connect Clearing Participant and which intends to clear and settle China Connect Securities Trades for NCCCPs which are China Connect Exchange Participants shall:

- (i) ensure that the Clearing Agreement it enters into with each such NCCCP includes an obligation on its part to settle China Connect Securities Trades. Such General Clearing Participant should bring its NCCCPs' attention to the special features and restrictions of the China Connect Securities Trades as highlighted in paragraph (vi) below with regard to the execution of selling orders for China Connect Securities via the Trading Links, HKSCC's powers and other matters as set out in this Chapter 41;

- (ii) be liable to HKSCC for all the China Connect Securities Trades concluded by each such NCCCP with which it has entered into a Clearing Agreement, as if it were a party to these trades and shall not be entitled to decline to settle and clear any China Connect Securities Trades of the NCCCP;
- (iii) have arrangements in place with each such NCCCP for the NCCCP to notify it of all China Connect Securities Trades concluded by or for the NCCCP;
- (iv) have arrangements in place to monitor the ability of each such NCCCP with whom it has entered into a Clearing Agreement to satisfy promptly all obligations arising from the China Connect Securities Trades concluded by or for such NCCCP;
- (v) forthwith notify HKSCC of any failure of an NCCCP to meet its obligations under the Clearing Agreement, and in the case of any NCP, HKSCC may disclose such information to any other GCP of the NCP; and
- (vi) designate its CCASS stock accounts, which may either be its stock accounts or specific SSAs with Statement Service, to such NCCCPs for the purposes of maintaining their holdings of China Connect Securities in CCASS and for facilitating the determination of the maximum amount of China Connect Securities that may be sold by an NCCCP on a particular Trading day. Subject to the Rules and the Exchange Rules, a General Clearing Participant shall ensure that such account designation is performed accurately and properly, and shall have measures in place to ensure that each of its NCCCPs will not place or execute selling orders for any China Connect Security via the relevant Trading Link such that the aggregate selling quantity of such China Connect Security on a Trading day is in excess of the aggregate holding of the China Connect Security in the CCASS stock account(s) designated to the NCCCP as of the end of the immediately preceding batch-settlement run of Settlement Instructions on China Connect Securities effected by HKSCC.

#### **4107. Risk Management Measures applicable to China Connect Securities Trades**

##### **i. Mainland Settlement Deposit and Mainland Security Deposit**

Each China Connect Clearing Participant shall on demand provide to HKSCC such amount of Mainland Settlement Deposit and Mainland Security Deposit for each China Connect Market as may from time to time be determined by HKSCC to be payable by the China Connect Clearing Participant in respect of its or its NCCCPs' China Connect Securities Trades on that China Connect Market.

HKSCC shall be entitled from time to time and at any time to compute Mainland Settlement Deposit and Mainland Security Deposit using the formulae set forth in the Operational Procedures or such other methods and assumptions as HKSCC may consider appropriate. Unless HKSCC otherwise specifies, in respect of each China Connect Market, (i) Mainland Settlement Deposit will be computed by reference to the buy turnover in China Connect Securities and any overdue short CNS stock positions in China Connect



Securities of a China Connect Clearing 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 the China Connect Clearing Participant and its NCCCPs for Special Segregated Accounts; and (ii) Mainland Security Deposit will be computed by reference to the net settlement amount in China Connect Securities Trades of the China Connect Clearing Participant and its NCCCPs on that China Connect Market under the CNS System.

**4110. Compliance with applicable laws and the Rules**

**iv. Shareholding restrictions**

In the event that a Participant which is a GCP has been notified by HKSCC or has otherwise been informed that any NCCCP of the Participant has been issued with a Forced-Sale Notice, the Participant shall ensure that such NCCCP's relevant holdings (to the extent they still remain in the Participant's Stock Account) are not transferred by Settlement Instruction or otherwise out of the Stock Accounts of the Participant except for the settlement of the sale of such relevant holdings as required under the Forced-Sale Notice. If by the time it is notified of the Forced-Sale Notice, the relevant holdings of the NCCCP have already been transferred to another Participant, the Participant shall provide HKSCC with such details of such other Participant as HKSCC may require.

