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## **Section 8**

### **Nominee Services**

#### **8.1 PROVISION OF NOMINEE SERVICES**

Nominee and similar services to Participants in respect of (a) Eligible Securities deposited into or otherwise held or recorded in CCASS, (b) Electronic Applications for New Issue Shares and other electronic applications for or in connection with securities and (c) Tender Instructions are provided by HKSCC. However, HKSCC reserves the right to appoint an agent to provide such services where such an appointment would be in the best interest of Participants.

#### **8.2 GENERAL PRINCIPLES**

##### **8.2.1 Scope and procedures**

The scope of and the manner in which nominee and similar services in respect of (a) Eligible Securities deposited into or otherwise held or recorded in CCASS, (b) Electronic Applications for New Issue Shares and other electronic applications for securities and (c) Tender Instructions that will be provided by HKSCC to Participants will be as determined by HKSCC from time to time.

HKSCC intends to monitor all corporate actions or activities affecting Eligible Securities and to keep Participants informed of all such actions and activities which require Participants to take steps in order to participate in them.

Generally, the types of corporate actions or activities in respect of which nominee services are provided by HKSCC, as well as the procedures adopted by HKSCC in relation thereto, are set out in Section 8.4 to Section 8.20B. The procedures for giving Electronic Application Instructions for New Issue Shares and Tender Instructions are set out in Sections 8.18 and 8.19 respectively. If there is any change to such procedures, or if any of the foregoing services will not be provided, HKSCC will inform Participants other than Investor Participants via CCASS Terminals, Participant Gateways and/or by way of circulars and in the case of Investor Participants, by the CCASS Phone System, by the CCASS Internet System, by way of circulars and/or in the activity statement.

In respect of (a) corporate actions or activities affecting Eligible Securities and (b) matters relating to Electronic Application Instructions for New Issue Shares and other electronic applications for or in connection with securities and Tender Instructions which are not dealt with in Section 8.4 to Section 8.20B, HKSCC will usually inform Participants other than Investor Participants via CCASS Terminals, Participant Gateways and/or by way of circulars and in the case of Investor Participants, by the CCASS Phone System, by the CCASS Internet System, by way of circulars and/or in the activity statement as to whether or not nominee services will be provided and, if so, the procedures to be adopted.

Although HKSCC intends to provide fairly comprehensive nominee services to Participants in relation to corporate actions or other matters affecting Eligible Securities to the extent commercially reasonable and practicable, nothing in this Section 8 should be regarded as creating in any way an obligation on the part of HKSCC to provide nominee or other services to Participants except as provided in the Rules.

If Eligible Securities credited to a Participant's Stock Account under an ISI Transaction are on hold, HKSCC may limit the scope and extent of nominees services to be provided with respect to them.

In the case of Foreign Securities, a Participant's entitlement to receive nominee services will be determined by reference to the rules and procedures of the Appointed Depository with which the Foreign Securities are held and by reference to the appropriate holding of the Foreign Securities by HKSCC on behalf of the Participant in HKSCC's stock account maintained with that Appointed Depository as at the book-close or record date as determined by that Appointed Depository.

In the case of China Connect Securities, a Participant's entitlement to receive nominee services will be determined by reference to the rules and procedures of the China Connect Clearing House with which the China Connect Securities are held or the rules and procedures of the China Connect Market on which the China Connect Securities are listed and by reference to the appropriate holding of China Connect Securities by HKSCC on behalf of the Participant in HKSCC's stock account maintained with the China Connect Clearing House as at the record date as determined by the China Connect Clearing House or the relevant issuer.

