

Terminal Operations

FUNCTION NAME: SI MAINTENANCE

WHEN TO USE:

- To maintain details of Settlement Instructions (SIs) to record settlement transactions between CCASS participants other than Exchange trades. Purpose of SI can be classified as broker-custodian transactions, new stock borrowing/lending, stock pledging, portfolio movement and return/recall of borrowed stock.

AVAILABLE MAINTENANCE FUNCTIONS:

- A. Input SI
To input a Settlement Instruction (SI) to facilitate stock movement between CCASS participants.
- B. Authorise Pending SI
To authorise a Settlement Instruction (SI) at 'pending' status.
- C. Change SI
To change the details of a Settlement Instruction (SI) at 'pending' or 'unmatched' status.
- D. Delete SI
To delete a Settlement Instruction (SI) at 'pending' or 'unmatched' status.
- E. Revoke Matched SI
To revoke (or cancel) a Settlement Instruction (SI) at 'matched', 'matched on-hold' or 'shares-on-hold' status.
- F. Enquire SI
To enquire about the details of available Settlement Instructions (SIs).
- G. Enquire Deleted SI
To enquire about the details of current day deleted Settlement Instructions (SIs).

AVAILABLE FUNCTION TIME:

- For Input SI, Change SI, Delete SI, Authorise Pending SI, Revoke Matched SI functions, the function available time for Hong Kong market and Mainland A-share market is as below:

For Hong Kong market (HKMK), there are two sessions:

- First session: 8:00 a.m. to 3:45 p.m.
- Second session: commences after Final Batch Settlement Run of Hong Kong market at approximately 5:00 p.m. (to be announced by a broadcast message) and closes at 7:00 p.m.

For Mainland A-share market (MAMK/ SZMK):

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- Function is available from 7:15 a.m. to 7:45 p.m.
- For Enquire SI and Enquire Deleted SI functions, the available function time is between 7:15 a.m. to 8:00 p.m.
- On confirmation screen, an alert message “Designated Bank of the counterparty does not support same day DvP SI” will be shown in the footer when the counterparty does not support same day DvP SI and inputting participant’s designated bank supports same day DvP SI. When the inputting participant’s designated bank does not support same day DvP SI, no messages will be shown.

BATCH PROCESSING SCHEDULE:

For Hong Kong market:

- CCASS attempts to match the unmatched SIs nine times a day. The SI matching runs are scheduled at:

9:15 a.m. 10:00 a.m. 11:30 a.m. 1:30 p.m. 2:30 p.m. 3:15 p.m. 3:45 p.m. 5:00 p.m. 6:00 p.m.

For Mainland A-share market:

- CCASS attempts to match the unmatched SIs nine times a day. The SI matching runs are scheduled at:

11:45 a.m. 1:45 p.m. 3:00 p.m. 4:30 p.m. 5:00 p.m. 5:30 p.m. 6:15 p.m. 7:00 p.m. 7:45 p.m.

FUNCTIONAL DESCRIPTION:

- A pair of SIs will be matched if the data in the following input fields match:
 - input participant ID
 - counterparty participant ID (input participant’s ID matches counterparty’s ID and vice versa)
 - instruction type (one SI must be receiving, the other delivering)
 - settlement date
 - stock code
 - quantity
 - payment instruction
 - money value – if the participant has input SI Tolerance limit for the currency of the money value, the SI may be matched with an SI having a money value above or below the input value
 - settlement currency – if the field left BLANK, the “Trading Currency” of the underlying Eligible Security will be set as the defaulted value. The “Settlement Currency” is not applicable to FOP. The field should be either input with the same value of the “Trading Currency”, or left as blank and thus defaulted as the same value of the “Trading Currency” of the Eligible Security.
 - client account number any non-alphanumeric characters (e.g. , : / () ? . + ‘-space) input in this data field will be ignored and trimmed, the matching is only on the alphanumeric characters. However, there will be no change to the input and output field contents of this data field in the relevant online screens and reports, which will continue to allow input and/or display of any non-alphanumeric characters. It is a matching field only when

