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## CHAPTER 11

### NOMINEE SERVICES

#### 1101. Scope and extent of nominee and similar services

Subject to the Rules, applicable laws and applicable regulatory approval, in respect of Eligible Securities deposited into or otherwise held or recorded in CCASS and credited to the Stock Accounts of Participants and in respect of New Issue Shares, HKSCC may from time to time provide nominee and similar services to Participants in such manner and to such extent and at such times as it considers appropriate. The services may include:

- (i) the collection or receipt of dividends, interest payments, redemption proceeds, distributions, rights, entitlements, securities, and other properties and documents with respect to such Eligible Securities;
- (ii) the distribution or payment to Participants of dividends, interest payments, redemption proceeds, distributions, rights, entitlements, securities and other properties and documents received by HKSCC or its nominee with respect to such Eligible Securities and if practicable, the making of disposal arrangements in respect of distributions which would otherwise be difficult or impracticable for Participants to realize for the benefit of the relevant Participants;
- (iii) (a) the appointment of Participants or persons nominated by Participants as proxies or representatives of HKSCC or the Nominee for the purposes of attending and voting at meetings of holders of such Eligible Securities or other similar purposes, (b) in respect of Uncertificated Eligible Securities (where applicable and where the applicable laws, rules or regulations so permit or require), the communication or passing on of any voting or other instructions, proxy nominations or appointments or other authorizations, declarations, requests or information received from Participants to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar, and (c) in respect of China Connect Securities, where applicable and where the applicable laws, rules or regulations or constitutional documents of the relevant issuer so permit or require, the communication or passing on of any voting or other instructions, proxy nominations or appointments or other authorizations, declarations, requests or information received from Participants to the issuer or its authorized agents or representatives;
- (iv) the seeking of instructions from Participants with regard to the exercise of rights or entitlements accruing to such Eligible Securities or the participation in other actions, transactions or matters affecting them and the giving effect to instructions so received from Participants;
- (v) if practicable, the making of arrangements to enable Participants directly to enjoy rights or entitlements accruing to such Eligible Securities or to participate in other actions, transactions or matters affecting them;
- (vi) the receipt of and compliance with electronic instructions (a) to cause the Nominee to apply for New Issue Shares on its behalf and (b) to arrange payment and refund of the money due on application, and (where applicable) the receipt of and compliance with electronic instructions to cause the Nominee to confirm on its behalf the application for New Issue Shares made on its behalf, in each case in accordance with the Operational Procedures;

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- (vii) the receipt of and compliance with Tender Instructions (a) to cause HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on its behalf and (b) to arrange payment and refund of the money due in respect of the tender or application (as the case may be), in each case in accordance with the Operational Procedures;
  - (viii) the receipt of and compliance with electronic instructions (a) in respect of any application for the issue or redemption of Units and (b) to arrange payment of moneys due, and transfers of securities to be made, on issue and redemption of Units and to arrange refunds of moneys due, and retransfers of securities to be made, on cancellation or rejection of any such instructions, in each case in accordance with the Operational Procedures; and
  - (ix) such other services with respect to rights and entitlements accruing to such Eligible Securities or other actions, transactions, or matters affecting them as HKSCC considers appropriate.

Subject to the Rules, a Clearing Participant or Custodian Participant may, in respect of Eligible Securities held in custody or recorded in the CCASS Depository or in an Appointed Depository (as the case may be) and credited to the SSA with Statement Service of the Participant, authorize its SSA Statement Recipient to use voting services and give voting instructions to HKSCC in relation to such Eligible Securities for the account of the Participant. Where the Participant has authorized its SSA Statement Recipient to give voting instructions in relation to such Eligible Securities as aforesaid, the Participant itself shall not give voting instructions in relation to such Eligible Securities. For these purposes, voting instructions include instructions to make demand poll requests and instructions to appoint person nominated by SSA Statement Recipient to attend meetings. HKSCC may from time to time provide the following voting services to SSA Statement Recipient for the account of the Clearing Participant or Custodian Participant in such manner and to such extent and at such times as HKSCC considers appropriate:

- (i) the seeking of voting instructions with regard to such Eligible Securities from SSA Statement Recipients for the account of the Clearing Participants or Custodian Participants and the giving effect to voting instructions so received from them; and
- (ii) the appointment of SSA Statement Recipients or persons nominated by SSA Statement Recipients for the account of Clearing Participants or Custodian Participants as proxies or representatives of HKSCC or the Nominee for the purposes of attending and voting at meetings of holders of such Eligible Securities or other similar purposes, and in respect of Uncertificated Eligible Securities (where applicable or where the applicable laws, rules or regulations so permit or require), the communication or passing on of any voting or other instructions, proxy nominations or appointments or all other authorizations, declarations, requests or information received from SSA Statement Recipients to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar.

In respect of Uncertificated Eligible Securities, unless HKSCC otherwise agrees, a Participant shall only give voting or other instructions to HKSCC and not directly to the Overseas Issuer or its principal or branch share registrar (if any). Further, where appropriate arrangements have been put in place, the transmission of corporate and other communications in respect of Uncertificated Eligible Securities to Participants directly by the principal or a branch share registrar of an Overseas Issuer (or vice versa) may be made. Such procedures and arrangements are as set out in the Operational

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Procedures or as HKSCC may from time to time prescribe. HKSCC may also specify rules and procedures in relation to the treatment of and services available for Uncertificated Eligible Securities in light of the circumstances of a particular case and the applicable laws and regulations of the relevant jurisdiction.

HKSCC may from time to time provide nominee services to Participants in respect of Eligible Securities deposited into CCASS but not yet credited to the Stock Accounts of such Participants in such manner and to such extent and at such times as it considers appropriate. If HKSCC considers appropriate, the Participant may not use or withdraw any entitlements arising from the provision of such nominee services until completion of the registration of the Eligible Securities in the name of HKSCC or its Nominee. During this period if there is any failure by the Participant to perform its obligations to HKSCC or when HKSCC otherwise deems it necessary for its own protection, HKSCC may use, sell or apply any such entitlements without further reference to the Participant and the only obligation of HKSCC to such Participant in respect of the entitlements upon successful registration shall be to pay such Participant an amount equal to the balance and/or to return to such Participant the balance of the entitlements remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to HKSCC.

HKSCC may prescribe rules and procedures for the provision of such nominee services (including, without limitation, the determination by HKSCC of the entitlement of Participants to participate in actions, transactions or other matters affecting Eligible Securities) and shall be authorised to take such action as may be necessary to provide such nominee services to Participants. HKSCC may also take such other action as it may in its absolute discretion consider appropriate or desirable to safeguard the interests of Participants with respect to Eligible Securities deposited into CCASS.

HKSCC shall transmit to Participants other than Investor Participants via CCASS Terminals notices of any actions, transactions or other matters affecting Eligible Securities including those that provide for action to be taken by Participants. Investor Participants will be informed of any actions, transactions or other matters affecting Eligible Securities including those that provide for action to be taken by Participants and SSA Statement Recipients will be informed of any actions affecting Eligible Securities in SSA with Statement Service that are to be voted upon. HKSCC will inform the Investor Participants and SSA Statement Recipients through the activity statement and/or the CCASS Phone System and/or the CCASS Internet System. HKSCC shall not be precluded from using other means of communication to advise Participants and SSA Statement Recipients of any such actions, transactions or matters.

If Eligible Securities credited to the Stock Account of a receiving Participant under an ISI Transaction are on hold, HKSCC may limit the extent of nominee services provided with respect to them. If an ISI Transaction settled on a DVP basis is cancelled by HKSCC because Negative Confirmation of Payment in respect to the relevant debit EPI has not been obtained and the receiving Participant's Designated Bank does not make the relevant payment, HKSCC may make adjustments to the receiving Participant's entitlements.

#### **1102. HKSCC not to act for its own benefit**

HKSCC shall not be authorised or entitled to exercise rights or entitlements accruing to Eligible Securities in CCASS belonging to Participants for its own benefit or purpose and except as expressly provided in the Rules, shall not exercise such rights or entitlements without instructions of Participants save in the case where HKSCC considers it will be in the interest of Participants to do so.