## 8.2.2 HKSCC's role

HKSCC's role as provider of nominee services (i) in relation to the four broad categories of corporate actions or activities affecting Eligible Securities and (ii) insofar as Eligible Securities other than China Connect Securities are concerned, in relation to (a) Electronic Application Instructions for New Issue Shares, (b) Tender Instructions and (c) electronic applications for issue and redemption of Units can be summarised as follows:

- (i) **Announcement/communication:** this refers to announcements by issuers or Depositories of Eligible Securities (eg. declarations of dividends or announcements of notifiable transactions) or announcements by third parties affecting holders of Eligible Securities (eg. announcements of take-over offers) as well as the distribution of corporate communications by the issuers of Eligible Securities other than China Connect Securities to holders of those Eligible Securities other than China Connect Securities and by Depositories (eg. release of annual reports, circulars to shareholders containing details of notifiable transactions etc.). Here, the role of HKSCC as provider of nominee services to Participants will be to endeavour to bring the relevant matters to the attention of the Participants concerned or to arrange for the distribution of copies of relevant corporate communications to Participants;
- (ii) **Voting:** this refers to actions or activities affecting Eligible Securities that are to be voted upon by the holders of those Eligible Securities. Here, the role of HKSCC will be to endeavour (i) to obtain the instructions of Participants and, where applicable, instructions of SSA Statement Recipients in relation to the Eligible Securities in SSA with Statement Service for the account of Clearing Participants or Custodian Participants, (ii) to vote, (iii) if appropriate, to make a demand for poll on their behalf, and (iv) where the applicable laws, rules or regulations or the constitutional documents of the relevant Overseas Issuer or issuer so permit or require, to appoint persons nominated by Participants and, where applicable, by SSA Statement Recipients as aforesaid to attend meetings directly. In respect of Uncertificated Securities, this refers to or may include (where applicable or where the applicable laws, rules or regulations or the constitutional documents of the relevant Overseas Issuer or issuer so permit or require), HKSCC communicating or passing on any voting or other instructions, proxy nominations or appointments or all other authorizations, declarations, requests or information received from Participants and, where applicable, from SSA Statement Recipients to the relevant Overseas Issuer or issuer or its authorized agents or representatives including the Overseas Issuer or issuer's principal or branch share registrar. Notwithstanding the foregoing, HKSCC shall not be obliged to communicate, vote or take any action on behalf of Participants or their SSA Statement Recipients where communication, voting or the taking of action must be

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performed in person at a place outside of Hong Kong instead of by facsimile or electronic means.

- (iii) Entitlements/actions (not requiring the exercise of discretion) : this refers to actions or activities affecting Eligible Securities, such as dividend payments, issues of bonus shares, interest payments, bond and note redemption etc. where no decision is required to be made by Participants as the holders of Eligible Securities. Here, the role of HKSCC will be to endeavour to collect the entitlements and distribute them to Participants;
- (iv) Entitlements/actions (requiring the exercise of discretion): this refers to actions or activities affecting Eligible Securities such as rights issues, take-over offers, bond conversion, redemption of shares, etc. where Participants, as the holders of Eligible Securities, are expected to decide whether or not, or how, to participate in such actions or activities. Here, provided that it is practicable or legally permissible for HKSCC to do so, HKSCC's role as provider of nominee services will be to endeavor to collect instructions etc. from Participants and to take action on their behalf or to facilitate the taking of actions by Participants directly;
- (v) Electronic Applications for New Issue Shares: HKSCC's role will be to endeavour to obtain Electronic Application Instructions for New Issue Shares from Participants and (a) to cause the Nominee to apply for New Issue Shares on their behalf and (where applicable), to cause the Nominee to confirm applications made on their behalf, (b) to arrange payment of the money due on application via Electronic Payment Instructions to be issued by HKSCC, (c) upon receipt of allotted shares and file(s) containing information as to the identity of Participants to whom New Issue Shares have been allocated and the number of New Issue Shares allocated to each of them, to cause such allotted shares to be credited to the Stock Accounts of the relevant Participants and (d) upon receipt of file(s) containing information as to the identity of Participants in respect of whom a refund is payable due to share price adjustment or the applications by the Nominee has been unsuccessful (in whole or in part) or (where applicable) unconfirmed, and the amounts of the refunds due to each of them, to generate Electronic Payment Instructions for the purpose of arranging payment of the refund money;
- (vi) Tender Instructions: HKSCC's role will be to endeavour to obtain Tender Instructions from Participants and (a) to collect the moneys payable in respect of the tender or application by debiting the Participants' Money Ledgers, (b) to cause HKSCC or its nominee to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on their behalf, (c) to return moneys to the relevant Participants as soon as practicable if the tender or application is unsuccessful or partially successful and (d) upon allotment of the Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments, to cause them to be credited to the Stock Accounts of the relevant Participants; and
- (vii) Electronic Applications for Issue and Redemption of Units: HKSCC's role will be to endeavour to obtain instructions from Participants and 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 rejection or cancellation of instructions.