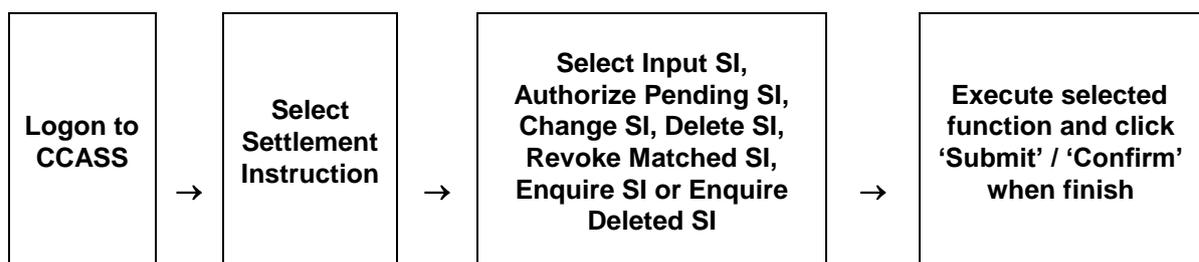
- either one of the two settlement counterparties set purpose of SI as 'C', i.e. broker-custodian transaction, and both parties have input the client account numbers;
 - either one or both parties has/have set purpose of SI as 'M', i.e. portfolio movement transaction [Note: client account number is a mandatory field, when the purpose of SI set as 'M']; and
 - one of the counterparty set purpose of SI as 'C' and the other counterparty set SI purpose as 'M'.
- If a participant inputs a TSF account (i.e. '17' or '18') as the settlement account in a SI, settlement of such matched SI will only take effect when the SI counterparty participant also inputs a TSF account (i.e. '17' or '18') as the settlement account in the SI. In case a SI is matched with only one-side of the settlement account input as TSF Account, such matched SI will be 'REVOKED'. Participants can enquire such REVOKED SI Position via 'Enquire SI' or 'Enquire Settlement Position' functions, where 'REVOKED' will be displayed next to the POSITION TYPE. If required, Participants should re-input the SI for matching and settlement with its counterparty. REVOKED SI Position will be purged at day-end .
- If the input value or market value of the stock of an SI exceeds the input transaction limit of the authorised user, the SI created through the INPUT SI function will be at 'Pending' status. If both the input value and market value of the stock of an SI fall within the input transaction limit of the authorised user, the SI created through the INPUT SI function will be at 'Unmatched' status. Pending SIs are required to be authorised through the AUTHORISE PENDING SI function before it can be changed to 'Unmatched' status. The input value and market value of the stock in foreign currency will be converted into HKD equivalent for comparison with the transaction limit.
- Participants can select to hold a SI from settlement by setting the 'Hold Matched SI' indicator via the INPUT SI function. The default value of the field is 'No'. If the SI should be put on-hold from settlement after its successful matching, participants should set the 'Hold Matched SI' indicator as 'Yes'. Either delivering or receiving party or both parties are allowed to hold a SI from settlement through the INPUT SI function. Similar to other existing input fields, this field can also be changed via the CHANGE SI function for SI that is at 'Pending' or 'Unmatched' status.
- Multiple update is available for the DELETE SI, REVOKE MATCHED SI and AUTHORISE PENDING SI functions.
- When participants select multiple update of DELETE SI, REVOKE MATCHED SI and AUTHORISE PENDING SI functions, if stock code is not a selection criterion, different stock codes with different markets will be listed on the same screen. If the stock of the selected SI is not allowed to perform maintenance due to system processing (e.g. housekeeping or CA processing), reason code for unsuccessful update will be displayed after the 'CONFIRM' button is pressed on the list confirmation screen. Except for those SIs with reason codes returned, all other selected SIs will be successfully updated.
- Once a pending/ an unmatched SI is being deleted via DELETE SI function, such SI will no longer be available for further maintenance. If required, participants can enquire the details of current day deleted SIs via ENQUIRE DELETED SI function. For any SI deleted before current day, participants should refer to the respective SI Activity Report (CCLSI02).
- After successful matching, a settlement position will be created for the pair of SIs. The status of the SI normally will change from 'Unmatched' to 'Matched' status and the SI position will be ready for settlement. However, if participant has set the 'Hold Matched SI' field as 'Yes', such

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SIs will change from 'Unmatched' to 'Matched on-hold' instead. 'Matched on-hold' SI would only be release for settlement when the initiating party(ies) has/have changed the 'Hold Matched SI' field from 'Yes' to 'No', following that the status of SI position would change from 'Matched on-hold' to 'Matched'. It follows that if both parties have selected to hold the SI for settlement, the SI position would only be ready for settlement when both parties have changed the 'Hold Matched SI' field from 'Yes' to 'No'.

