
CHAPTER 7

SERVICES - GENERAL

701. Services

Subject to the Rules, HKSCC may supply to Participants the services referred to in the Rules and such other services as may from time to time be deemed appropriate by HKSCC.

In relation to those types of services supplied by HKSCC to a Clearing Participant or Custodian Participant in respect of the Participant's holdings in the SSA with Statement Service which HKSCC finds it appropriate to make available for use by SSA Statement Recipients for the account of the Participant as provided in the Rules, the Participant may, in such manner as HKSCC may from time to time prescribe, authorize any its SSA Statement Recipients to use any such services (including the giving of instructions in relation thereto) for the account of the Participant subject to the Rules. For the avoidance of doubt, the use of such services by SSA Statement Recipients for the account of the Participant as aforesaid shall, for the purposes of the Rules, be considered use of the services by the Participant which shall be liable therefor. Unless otherwise stated in the Rules, such authorization to SSA Statement Recipient is personal to that SSA Statement Recipient.

HKSCC may from time to time prescribe new or additional rules and procedures in relation to the provision of the services contemplated in the Rules.

Notwithstanding anything to the contrary in the Rules, HKSCC may decline in its discretion to provide one or more services or facilities or suspend or cease to provide any services or facilities with respect to any transaction or class of transactions, any Participant or category of Participants or SSA Statement Recipients, or any Eligible Security or class of Eligible Securities. In deciding whether to exercise such discretion, HKSCC may take into account any factors which it considers reasonable or relevant including, without limitation, any terms and conditions upon which an Eligible Security is issued or any restrictions, limitations, conditions or requirements under or imposed by any applicable law, rule or regulation of any relevant jurisdiction.

Participants other than Investor Participants or its Settlement Agent shall gain access to services of CCASS in accordance with these Rules and such conditions as prescribed by HKSCC from time to time.

Investor Participants shall gain access to services of CCASS via the CCASS Phone System or the CCASS Internet System in accordance with these Rules and such conditions as prescribed by HKSCC from time to time.

702. Other clearing entities

HKSCC may from time to time enter into Clearing Links with clearing houses in Mainland China as referred to in Rules 4101 and 4201 or arrangements, upon such terms and conditions as it decides, with other clearing entities with a view to making available some or

all of its services to participants of other clearing entities or obtaining the services of the other clearing entities for Participants, or providing services to Participants in respect of securities which are cleared by the other clearing entities as central counterparties.

In addition to services in relation to Eligible Securities, HKSCC may offer to Participants services in relation to other types of investments, contracts, arrangements or other products, so long as it is satisfied that it has the operational capability to provide such services.

703. Arrangements with other entities

HKSCC may from time to time, in its own right, as agent for Participants and/or in any other capacity, enter into or be required to enter into arrangements with other entities, or to obtain or receive the services or assistance of such entities in order to provide or otherwise to facilitate the provision of, any CCASS or other services and facilities to Participants upon such terms and conditions as it may agree with such entities. When using any such CCASS or other services and facilities, Participants shall comply with and be bound by, and all transactions relating to such CCASS or other services and facilities shall also be subject to, the terms and conditions of the relevant arrangements and all the other applicable rules, regulations, procedures, requirements and directions made, issued or prescribed under the arrangements, as notified to the Participants or otherwise set out in these Rules or the Operational Procedures. Where applicable, Participants shall upon request provide HKSCC, any entity it has entered into relevant arrangement with or such other persons as HKSCC may specify with such agreements, confirmations, acknowledgements, declarations or authorizations (i) as HKSCC may require for the provision of the relevant services; or (ii) as HKSCC may be required to obtain or provide under any terms and conditions relating to the relevant arrangement.

Without limiting the generality of the foregoing, a Participant, in using any CCASS services and facilities in respect of CMU Instruments, shall be deemed to have provided to HKSCC -

- (i) an acknowledgement in favour of the HKMA and its servants and agents that the holding of CMU Instruments for the Participant on the CMU Account of HKSCC and all transactions over such CMU Account or otherwise in relation to facilities relating to HKSCC's membership of the CMU Service will be subject to all of the provisions of the Membership Agreement in respect of Central Moneymarkets Unit Service entered into between the HKMA and HKSCC ("CMU Membership Agreement") and to the CMU Rules (as defined in the CMU Membership Agreement) and in particular (but without limiting the generality of the foregoing)-
 - (a) that CMU Instruments are to be held in the CMU Service only if they have been purchased or are held on terms authorizing the holder to deal with them free from any proprietary or equitable interest (as defined in the CMU Membership Agreement) of any other person;
 - (b) that except as required by law the HKMA is not bound by or compelled to recognize any proprietary or equitable interest in or any other right in respect

of any CMU Instrument other than an absolute right to the entirety of that CMU Instrument in the CMU Member to whose CMU Account that CMU Instrument is for the time being credited or for whose account that CMU Instrument is otherwise held for the time being, and that the Participant will not assert or permit any person claiming under or through it to assert any such proprietary or equitable interest or other right against the HKMA;