#### **1103. Agents to provide nominee and similar services**

HKSCC may from time to time appoint or instruct one or more banks, custodians, trust companies, nominee companies, registrars, subsidiary companies, intermediaries or such other entities to provide or to assist in the provision of any of the nominee and similar services contemplated herein. For the avoidance of doubt, HKSCC may also appoint any Appointed Depositary for such purpose.

HKSCC shall be entitled to determine the terms and conditions upon which any person or entity appointed or instructed shall act, including, but not limited to, the scope of nominee and similar services to be rendered by it and the procedures to be adopted in relation thereto.

Participants shall comply with such procedures of the person or entity appointed or instructed relating to the provision of nominee and similar services as shall from time to time be notified by HKSCC or otherwise specified in the Operational Procedures.

Without affecting the generality of the above or Rule 703, in the provision of nominee and similar services in respect of Uncertificated Eligible Securities, HKSCC or the Nominee may enter into or be required to enter into arrangements with the relevant Overseas Issuer (or its agents or representatives) to obtain or receive its assistance in order to provide or otherwise to facilitate the provision of nominee and similar services to Participants upon such terms and conditions as HKSCC or the Nominee may agree. When using any such nominee or similar services, Participants shall comply with and be bound by the terms and conditions of the relevant arrangements and all the other applicable procedures made under the arrangements, as notified to the Participants from time to time or otherwise set out in the Operational Procedures. Where applicable, Participants shall upon request provide HKSCC, the Nominee, 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 or the Nominee 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.

#### **1104. Time limit for deposit of Eligible Securities**

If HKSCC receives sufficient notice of actions, transactions or other matters affecting an Eligible Security issued in registered form (whether or not proposed by the issuer of the Eligible Security) and for which a record or meeting date or time limit is proposed, HKSCC shall, subject as mentioned below, endeavour to cause such Eligible Securities (other than Foreign Securities) in CCASS to be registered in the name of HKSCC or its nominee on or prior to the record or meeting date or the time limit.

HKSCC may assign a time-limit for the deposit by Participants of such Eligible Securities which are the subject of such actions, transactions or other matters and in respect of such Eligible Securities deposited into CCASS after such a time-limit, HKSCC shall be under no obligation to register them in the name of HKSCC or its nominee on or prior to the record or meeting date or the time limit.

Participants depositing such Eligible Securities into CCASS subsequent to the time-limit assigned shall have, in relation to such actions, transactions or other matters, no right to receive nominee services from HKSCC in respect of such Eligible Securities and any nominee services in respect of such Eligible Securities may be provided to such Participants at the absolute discretion of HKSCC.

**1105. Time limit for instructions etc.**

In respect of any actions, transactions or other matters affecting an Eligible Security, HKSCC may assign a time-limit by which instructions, payments and/or other actions required to be taken in relation thereto by Participants (including persons acting with the authority of or on behalf of or for the account of the Participants) must be received by HKSCC. HKSCC may assign a latest time for (a) the giving of Electronic Application Instructions for New Issue Shares by Participants, which shall not be later than the latest time for lodging of application forms as described in the Prospectus or confirmation forms as described in the Prospectus as supplemented and amended, as the case may be, and (b) the giving of Tender Instructions, which shall not be later than (in the case of Exchange Fund Notes and Specified Instruments) two Business Days before the latest time for making the relevant tender or (in the case of Government Bonds and CMU Instruments) the latest time for application on the closing date of the subscription period. Save for the giving of Electronic Application Instructions for New Issue Shares, Investor Participants will normally be subject to a different time-limit for giving of instructions to HKSCC. Instructions from Participants with respect to any actions, transactions or other matters affecting Eligible Securities, Electronic Application Instructions for New Issue Shares and Tender Instructions shall be given to HKSCC electronically via CCASS Terminals, where applicable, unless otherwise prescribed by HKSCC from time to time. Investor Participants are required to input instructions to HKSCC via the CCASS Phone System or at the Customer Service Centre or the CCASS Internet System or by such other means as considered by HKSCC in its absolute discretion to be appropriate in the circumstances. SSA Statement Recipients are required to input voting instructions to HKSCC via the CCASS Phone System or the CCASS Internet System or by such other means as considered by HKSCC in its absolute discretion to be appropriate in the circumstances.