Notwithstanding the above, in the event that the aggregate foreign shareholding in the relevant China Connect Security is reduced to below the statutory limit after a Forced-Sale Notice is served on the Participant or an NCCCP of the Participant, and the Participant has been notified that the Forced-Sale Notice no longer applies, the Participant shall not be obliged to comply with paragraphs (d) to (f) above or the immediately preceding paragraph in respect of all or part (as the case may be) of its clients' or the NCCCPs' holdings in the China Connect Security.

If the relevant holdings of the Participant's clients or NCCCPs have already been transferred to any other Participant by the time a Forced-Sale Notice is received as mentioned above, such other Participant shall:

- (a) provide such confirmation to HKSCC as it may require regarding the clients' or NCCCPs' holdings in the China Connect Security;
- (b) transfer such clients' or NCCCPs' holdings back to the original Participant by way of Settlement Instruction within such time period as may be specified by HKSCC unless prior to the expiry of such period, a waiver from compliance with the sale requirement has been notified to the Participant. Participants shall have arrangements and authorizations in place to enable them to effect such transfers on behalf of their clients should their clients fail to expressly instruct them to do so within the specified time period; and
- (c) once such clients' or NCCCPs' holdings have been transferred back to the original Participant, notify HKSCC and provide HKSCC with such supporting documents as it may require.

**4113. Responsibilities of HKSCC**

HKSCC, the Exchange and HKEX, and their respective directors, employees and agents shall not be responsible or held liable for any loss or damage directly or indirectly suffered by a Participant, its clients or NCCCPs (if applicable) or any third parties arising from or in connection with the China Connect Clearing Services including, without limitation, the following:

**CCASS OPERATIONAL PROCEDURES**

**Definitions**

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

**“Clearing Agreement”**

means a written agreement between an NCCCP and a GCP made pursuant to Rule 4001 or between a Special Participant and a China Connect Clearing House made pursuant to Rule 4205;

**“Forced-Sale Notice”**

means a notice which may from time to time be issued by HKSCC, the Exchange or an SEHK Subsidiary to a Participant or an NCCCP of the Participant, requiring the Participant or the NCCCP to reduce its or its clients’ relevant holdings in a China Connect Security in compliance with any foreign shareholding limit imposed under the applicable laws of Mainland China;

**“Non-China Connect Clearing Participant” or “NCCCP”**

means (i) an NCP or (ii) a Clearing Participant which is not a China Connect Clearing Participant and which has entered into a Clearing Agreement with a GCP for the clearing of its China Connect Securities Trades;

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

**“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 Section 10A.9.3 and 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 Section 10A.8.5 and the CCASS Terminal User Guide for Participants;

## **Section 2**

### **Participants**

#### **2.3.14 Stock Account mapping of GCPs registered as China Connect Clearing Participants**

To facilitate pre-trade checking by HKSCC for the purpose of determining the maximum amount of China Connect Securities that may be sold by a GCP or an NCCCP of a GCP in any one Trading day, a GCP applying for registration as a China Connect Clearing Participant to clear and settle China Connect Securities Trades for its own account or on behalf of an NCCCP shall notify HKSCC of the Stock Account mapping details for itself and for each of the NCCCPs it serves. Such notification shall be in such form as HKSCC may from time to time specify. A GCP shall give not less than 3 Business Days' written notice to HKSCC of any changes to any of the Stock Account mapping details previously notified to HKSCC.

## **Section 6**

### **Operational and Service Schedule**

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

<b>Time</b>	<b>CCASS events</b>
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
9:30 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

## **Section 9**

### **Overview of Clearing and Settlement in CCASS**

#### **9.2A CHINA CONNECT SECURITIES TRADES**

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

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

#### **9.8 MONEY SETTLEMENT**

For China Connect Securities Trades to be settled under the CNS System, settlement between China Connect Clearing Participants and HKSCC shall be on a DVP basis only. On the Mainland Business Day following execution of China Connect Securities Trades by a China Connect Clearing Participant or its NCCCPs, the China Connect Clearing Participant's money

positions which correspond to its CNS stock positions in such China Connect Securities will be calculated separately for each China Connect Market and its money positions for all China Connect Markets will be set-off against each other to arrive at a total net money position in the Money Ledger of the China Connect Clearing Participant. HKSCC will issue CPIs to the Designated Bank of the paying China Connect Clearing Participant or HKSCC's banker to effect payment for value on the same day in respect of such net money position.