- Only Free of Payment (FOP) SI and Delivery Versus Payment (DVP) are allowed for A-shares.
- If the Designated Banks of both parties of an SI support same day DvP money settlement, participants may expect to settle the money position on the same day SI settlement occurs via the Interbank Bulk Settlement Run at night.
- If a CCCP has an overdue short stock position in a China Connect Security, its SIs which involve the delivery of such China Connect Security to other CCASS Participants will only be effected under the following circumstances:
 - i. where the overdue short positions are solely due to the failure of the CCCP to transfer such China Connect Securities to its Stock Clearing Account for CNS settlement, but the CCCP has since transferred sufficient quantity of China Connect Securities to its Stock Clearing Account; or
 - ii. where the overdue short positions are solely due to SPSA Delivery Failure and a request for adjustment has been submitted to HKSCC in accordance with Section 2.3.15 of CCASS Operational Procedures(please refer to the CCASS Terminal User Guide for Participants for details of the function); or
 - iii. where the overdue short positions are partly due to an SPSA Delivery Failure and partly due to the failure of the CCCP to transfer such China Connect Securities to its Stock Clearing Account for CNS settlement, and (i) in respect of the SPSA Delivery Failure, a request for adjustment has been submitted to HKSCC in accordance with Section 2.3.15 of CCASS Operational Procedures(please refer to the CCASS Terminal User Guide for Participants for details of the function) and (ii) in respect of the overdue short position which are not due to SPSA Delivery Failure, the CCCP has since transferred sufficient quantity of China Connect Securities to its Stock Clearing Account.
- The access path for these functions are:



SI MAINTENANCE - Sample Screen

DESCRIPTION OF FIELDS:

<u>Field</u>	<u>Description/Format</u>
SI INPUT NUMBER	<ul style="list-style-type: none"> - display the unique reference number assigned by CCASS when the SI is being created. - the two counterparties have different SI input numbers assigned by CCASS. - type SI input number, at prompt screen, as one of the selection criteria to list available SIs or retrieve a particular SI for maintenance or enquiry.
INSTRUCTION TYPE	<ul style="list-style-type: none"> - select 'Deliver' for delivering stock; 'Receive' for receiving stock. - a matching field, 'Deliver' matches with 'Receive', and vice versa. - 'Deliver' SI is not allowed if the settlement account number input is greater than 20 (i.e. SSA with Statement Service) and its Affirmation Requirement is set to 'Yes' (i.e. require affirmation by the SSA Statement Recipient). - select instruction type, at prompt screen, as one of the selection criteria to list available SIs for maintenance or enquiry, default as 'ALL' (i.e. both 'Receive' and 'Deliver').
INPUT DATE	<ul style="list-style-type: none"> - display the date of the SI being created. - automatically recorded by CCASS in the confirmation screen once the 'Submit' button is pressed. - display field only.