- (c) that the HKMA and its servants and agents, with the limited exceptions expressly provided in the CMU Membership Agreement, are exempt from liability caused directly by or indirectly by the operation of the CMU Service and entitling the HKMA without liability to act without further enquiry on instructions or information or purported instructions or information received through the CMU Service or otherwise in accordance with the CMU Manual (as defined in the CMU Membership Agreement); and
- (ii) an authorization for HKSCC on behalf of the Participant to do all such acts and things and execute all such documents as may be required to enable HKSCC fully to observe and perform its obligations under the CMU Membership Agreement and the CMU Rules, and enter into any arrangement which HKSCC considers proper for the purpose of facilitating clearance of transactions effected on behalf of the Participant through the CMU Service.

Copies of the CMU Membership Agreement, CMU Rules and CMU Manual are available for inspection by Participants at the CCASS Depository service counter.

704. Access to CCASS

This Rule 704 does not apply to Investor Participants.

(i) Access to CCASS (other than RMS) via CCASS Terminals and Participant Gateways

Unless the prior written approval of HKSCC is obtained, CCASS Terminals and Participant Gateways can only be installed at the office premises of a Participant or its Settlement Agent.

Where a Participant can demonstrate to the satisfaction of HKSCC that there is sufficient commercial and policy justification, it may, with the prior written approval of HKSCC, install a CCASS Terminal or a Participant Gateway at a location which is not the office premises of the Participant or its Settlement Agent. Where approval is granted, such installation and access shall be subject to the Rules and such conditions as prescribed by HKSCC from time to time. Where a CCASS Terminal is approved to be installed in a foreign jurisdiction or where CCASS is accessed from a foreign jurisdiction pursuant to Rule 3901, approval shall be subject to such conditions as stipulated in Rules 3902 to 3904. For the avoidance of doubt, a Participant shall continue to be liable as principal and shall bear full responsibility for all acts, omissions, breaches and defaults, even when it or its Authorised User accesses CCASS or conduct its activities in CCASS at a location not at the office premises of the Participant or its Settlement Agent.

Each Participant must ensure that only persons approved as its Authorised Users are allowed access to CCASS via CCASS Terminals and/or via Participant Gateways. Where the approval is for access by an Authorised User who is not employed by or affiliated with

the Participant or its Settlement Agent, the Participant shall ensure and procure that the Authorised User, in accessing CCASS or conducting its activities in CCASS on behalf of the Participant, complies with the Rules and such other conditions as prescribed by HKSCC from time to time.

(ii) Access to RMS

A Participant that wishes to be granted access to RMS shall apply to HKSCC in the manner prescribed by HKSCC from time to time and shall appoint Delegated Administrators, who shall be responsible for establishing or cancelling the access to RMS of its Authorised Users.

A Participant must ensure that only persons approved as its Delegated Administrators and Authorised Users for RMS are allowed access to RMS and shall be liable as principal and shall bear full responsibility for all acts, omissions, breaches and defaults in connection with its Delegated Administrators and Authorised Users' access to RMS. Where the access approval is granted to a Delegated Administrator or Authorised User who is not employed by or affiliated with the Participant or its Settlement Agent, the Participant shall ensure and procure that the Delegated Administrator or Authorised User, in accessing RMS or conducting its activities in RMS on behalf of the Participant, complies with the Rules and such other conditions as prescribed by HKSCC from time to time.

(iii) Shared Access

Before a Participant may share its CCASS Terminal, Participant Gateway and/or RMS access, where appropriate, with other Participants, Settlement Agents or Designated Banks, it must first obtain HKSCC's approval to do so. Where approval is granted, such sharing of CCASS Terminal, Participant Gateway and/or RMS access shall be subject to the Rules and such conditions as prescribed by HKSCC from time to time. For the avoidance of doubt, a Participant shall continue to be liable as principal and shall bear full responsibility for all acts, omissions, breaches and defaults, even when it shares its CCASS Terminal, Participant Gateway and/or RMS access with other Participants, Settlement Agents or Designated Banks.

(iv) Use of market data

A Participant shall not disseminate or redistribute to any other person any market data obtained through accessing CCASS and shall only use such market data for the purposes of conducting risk management monitoring and assessments within CCASS in such form and manner as HKSCC may prescribe from time to time. Each Participant shall be under a duty to immediately report in writing to HKSCC any breach of its obligation not to disseminate or redistribute, or any unauthorised use by it of such market data.

(v) Information from RMS

Information available in RMS and associated reports is indicative only. For the details of its net settlement and payment requirements under the CNS System, a Participant shall refer to reports available for retrieval from its CCASS Terminal or Participant Gateway (see the CCASS Terminal User Guide for details).