## **Section 10A**

### **China Connect Securities Trades - CNS System**

#### **10A.1.1 Details of China Connect Securities Trades**

Arrangements have been made by HKSCC for details of China Connect Securities Trades effected on a China Connect Market via the relevant SEHK Subsidiary under a Trading Link to be reported to HKSCC by the SEHK Subsidiary, its designated person or the relevant China Connect Clearing House on a daily basis. China Connect Clearing Participants will not, therefore, generally have to input into CCASS details of China Connect Trades. However, HKSCC reserves the right to require China Connect Clearing Participants to provide details of China Connect Securities Trades executed by them or, in the case of GCPs, including those of their NCCCPs to it.

#### **10A.1.4 Availability of FCSs and information contained in FCSs**

An FCS for each China Connect Market will be made available by HKSCC to each China Connect Clearing Participant via its CCASS Terminals or Participant Gateways. An FCS issued in respect of each China Connect Market will contain the following information in relation to China Connect Securities Trades of a China Connect Clearing Participant and, in the case of a GCP, including those of its NCCCPs, which are effected on that China Connect Market and which are to be cleared and settled on the current Trading day (i.e. T-day):

- (i) the net stock position with HKSCC in each China Connect Security (which will be assigned a unique Settlement Position Number) and its related money position under the CNS System as well as details of individual China Connect Securities Trades of the China Connect Clearing Participant and, if applicable, its NCCCPs, effected on the current Trading day; and
- (ii) the net money position with HKSCC for all net stock positions under the CNS System.

#### **10A.3.1 Settlement between HKSCC and China Connect Clearing Participants**

In respect of each China Connect Securities Trade entered into by the relevant SEHK Subsidiary for a China Connect Clearing Participant or any of its NCCCPs under a Trading Link, a Market Contract will be created by way of Novation whereby HKSCC becomes the settlement counterparty to the China Connect Clearing Participant. Settlement of such Market Contracts will be effected under the CNS System in CCASS between China Connect Clearing Participants and HKSCC.

#### **10A.3.4 Settlement of long stock positions of China Connect Clearing Participants and adjustment of sellable balance for GCPs**

A China Connect Clearing Participant which is a GCP and which has long stock positions in China Connect Securities may make an adjustment request to HKSCC using the prescribed form (see CCASS Terminal User Guide for Participants for the form) to allocate the relevant number of long stock positions from its Stock Clearing Account to the sellable balances of its relevant Stock Accounts, including those of its NCCCPs. Any adjustment made by HKSCC shall only

have the effect of adjusting the sellable balances for pre-trade checking purpose and will only apply to the following Trading day. The actual holdings of the Stock Accounts of the GCP will not be adjusted.

**10A.4.4 CNS positions involving both delivery and payment by HKSCC or by China Connect Clearing Participants**

In some cases, it is possible that a China Connect Clearing Participant may have a CNS stock position under which it is obliged to deliver China Connect Securities to HKSCC as well as to pay HKSCC (or the other way round, where HKSCC is obliged to deliver China Connect Securities to it as well as to make payment to it). This may, for example, arise if on a particular day, the purchases and sales in a particular China Connect Security are made by a China Connect Clearing Participant or in the case of a GCP, including those made by its NCCCPs in such a way that whilst having a net long stock position (i.e. net buy position), the proceeds of its sales more than offset the purchase prices payable by it.

In such cases, money settlement in respect of such CNS positions will be effected on the due dates irrespective of whether or not such CNS stock positions have been settled in CCASS.