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<u>Field</u>	<u>Description/Format</u>
STATUS	<ul style="list-style-type: none"> - display the status of the SI. - select status, at prompt screen, as one of the selection criteria to list available SIs for maintenance or enquiry.
COUNTERPARTY or C/P	<ul style="list-style-type: none"> - type the ID of the counterparty. - (Counterparty's ID can be obtained from the hyperlink of ENQUIRE PARTICIPANT LIST function). - a matching field. - valid code number is a 6-character code beginning with a letter (e.g. C21355). - input counterparty ID, at prompt screen, as one of the selection criteria to list available SIs for maintenance or enquiry.
SETTLEMENT DATE	<ul style="list-style-type: none"> - type the due date for settlement of the SI with the counterparty. - must match with counterparty's entry. - must be a valid date (DDMMYY) in one of the following formats: '23JAN09', '230109', '23-01-09' or '23/01/09'. - CCASS accepts settlement dates up to ten calendar days before or after the INPUT DATE. - type the settlement date, at prompt screen, as one of the selection criteria to list available SIs for enquiry. <ul style="list-style-type: none"> ▪ select radio button '=' to list those SIs with settlement date equal to the date specified. ▪ select radio button '>=' to list those SIs with settlement date later than or equal to the date specified. ▪ select radio button '<=' to list those SIs with settlement date earlier than or equal to the date specified. ▪ for ENQUIRE SI function, CCASS defaults value of the radio button as '>=' while '=' for ENQUIRE DELETED SI function. - settlement date must be earlier than the effective date of the stock for discontinuing eligibility in CCASS. - settlement date must be on or after the clearing admission date of the stock.
ISIN OR STOCK CODE	<ul style="list-style-type: none"> - input the ISIN / stock code for maintain SI for a particular stock. - can obtain the ISIN or stock code from the hyperlink of 'Enquire Stock List'. - must not be a delisted stock. - CCASS overlooks leading zero(s); i.e. '17', '017', '0017' and '00017' are treated as the same. - must match with counterparty's entry. - type the ISIN or stock code, at prompt screen, as one of the selection criteria to list available SIs for maintenance or enquiry.
MARKET	<ul style="list-style-type: none"> - display the market code and market short name assigned by HKSCC. - select market, at prompt screen, as one of the selection criteria to list available SIs for enquiry. - only available via 'Enquire SI' and 'Enquire Deleted SI' functions.

<u>Field</u>	<u>Description/Format</u>
SETTLEMENT CURRENCY	<ul style="list-style-type: none"> - select settlement currency, at input SI Detail prompt screen. - default as 'BLANK', trading currency will be selected by system if participant not selected. - select 'CNY', 'HKD' or 'USD' to indicate the settlement currency if applicable. - in case 'FOP' is selected under Payment Instruction, the settlement currency must be trading currency if selected. - available via the 'Authorize Pending SI', 'Enquire SI' and 'Enquire Deleted SI' functions as enquiry criteria.
ACTUAL SETTLEMENT AMOUNT	<ul style="list-style-type: none"> - display the actual settlement amount and currency if the SI is matched with amount variance. - same as the money value for SI matched with no amount variance. - only available via 'Revoke Matched SI' and 'Enquire SI' functions. - display field only.
QUANTITY	<ul style="list-style-type: none"> - type the number of shares transacted. - default as '0'. - must match with counterparty's entry. - either one of the following formats is accepted by CCASS: '2000' or '2,000'.
SETTLEMENT ACCOUNT or STM A/C	<ul style="list-style-type: none"> - display the code and name of the account used to settle the SI position. - default as '1', (i.e. Clearing Account). - change the account number, if required. - if the Instruction Type is set as 'Deliver', the settlement account number input must not be a SSA with Statement Service (i.e. account number from 21 onwards) with its Affirmation Requirement set to 'Yes'. - '1' for the Clearing Account; '2' for Segregated Account 1 (=Entitlement Account); '3', '4', ... for other segregated accounts. - CCASS overlooks leading zero(s); i.e. '21', '021' and '0021' are treated as the same. - type the settlement account, at prompt screen, as one of the selection criteria to list available SIs for maintenance or enquiry.
PAYMENT INSTRUCTION or PAY INSTR	<ul style="list-style-type: none"> - select the payment type ('DVP' for delivery versus payment; 'FOP' for free of payment; 'RDP' for realtime delivery versus payment). - must match with counterparty's entry. - select payment instruction, at prompt screen, as one of the selection criteria to list available SIs for enquiry.