### **8.2.3 Scope of nominee services provided by HKSCC**

Full nominee services will normally be provided by HKSCC in respect of the following types of corporate actions or activities :

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- (i) corporate announcements - Section 8.4;
  - (ii) corporate communications - Section 8.5;
  - (iii) voting - Section 8.6;
  - (iv) cash dividend entitlements - Section 8.7;
  - (v) bonus issues of securities - Section 8.8;
  - (vi) dividend entitlements with options - Section 8.9;
  - (vii) rights issues - Section 8.10;
  - (viii) open offers - Section 8.11;
  - (ix) take-over offers - Section 8.12;
  - (x) conversion of warrants - Section 8.13;
  - (xi) sub-divisions, consolidations etc. - Section 8.14;
  - (xii) interest payments - Section 8.15;
  - (xiii) conversion of bonds - Section 8.16;
  - (xiv) bond, Exchange Fund Notes, Specified Instruments and CMU Instruments redemption - Section 8.17;
  - (xv) redemption of shares – Section 8.17A;
  - (xvi) Electronic Application Instructions for New Issue Shares - Section 8.18;
  - (xvii) Tender Instructions - Section 8.19;
  - (xviii) electronic applications for the issue and redemption of Units - Section 8.20;
  - (xix) scrip and/or cash payment relating to Structured Products – Section 8.20A; and
  - (xx) redemption of Structured Products which have a rollover mechanism – Section 8.20B.

#### **8.2.4 Entitlements of Participants**

Generally, a Participant's entitlement will be determined by HKSCC by reference to its holding of the relevant Eligible Securities credited to its Stock Account as at the last registration day before book-close or record date (the entitlements of HKSCC or the Nominee being also determined by reference to the same date), such day being the last day on which transfers of Eligible Securities can be submitted for registration in order to qualify for the entitlement.

However for administrative convenience, HKSCC may use some other date for the purpose of determining the entitlements of Participants in certain corporate actions or activities. For example, in relation to voting in respect of corporate actions or activities not subject to book-close periods or record date, the voting rights of Participants will be determined by

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reference to their holdings of the relevant Eligible Securities as at the relevant stated deadline (as specified in Section 8.6.2) (see Section 8.6.4).

In respect of Participants other than Investor Participants, if stock positions remain unsettled as at the date on which the entitlements of Participants are determined by HKSCC (or if there is a negative stock balance in the Stock Account of a Participant then), certain adjustments to the entitlements of such Participants will have to be made.

For outstanding stock positions under the CNS System, the relevant claim or adjustment procedures are set out in Section 10.9. Participants with outstanding stock positions for trade-for-trade transactions will have to pursue their counterparty Participants in default in the normal way.

In case of any holding of the relevant Eligible Securities deposited or credited prior to or on the last registration day before book close or record date is subsequently found to be defective, adjustments to the entitlements of Participants will have to be made.

In respect of any negative stock balance in the Stock Accounts of a Clearing Participant or Clearing Agency Participant as at the date on which entitlements of Participants relating to corporate actions affecting an Eligible Security are determined by HKSCC, the entitlements accruing to such negative stock balance will be offset against the entitlements, if any, which would otherwise accrue to any outstanding long stock position of that Clearing Participant or Clearing Agency Participant in the same Eligible Security under the CNS System. Otherwise, a Participant other than an Investor Participant with a negative balance in its Stock Account will be dealt with in substantially the same way as Clearing Participants or Clearing Agency Participants with outstanding short stock positions under the CNS System (see Section 10.9).