**10A.7A LATE DELIVERY: ADJUSTMENT OF SELLABLE BALANCE FOR CHINA CONNECT SECURITIES**

In respect of overdue short stock positions in China Connect Securities of a China Connect Clearing Participant under the CNS System which are outstanding for settlement on the due date, HKSCC will request the Exchange to deduct the overdue short stock position quantities from the sellable balances of such China Connect Clearing Participant on the next Trading day, and if the China Connect Clearing Participant is a GCP, from the sellable balances of all of its NCCCPs on the next Trading day, provided that if the overdue short stock positions are or are alleged by the China Connect Clearing Participant to be caused in whole or in part by an SPSA Delivery Failure, the sellable balances of the China Connect Clearing Participant and the relevant Special Segregated Accounts will be adjusted in accordance with Section 2.3.15.

**10A.8.2 Computation of Mainland Settlement Deposit**

Buy turnover is the buy turnover of the China Connect Clearing Participant (including those of its NCCCPs) on a Trading day in China Connect Securities on the relevant China Connect Market;

Sell turnover is the sell turnover in China Connect Securities that are executed by the China Connect Clearing Participant and its NCCCPs for Special Segregated Accounts on a Trading day on the relevant China Connect Market;

## **Section 15**

### **Enquiry Services**

**15.2 USE OF VARIOUS ENQUIRY FUNCTIONS AVAILABLE**

The various enquiry functions that are available for access and the purpose of accessing each such function are set out below:

- (i) **Available to Participants other than Investor Participants:**

- (av) “Enquire GCP/NCP Mapping” function: to enquire about the details of the GCP designated by any NCCCP in accordance with the relevant CCASS Rules and the Clearing Agreement entered into between the GCP and an NCCCP;

## Section 16

### Statements and Reports

#### 16.6.1 Reports and Statements for Participants other than Investor Participants

Report ID	Report name	Frequency	Time available
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)

## Section 18

### Guarantee Fund

#### 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, 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.

#### 18.2.3 Acquisition of additional Stock Exchange Trading Rights and/or increase in number of NCCCPs

A Clearing Participant acquiring additional Stock Exchange Trading Rights and/or entering into Clearing Agreements with additional NCCCPs, where applicable, may need to pay to HKSCC an additional amount in respect of its required Basic Contribution.

This will be the case if the minimum cash Basic Contribution required of the Clearing Participant as a result of its acquisition of additional Stock Exchange Trading Rights and/or entering into Clearing Agreements with additional NCCCPs, where applicable, will exceed the amount of the existing Basic Contribution made in cash of such Clearing Participant.

Any additional amount so required from a Clearing Participant as Basic Contribution (as a result of its acquisition of additional Stock Exchange Trading Rights and/or entering into Clearing Agreements with additional NCCCPs) must be made in cash within seven Business Days from the date on which notice of approval of the Exchange (in respect of the issue of such Stock Exchange Trading Right to that Exchange Participant) is given and in relation to entering into Clearing Agreements with additional NCCCPs, no later than seven Business Days from the date on which notice of the execution of each Clearing Agreements is given to HKSCC.

## **Section 20**

### **Disciplinary Action**

#### **20.5.1 Summary suspension**

If in its opinion it would be in the interests of CCASS or Participants to do so, HKSCC may summarily suspend a Participant from participation in CCASS or limit its activities or access to the services and facilities in CCASS without notifying such Participant beforehand.

In such a case, HKSCC will immediately notify a Participant in writing of the summary suspension of its participation in CCASS or of the limitation to CCASS services or facilities, or of the suspension of any other HKSCC services or facilities (as the case may be) that has been imposed on it by HKSCC. In appropriate cases (e.g. where a DCP or a GCP is summarily suspended from participation in CCASS), HKSCC may also notify other Participants. Where a DCP or a GCP is summarily suspended by HKSCC, HKSCC may also request the Exchange to suspend (i) the DCP or the GCP if it is an Exchange Participant and (ii) each NCP of that GCP which does not have in place immediately upon suspension of the GCP a binding, valid and effective Clearing Agreement with another GCP for the clearing of the NCP's Exchange Trades or Clearing Agency Transactions from further trading on the Exchange, regardless of whether the DCP, GCP or NCP has in place a binding, valid and effective Clearing Agreement with another GCP for the clearing and settlement of its China Connect Securities Trades. Further, where a GCP is summarily suspended by HKSCC, HKSCC may also request the Exchange to suspend each NCCCP of that GCP from the trading of China Connect Securities.