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<u>Field</u>	<u>Description/Format</u>
MONEY VALUE	<ul style="list-style-type: none"> - default as '0.00' for maintenance. - type the money value if the payment instruction is 'DVP' or 'RDP'. - leave as zero '0.00' if the payment instruction is 'FOP'. - must match with counterparty's entry. If the participant has input SI Tolerance limit for the currency of the money value, the SI may be matched an SI with money value above or below the input value. - either one of the following formats is accepted by CCASS: '2000' or '2,000'. - two decimal places are accepted if required. - input the money value, at prompt screen of Enquire SI function, as one of the selection criteria to list available SIs for enquiry, <ul style="list-style-type: none"> ▪ select radio button '=' to list those SIs with money value equal to the value specified. ▪ select radio button '>=' to list those SIs with money value greater than or equal to the value specified. ▪ select radio button '<=' to list those SIs with money value smaller than or equal to the value specified. ▪ default as '>='.
CLIENT ACCOUNT NUMBER or CLIENT A/C NO	<ul style="list-style-type: none"> - type participant's internal client account number. - any non-alphanumeric characters (e.g. , : / () ? . + '-space) input will be ignored and trimmed, the matching is only on the alphanumeric characters. - a matching field, if PURPOSE OF SI for either one of the two trading counterparties is Broker-Custodian transaction (C) and both parties have input the client account numbers. Not a matching field, if either one or both parties have not entered the client account number. - a mandatory field if PURPOSE OF SI is Portfolio Movement transaction (M). It is a matching field if either one or both parties has/have inputted 'M' purpose. (Also be a matching field for PURPOSE OF SI for one party is 'M' and the other is 'C'). - optional field and not required for matching if PURPOSE OF SI is for New Borrowing/Lending (L), Stock Pledging (P), Return/Recall (R) or is not specified. - not more than 15 characters in length. - [Note: where purpose of SI = 'M' <ul style="list-style-type: none"> if client account number has been input for both SI and either / both is / are blank after trimming, the SI cannot be matched; if the trimmed client account number do not match, the related SI cannot be matched; if both the trimmed client account numbers are blank, the related SI cannot be matched; and where purpose of SI = 'C' if the trimmed client account number does not match, the related SI cannot be matched]

<u>Field</u>	<u>Description/Format</u>
CLIENT NAME	<ul style="list-style-type: none"> - type the name of participant's client. - not more than 15 characters in length. - optional field; not required for matching.
PROCESSING REFERENCE	<ul style="list-style-type: none"> - type any processing information for internal reconciliation and reference, if desired. - any text should be less than 40 characters in length. - optional field; not required for matching.
PURPOSE OF SI or PUR	<ul style="list-style-type: none"> - for non-stock pledgee participants, select the purpose of the SI. - it is an optional field and not required for matching. - only one of the following purpose can be selected: 'C - Broker-Custodian transaction' 'L - New Borrowing/Lending' 'P - Stock Pledging' 'M - Portfolio Movement' 'R - Return/Recall' leave blank if not specified. - display as 'P - Stock Pledging" if the input participant is a stock pledgee. Change is not allowed.
DI REQUIRED or DI Req	<ul style="list-style-type: none"> - if instruction type is 'Deliver', select whether a Delivery Instruction (DI) is required for settlement. ('Yes' for settling the SI with a Delivery Instruction (DI) entered by the participant. 'No' for settling the SI by CCASS's multiple batch settlement run or by DI.). - if instruction type is 'Receive', must be 'No'. - mandatory field but not required for matching. - default as 'No'.
HOLD MATCHED SI	<ul style="list-style-type: none"> - select 'Yes' or 'No' to indicate whether to hold a matched SI for settlement. (Yes = matched SI to be put on-hold for settlement, No = matched SI to proceed with settlement after successful matching.) - default as 'No' for maintenance. - mandatory field; not required for matching. - select 'Yes', 'No' or 'All' at Hold Matched SI, at prompt screen of 'Enquire SI' function, as one of the selection criteria to list available SIs for enquiry, default as 'ALL' for enquiry.
INTERNAL TRANSACTION REFERENCE or INTNL REF	<ul style="list-style-type: none"> - type an internal transaction reference, at prompt screen of Input SI, Delete SI or, Revoke Matched SI function, as one of the selection criteria to list available SIs for enquiry. - not more than 10 characters in length. - optional field; not required for matching.