In respect of any negative stock balance in the Stock Account of an Investor Participant as at the date on which entitlements of such Participant relating to corporate actions affecting an Eligible Security are determined by HKSCC, HKSCC shall have the right to withhold the distribution of the entitlements accruing to such negative stock balance or a right of recourse against the Participant in respect of the entitlements in the event of a distribution of such entitlements.

If an ISI Transaction settled on a DVP basis is cancelled by HKSCC because Negative Confirmation of Payment has not been obtained and the receiving Participant's Designated Bank has not made the required payment in response to the relevant debit EPI, HKSCC may make adjustments to the entitlements of such receiving Participant.

#### **8.2.5 Right to entitlements**

HKSCC's ability to provide nominee services to Participants often depends on whether or not HKSCC or the appropriate Appointed Depositary has received deposit of the Eligible Securities prior to or on the last registration day before the relevant book-close or record date to enable HKSCC or the appropriate Appointed Depositary to arrange to have Eligible Securities registered in the name of the Nominee or the appropriate Appointed Depositary or its nominee in time for the relevant corporate actions or activities (or for other administrative purposes as in the case of Eligible Securities issued in bearer form).

In most cases, HKSCC should receive sufficient notice of corporate actions or activities for it to arrange for all relevant Eligible Securities already held or recorded in CCASS to be submitted for registration in the name of the Nominee prior to the relevant book-close or record date.

In the event that this cannot be achieved, HKSCC will allocate the right to participate in

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such corporate actions or activities among Participants, either on a pro-rata basis or in any other ways considered to be fair and appropriate by it (in which case it may take into account the timing of the deposits of Eligible Securities by different Participants).

#### **8.2.6 Time limits for deposits and withdrawals**

Time-limits will be prescribed by HKSCC in relation to the deposit of Eligible Securities (other than Foreign Securities) for the purpose of participating in corporate actions or activities affecting Eligible Securities.

Participants depositing Eligible Securities after such time-limits may not receive nominee services (other than Foreign Securities) provided by HKSCC in relation to the corporate actions or activities concerned.

If Participants wish to participate in corporate actions or activities affecting Eligible Securities (other than Foreign Securities) through CCASS, the relevant Eligible Securities must usually be deposited into CCASS at the latest by, 12:00 noon on the last registration day before the relevant book-close or record date (or such earlier time as HKSCC may prescribe). Participants wishing to make their own arrangements should withdraw the relevant Eligible Securities from CCASS as soon as possible and, in any event, before 2:00 p.m. on the last registration day before the relevant book-close date or record date (or such earlier time as HKSCC may prescribe).

On the last Business Day before the relevant corporate action effective date or book-close date or record date (or such other time as may be prescribed by HKSCC), no deposit and withdrawal of relevant Eligible Securities by Participants will normally be accepted by HKSCC after 12:00 noon and 2:00 p.m. respectively on that day.

#### **8.2.7 Time limits for instructions from Participants etc.**

In relation to certain types of corporate actions or activities affecting Eligible Securities (other than Foreign Securities), HKSCC may also prescribe time-limits on Participants for the giving of instructions or the taking of relevant actions (e.g. putting HKSCC in funds). Unless otherwise stated, the time-limits and procedures for the different types of corporate actions or activities specified in this Section 8 are prescribed on the basis that the deadlines for such corporate actions or activities fall on a Business Day. If the prescribed time-limit or procedures for any such corporate action or activity will be different as a result of the deadline being a non-Business Day, Participants will be notified of the relevant time-limit and procedures (if any) by such means as HKSCC deems appropriate.

Failure by a Participant to observe such time-limits may result in it not receiving nominee services provided by HKSCC in relation to the corporate actions or activities concerned.