The giving of instructions (other than Electronic Application Instructions for New Issue Shares and Tender Instructions) by a Participant will constitute an undertaking by that Participant to HKSCC that it will maintain not less than the number of the relevant Eligible Securities (in respect of which instructions have been given) in its Stock Accounts, (other than the Stock Collateral Control Account and if the Participant is a TSF CCASS Participant, the TSF Accounts) if the instructions require submission of Eligible Securities, on the record or similar date or the date on which the Participant gives the instruction to HKSCC, as the case may be. If any cash or other consideration is required to be paid or submitted under the action, transaction or matter in respect of which the Participant has given instructions (including Electronic Application Instructions for New Issue Shares and Tender Instructions), to give effect to the instructions, a Participant shall maintain sufficient funds in its Designated Bank Account or make available the other consideration, as the case may be, to enable HKSCC to effect such instructions relating to such actions, transactions or other matters affecting Eligible Securities or New Issue Shares.

If a Participant fails to comply with this undertaking, HKSCC shall be entitled not to give effect to the Participant's instructions and/or to take such other action as HKSCC may consider appropriate, including the taking of disciplinary action, to redress the situation.

If a Participant fails to comply with the time-limit assigned by HKSCC, HKSCC shall be under no obligation to take any action in respect of the Eligible Securities in question in the Stock

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Accounts of the Participant but shall be authorised, in its absolute discretion, to take such action as it considers appropriate or desirable for the benefit of the Participant.

Participants giving instructions to HKSCC in relation to any actions, transactions or other matters affecting Eligible Securities or New Issue Shares are deemed to have read the offer or other similar documents issued by the Issuers in respect of such rights or entitlements or the Prospectus issued in respect of the New Issues Shares and to have complied with any requirements of the Issuers contained in such offer or similar documents or Prospectus including, without limitation, nationality and shareholding limitation requirements, if any.

Where a Participant gives instructions to HKSCC with respect to any actions, transactions or other matters affecting or relating to any Eligible Securities or New Issue Shares, such instructions may not be amended or revoked by the Participant at any time after the time-limit prescribed by HKSCC for the amendment or cancellation of such instructions or, in the case of electronic applications for the issue and redemption of Units, once such instructions have been accepted for processing and/or effected by HKSCC.

Where for any reason a Participant provides HKSCC with instructions relating to any actions, transactions or other matters affecting any Eligible Securities with respect to more than the number of relevant Eligible Securities credited to its Stock Account on the record or similar date, HKSCC shall be authorized to effect such instructions by making an adjustment to reflect the actual number of Eligible Securities with respect to which the Participant is entitled to provide instructions by the process of scaling down, unless the Participant specifically advises otherwise.

#### **1106. HKSCC may allocate rights among Participants**

Participants acknowledge that not all Eligible Securities held in CCASS or by an Appointed Depository of an issue in registered form may be registered in the name of HKSCC or its nominee or in the name of the Appointed Depository or its nominee (as the case may be) in time to allow for the exercise of rights or entitlements (including, without limitation, voting rights) or the participation in actions, transactions or other matters in respect of all such Eligible Securities at the relevant time. Participants further acknowledge that in certain circumstances, including, without limitation, as a result of applicable laws, it may be difficult, impracticable or not permissible for HKSCC or its nominee to exercise rights or entitlements or to participate in actions, transactions or other matters in respect of all Eligible Securities (including, without limitation, China Connect Securities).

Participants agree that in such a case and in all other cases where HKSCC or its nominee may not be able to exercise or participate in such rights, entitlements, actions or transactions in respect of all such Eligible Securities deposited into or otherwise held or recorded in CCASS, HKSCC shall be entitled to allocate the exercise of or participation in such rights, entitlements, actions or transactions among Participants either pro-rata to the number of the relevant Eligible Securities in their Stock Accounts at the relevant time, or in such other manner as it shall consider fair, appropriate and practicable in the circumstances, or to refrain from taking any action or to make such arrangement as it shall consider fair, appropriate and practicable in the circumstances regarding such rights, entitlements, actions or transactions.