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<u>Field</u>	<u>Description/Format</u>
SI LINKAGE REQUIRED	<ul style="list-style-type: none"> - select 'Yes', 'No' or 'All' as SI Linkage Required, at the prompt screen of 'Enquire SI' function, as one of the selection criteria to list available SIs for enquiry. <ul style="list-style-type: none"> ▪ select 'Yes' to list those SIs with SI linkage reference only. ▪ select 'No' to list those SIs without SI linkage reference. ▪ select 'All' if not used as a selection criterion. ▪ default as 'ALL'.
SI LINKAGE REFERENCE	<ul style="list-style-type: none"> - type an SI linkage reference, if required, for creation of a pair of linked SIs. (should be a unique reference assigned to two different SIs, one being a receiving SI and the other being a delivering SI for a particular stock to be settled on a particular settlement date with same settlement account). - not more than 15 characters in length - optional field; not required for matching. - input SI Linkage Reference, at prompt screen of 'Enquire SI' function, as one of the selection criteria to list available SIs for enquiry.
MATCHED WITH AMOUNT VARIANCE or MAT WITH	<ul style="list-style-type: none"> - select 'Yes', 'No' or 'All' as Matched with Amount Variance, at the prompt screen of 'Enquire SI' function, as one of the selection criteria to list available SIs for enquiry. <ul style="list-style-type: none"> ▪ select 'Yes' to list those SIs matched with amount varied from the money value of either party. ▪ select 'No' to list those perfectly matched SIs. ▪ select 'All' if not used as a selection criterion. ▪ default as 'All' - not applicable for listing of pending and unmatched SIs. Must select 'All' if STATUS is set as 'Pending' or 'Unmatched'. - show on Enquire SI screens only
NUMBER OF SHARES	<ul style="list-style-type: none"> - input the number of shares, at prompt screen of 'Enquire SI' function, as one of the selection criteria to list available SIs for enquiry, <ul style="list-style-type: none"> ▪ select radio button '=' to list those SIs with quantity equal to the number of shares specified. ▪ select radio button '>=' to list those SIs with quantity greater than or equal to the number of shares specified. ▪ select radio button '<=' to list those SIs with quantity smaller than or equal to the number of shares specified. ▪ default as '>='.
STATUS BEFORE DELETION	<ul style="list-style-type: none"> - display the status of the SI before deletion, i.e. either 'Pending' or 'Unmatched'. - only available via 'Enquire Deleted SI' function.
REMARKS	<ul style="list-style-type: none"> - type any additional remarks for the SI, if desired. - any text should be less than 80 characters in length. - optional field; not required for matching.

<u>Field</u>	<u>Description/Format</u>
SETTLEMENT POSITION NUMBER	<ul style="list-style-type: none"> - a unique settlement position number automatically generated by CCASS once a pair of SIs are successfully matched. - display field, only applicable to the pair of SIs successfully matched. - only available via 'Revoke Matched SI' and 'Enquire SI' functions.
MATCHED DATE	<ul style="list-style-type: none"> - display the date when a pair of SIs are successfully matched. - display field, only applicable to matched SI. - only available via 'Revoke Matched SI' and 'Enquire SI' functions.
LAST UPDATE BY	<ul style="list-style-type: none"> - display the ID of the user who latest updated (created, changed, authorised, revoked or put shares on hold by DI) the SI. If the last update is SI matching, shares on hold by batch run, or payment validation, 'CCASS' will be displayed. - display field only. - only available via 'Enquire SI' and 'Enquire Deleted SI' functions.
UPDATE DATE	<ul style="list-style-type: none"> - display the date of the latest update (e.g. creation, change, authorisation, matching, revocation, shares on hold or payment validation) of the SI. - display field only. - only available via 'Enquire SI' and 'Enquire Deleted SI' functions.
UPDATE TIME	<ul style="list-style-type: none"> - display the time of the latest update (e.g. creation, change, authorisation, matching, revocation, shares on hold, or payment validation) of the SI. - display field only. - only available via 'Enquire SI' and 'Enquire Deleted SI' functions.
REASON CODE	<ul style="list-style-type: none"> - display the reason code for unsuccessful authorisation at the list screen of 'Authorise Pending SI' function. '1' for exceeding the transaction limit, i.e. the input value or market value of the stock of the SI to be authorised exceeds the input transaction limit of the authorised user. '2' for record has been modified by another user / counterparty not found. '3' for function not available.
MAX MONEY VALUE	<ul style="list-style-type: none"> - type maximum money value, at prompt screen of 'Authorise Pending SI' function, as one of the selection criteria to list available SIs with money value less than or equal to specified value. - leave the default value '0.00' unchanged, if not used as a selection criterion.