Once Participants give instructions to HKSCC, they will be under an obligation to ensure that they have the relevant number of Eligible Securities (in respect of which instructions have been given) in their Stock Accounts, other than the Stock Collateral Control Accounts and where the Participants are TSF CCASS Participants, other than their TSF Accounts, if the instructions require submission of Eligible Securities, and, as the case may be, place HKSCC in funds by the appropriate date to give effect to the instruction. Failure to observe this obligation may result in HKSCC not giving effect to such instructions or taking other appropriate actions including the taking of disciplinary action to redress the position.

Further, 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

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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.

### **8.2.8 "Dummy" stock codes**

For securities entitlements accruing to Eligible Securities which are not themselves Eligible Securities (or which have not been allocated a stock code by the Exchange, if applicable), HKSCC will assign a "dummy" stock code to such securities for identification purposes in CCASS.

## **8.3 CORPORATE ANNOUNCEMENT INFORMATION**

### **8.3.1 Enquiry through CCASS Terminals or CCASS Phone System or CCASS Internet System**

In the case of Electronic Application Instructions for New Issue Shares or corporate actions or activities affecting Eligible Securities which require or may require Participants to take steps in order to participate in such actions or activities via CCASS, (e.g. voting, dividends, rights issues, etc.), if nominee services are to be provided, HKSCC will inform Participants other than Investor Participants via CCASS Terminals through the "Enquire Authorized EIPO Announcement" function (for Electronic Application Instructions for New Issue Shares) or the "Enquire Announcement Information" function (for corporate actions or activities affecting Eligible Securities) and, in the case of Investor Participants, via the CCASS Phone System and the CCASS Internet System. Investor Participants will be informed of any issue of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments available for tender or application via the CCASS Phone System and the CCASS Internet System whilst Participants other than Investor Participants can obtain such information via the "Enquire Authorized Tender Announcement" function of CCASS Terminals.

The Enquire Announcement Information screen (in CCASS Terminals) and the Corporate Action Deadline Enquiry facility (in the CCASS Phone System) will contain details of the relevant time-limits to be observed. In the case of Electronic Application Instructions for New Issue Shares and Tender Instructions, the Enquire Authorized EIPO Announcement and the Enquire Authorized Tender Announcement screen (in CCASS Terminals) and the EIPO Enquiry and the Tender Enquiry facility (in the CCASS Phone System) will provide details of time limits of CCASS for accepting Electronic Application Instructions and Tender Instructions. Participants that wish to participate in such corporate actions or activities or to give Electronic Application Instructions for New Issue Shares shall input their instructions through CCASS Terminals in the case of Participants (other than Investor Participants) or give their instructions via the CCASS Phone System, or the CCASS Internet System or at the Customer Service Centre in the case of Investor Participants.

Participants will have to comply with the relevant procedures stipulated by HKSCC in circulars, Broadcast Messages Service or by other means and any other requirements stated (e.g. the requirements of Issuers of Eligible Securities) in order to participate in corporate actions or activities or to give Electronic Application Instructions for New Issue Shares or to give Tender Instructions.

#### **8.3.1A Reports and Data Files through CCASS Terminals or Participant Gateways**

In relation to the corporate announcement information available via the "Enquire Announcement Information" function (for corporate actions or activities affecting Eligible Securities), HKSCC will also provide such information in the form of i) a Corporate Announcement Master Data File; and ii) a Corporate Announcement Maintenance Activities Report to Participants other than Investor Participants via CCASS Terminals and Participant Gateways, three times daily on each Business Day (around 1:00 p.m., 3:30 p.m. and 6:00 p.m.). The Corporate Announcement Master Data File is only available in data file

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format, which carries the details of all active corporate announcements (e.g. those with their election, voting and subscription end dates not yet reached). The Corporate Announcement Maintenance Activities Report is available both in report format and data file format. All current day created or updated corporate announcement records will be included in the report/data file. Detailed explanations of the report/data files are set out in the CCASS Terminal User Guide for Participants.