Participants further agree that in the event of actions, transactions or other matters in respect of an Eligible Security affecting some but not all of such Eligible Securities held in CCASS or by an Appointed Depository (including, but not limited to, the redemption or conversion of Eligible Securities by lot or other similar matters affecting an issue of Eligible Securities), HKSCC shall be entitled to allocate the consequence of such matters among Participants either pro-rata to the number of the relevant Eligible Securities in their Stock Accounts at the relevant time or in such other manner as it shall consider fair and appropriate in the circumstances.

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**1107. Fractional entitlements**

If, as a result of the provision of nominee services or the exercise of its rights in relation thereto by HKSCC, Participants are entitled to fractional securities, HKSCC shall be authorised to round up or down such fractional securities in such manner as HKSCC considers appropriate.

The Participants' fractional securities entitlements will normally be sold by HKSCC for the benefit of the relevant Participants, although HKSCC reserves the right to postpone the sale of the fractional securities and accumulate such fractional securities if the amount of the proceeds that may be realized in the immediate sale thereof would not justify the costs and expenses of the sale of such fractional securities.

With respect to any such accumulated fractional securities, HKSCC shall be authorised to sell such accumulated fractional securities on such terms and at such times as HKSCC considers appropriate, and to utilize the proceeds of such sale for the benefit of Participants in such manner as considered appropriate.

**1108. HKSCC not liable**

Without prejudice to any liability HKSCC may have in respect of anything not done or not omitted to be done in good faith on its part, if HKSCC or its nominee shall be unable to exercise rights or entitlements (including, without limitation, voting rights) or to participate in actions, transactions or other matters affecting all or any Eligible Securities deposited into or otherwise held or recorded in CCASS due to:

- (i) limitations on the exercise of or participation in such rights or actions by HKSCC or its nominee imposed by law, the issuer of the Eligible Security, the Depository, the person initiating or responsible for such actions or any other competent authority; or
- (ii) if HKSCC receives insufficient notice of such rights or actions to enable it (using its best endeavours) to take all relevant steps in time in relation to the exercise of or participation in such rights or actions as contemplated herein; or
- (iii) any act, omission, default, failure, delay or inadequacy of performance of any of the agents, representatives or intermediaries of the Issuer of the Eligible Security (including its principal or branch share registrar) or any entity it has entered into arrangement with for the purposes of provision of any services under the Rules; or
- (iv) any limitation, restriction, moratorium, suspension or deprivation of voting rights or rights to receive dividends or any other rights or entitlements under any applicable law or regulation or the constitutional documents of the Issuer of the Eligible Security or a competent regulator or authority; or
- (v) any limitations or restrictions that require HKSCC or its nominee to exercise such rights or actions in person at any place outside of Hong Kong without the option to exercise such right or actions by facsimile or electronic means,

HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall be under no obligation and shall be relieved from any further obligation whatsoever to provide for the exercise of or participation in such rights or actions to Participants and shall not be liable to Participants in any manner whatsoever.

**1109. Claims for surplus dividends etc.**

Subject to applicable law, in the event that the amount of dividends, interest payments, redemption proceeds, distributions, rights, entitlements, securities, properties etc. received by HKSCC or its nominee in respect of Eligible Securities held in CCASS or by an Appointed Depositary exceeds the amount which HKSCC is required to distribute to Participants and such excess amount shall remain unclaimed for a period of seven years from the date of distribution by HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall have no further liability to any Participant or to any person claiming through any Participant, in respect of such dividends, interest payments, redemption proceeds, distributions, rights, entitlements, securities, properties etc. and HKSCC shall be authorised to appropriate such unclaimed excess amount and any interest or other distributions accruing thereto for its own use in relation to the operations of CCASS.

Subject to applicable law, where any claim is made by any Participant for any unclaimed dividends, interest payments, redemption proceeds, distributions, rights, entitlements, securities, properties etc. in the seven years period, such Participant shall not be entitled to any interest or other distributions accruing thereto. Such Participant shall be liable to such administration costs and charges applicable at the time of the claim.