
CHAPTER 22

TERMINATION OF PARTICIPATION

2201. Termination by notice by HKSCC

HKSCC may at any time by the giving of not less than ten (10) Business Days' notice in writing terminate the participation in CCASS of a Participant other than a Clearing Agency Participant. With respect to a Clearing Agency Participant, the period of notice for termination by HKSCC to be given shall be such period as agreed between HKSCC and the Clearing Agency Participant.

2202. Forthwith termination by HKSCC

Without prejudice to any other rights HKSCC may have and notwithstanding anything to the contrary in the Rules, HKSCC may terminate the participation in CCASS of a Participant forthwith by notice: -

- (i) in the event of the death, incapacity of a Participant being an individual or the dissolution of a Participant being a partnership;
- (ii) in the event that a Participant ceases its business or a material part thereof in the determination of HKSCC;
- (iii) in the event that a Participant is the subject of an adverse finding by any competent authority to which it is subject;
- (iv) in the event of the bankruptcy, liquidation or winding-up of a Participant or the initiation of any proceedings in relation thereto (including, but not limited to, the commission of an act of bankruptcy or an analogous act by a Participant) or if HKSCC considers in its absolute discretion that the occurrence of such events are imminent or likely;
- (v) in the event of the appointment of a receiver or manager over the assets of a Participant or if a Participant suffers a composition with its creditors or if a scheme of arrangement is approved by the court (other than for the purposes of reconstruction or amalgamation) or if HKSCC considers in its absolute discretion that the occurrence of such events are imminent or likely;
- (vi) in the event of any distress, execution or other process being levied or enforced or served upon or against any property of a Participant;
- (vii) in the event that an Event of Default as referred to in Rule 3701 has occurred in respect of a Clearing Participant, including a failure to provide or replenish its Basic Contribution or Dynamic Contribution pursuant to Rules 2502 and 2509B, or a failure to provide Assessments pursuant to Rules 2508 and 2509; or

- (viii) if HKSCC considers in its absolute discretion that any delay in the termination of the participation of a Participant will be materially detrimental to the interests of CCASS or of other Participants.

2203. Termination by notice by Participants

Subject as otherwise provided, any Participant other than a Clearing Agency Participant may by the giving of not less than one month's notice in writing to HKSCC terminate its participation in CCASS. A Clearing Agency Participant may terminate its participation in CCASS by giving HKSCC such period of notice in writing as agreed between HKSCC and the Clearing Agency Participant.

At any time after receipt of notice to terminate from a Participant, HKSCC shall have the right to decline to accept any instruction or give effect to any transaction involving such Participant if HKSCC considers it appropriate in the interests of HKSCC or other Participants.

2204. Consequences of termination

Within six months of the termination of participation in CCASS of a Participant, or as soon thereafter as is practicable, HKSCC shall, subject as otherwise provided in the Rules, cause to be returned to, or make available for collection by, the Participant all property or assets held by HKSCC for the Participant provided always that HKSCC shall have the right (without affecting any other rights it may have):-

- (i) to set off amounts due or which may become due to HKSCC from the Participant, if applicable; and/or
- (ii) to retain property or assets (but not Eligible Securities in the Stock Segregated Accounts of the Participant other than Derived Assets credited into the Entitlement Account of the Participant) or to refrain from arranging for the determination or cancellation of (as well as to require the provision of) insurance, assurances, indemnities, to provide in full for the fulfilment of the Participant's obligations and liabilities, actual or contingent, to HKSCC.

The termination of participation in CCASS of a Participant will not affect any rights or liabilities of the Participant arising out of matters which have taken place prior thereto and for the purpose of settlement of any such rights or liabilities of the Participant, HKSCC may continue to treat the Participant as a Participant.

Any provision which expressly or by implication is intended to come into or continue in force on or after termination of a Participant's participation in CCASS shall remain in full force and effect and binding on the Participant.

Subject to Rules 2508 and 2509 but notwithstanding any other provisions contained in the Rules, a Clearing Participant's obligations as a Relevant Clearing Participant shall survive the termination of the Clearing Participant's participation in CCASS. Without prejudice to any other rights of HKSCC, HKSCC shall be entitled to treat such Clearing Participant whose participation in CCASS has been terminated as a Relevant Clearing Participant for the

purposes of Rules 2507, 2507A, 2508, 2509, 3705, 3706, 3709 and 4301, and all matters arising therefrom or in relation thereto so as to give full force and effect to the Rules. Such Clearing Participant shall remain bound by those provisions and the related provisions as if the termination of its participation had not been effected.

2205. HKSCC to notify Participants etc.

In the case of a Participant other than an Investor Participant, in the event of the termination of participation by such Participant or the receipt of notification to terminate, HKSCC shall as soon as practicable notify the other Participants (other than Investor Participants), the Commission and, in the case of termination of participation by a Clearing Participant which is an Exchange Participant, the Exchange.