### **8.3.2 Book-Close Reminder**

In relation to corporate actions or activities subject to a book-close period or a record date, usually from seven Business Days prior to the relevant book-close or record date (or from a lesser number of Business Days prior to the relevant book-close or record date if the notice period for book-closure or record date is less than ten Business Days), reminders will be posted under the section "Book-Close Reminder" of the Entitlement Statement available to Participants other than Investor Participants via CCASS Terminals and Participant Gateways on a daily basis.

The reminder posted under the "Book-Close Reminder" section will give details of the corporate actions or activities and the information provided will include :

- (i) voting period;
- (ii) book-close period or record date;
- (iii) instruction input period;
- (iv) effective date;
- (v) election period;
- (vi) stock code and stock name and/or ISIN;
- (vii) announcement reference number; and
- (viii) announcement summary.

This "Book-Close Reminder" service only applies to corporate actions or activities-relating to Eligible Securities.

In the case of Investor Participants, the book-close reminder will, as soon as the event is updated to the CCASS Phone System and the CCASS Internet System, be available on the CCASS Phone System and the CCASS Internet System and reported in the "Reminder" section in the activity statement for Investor Participants containing similar information.

### **8.3.3 Corporate Action Reminder**

In relation to corporate actions such as shares consolidation/splitting, reminders will be posted under the "Corporate Action Reminder" section of the Entitlement Statement available to Participants other than Investor Participants via CCASS Terminals and Participant Gateways on a daily basis.

The "Corporate Action Reminder" section will give details of corporate actions from seven Business Days before the effective date and the information provided will include:

- (i) effective date;
- (ii) stock code and stock name and/or ISIN;



- (iii) announcement reference number;
- (iv) announcement summary;
- (v) event number; and
- (vi) event summary.

This "Corporate Action Reminder" service shall only apply to corporate actions or activities relating to Eligible Securities.

In the case of Investor Participants, the corporate action reminder will, as soon as the event is updated to the CCASS Phone System, be available on the CCASS Phone System and shortly after that, posted on the CCASS Internet System and also reported in the "Reminder" section in the activity statement for Investor Participants containing similar information.

#### **8.3.4 Entitlement Statement and activity statement**

Other than the Book-Close Reminder and Corporate Action Reminder, the Entitlement Statement of Participants other than Investor Participants will in addition contain the following information :

- (i) details of entitlements receivable and expected payable date with respect to actual holdings of Eligible Securities on the last registration day or record date as determined by the relevant Appointed Depository, China Connect Clearing House or the relevant issuer (or CCASS Record Date imposed by HKSCC for Eligible Securities issued in bearer form) on which the entitlements of Participants are determined by HKSCC and, also, in the case of Clearing Participants and Clearing Agency Participants, for outstanding long stock positions under the CNS System as at that date, as well as entitlements payable in the case of Clearing Participants and Clearing Agency Participants for outstanding short positions under the CNS System or in the case of Participants with "negative" balances in their Stock Accounts;
- (ii) an update as to entitlements distributed to Participants;
- (iii) relevant fees and/or charges charged to Participants (see Section 21);
- (iv) details of receivables with respect to warrant subscriptions and bond conversions with relevant subscription/conversion money;
- (v) details of receivables with respect to take-over offers, rights subscriptions, scrip and/or cash payment of Structured Products and redemption of bonds, Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, etc; and
- (vi) details of claims relating to unclaimed benefit entitlements and the associated charges.

A detailed explanation of the Entitlement Statement is set out in the CCASS Terminal User Guide for Participants.

In the case of Foreign Securities or China Connect Securities, if the entitlements determination date determined by HKSCC is different from the book-close or record date determined by the relevant Appointed Depository or China Connect Clearing House or the relevant issuer, or in other limited circumstances (e.g. adjustments made to the Stock Accounts of Participants), HKSCC may make adjustments to the details of entitlements

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receivables of the Participants concerned.

The activity statement of Investor Participants will, other than the EIPO activity section, Tender activity section, "Reminder" section, entitlement section and money transaction activities section, contain the following information:

- (i) details of entitlement election activities;
- (ii) details of corporate voting activities;
- (iii) details of subscription activities;
- (iv) registration fees and other relevant fees and/or charges to Investor Participants (see Section 22); and
- (v) details of claims relating to unclaimed benefit entitlements and the associated charges.

### **8.3.5 Receipt of entitlements**

Participants other than Investor Participants will normally be informed via the Broadcast Message Service when benefit entitlements are received by HKSCC.

The aim is to have entitlements received by HKSCC distributed to Participants as soon as practicable. If entitlements in the form of cash are received by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause such entitlements to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the entitlements on the following Business Day.

If entitlements in the form of securities are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the entitlements on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday).

If entitlements in relation to China Connect Securities in the form of scripless entitlements are unconditionally credited to HKSCC's stock account maintained with the China Connect Clearing House at or before 7:00 p.m. on a Mainland Business Day in the case of the SSE Market or at or before 8:00 p.m. in the case of the SZSE Market, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day.

As and when such entitlements, whether in the form of cash or securities, are distributed to Participants, payment or distribution advices will be notified to Participants via CCASS Terminals and Participant Gateways and their Entitlement Statements will be updated in the case of Participants other than Investor Participants or by way of activity statements for Investor Participants.

In relation to benefit entitlements which are non-Eligible Securities, Participants are obliged to withdraw such entitlements before the time-limit set by HKSCC. HKSCC may take such action as it may in its absolute discretion consider appropriate or desirable to safeguard any entitlements accruing thereto during the period for withdrawal. Where withdrawal of such entitlements is not available or practicable, HKSCC may make arrangements to sell or realize the entitlements or take such other action as it may consider appropriate for the

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benefit of the relevant Participants and shall be entitled to deduct any cost so incurred from the proceeds.

In relation to entitlement payments for which HKSCC has credited the relevant Participants' Money Ledgers before receipt of payment and if, for whatever reason, the relevant entitlement payments are not received by HKSCC, HKSCC shall have the right either to arrange for an amount equivalent to that credited by HKSCC to be debited from the relevant Participants' Money Ledger or require the relevant Participants to immediately refund the amount to HKSCC either by bank draft, cheque or telegraphic transfer or in such other manner as HKSCC deems appropriate.

### **8.3.6 Information about Electronic Application Instructions for New Issue Shares**

(i) Enquiry Function:

Information on all New Issue Shares available for input of Electronic Application Instructions for New Issue Shares in CCASS will be provided under the "Enquire Authorised EIPO Announcement" screen of the main Participant Menu which is available to Participants (other than Investor Participants) via CCASS Terminals on a daily basis. For a detailed description of the relevant screens, please see the CCASS Terminal User Guide.

Information on New Issue Shares available for input of Electronic Application Instructions for New Issue Shares will be made available to Investor Participants through the "EIPO Announcement Enquiry" function of the CCASS Phone System and the "Enquire EIPO Announcement" function of the CCASS Internet System.

(ii) Information for Participants (other than Investor Participants):

The New Issues Entitlement Report for Participants (other than Investor Participants) has four sections relating to EIPO, the Reminder section (EIPO), the EIPO Confirmation Reminder section, the Application section (EIPO) and the EIPO Confirmation – Unconfirmed Application Refund section.

The Reminder section (EIPO) contains a summary of all New Issue Shares in respect of which Electronic Application Instructions for New Issue Shares may be given to apply for New Issue Shares. The following information on each New Issue will, as applicable, be shown from the first day of the application period as described in the Prospectus to the last refund date for refund of application money:

- (a) stock code and stock name and/or ISIN;
- (b) application period;
- (c) allotment date;
- (d) stock price; and
- (e) refund date(s).

The EIPO Confirmation Reminder section contains a summary of all New Issue Shares in respect of which Electronic Application Instructions for New Issue Shares may be given to confirm applications for New Issue Shares as required by the relevant Issuers. The information on each such New Issue will be shown from the first day of the confirmation period as specified in the Prospectus and/or supplemental Prospectus to the last refund date for refund of application money with respect to unconfirmed applications.

The Application section (EIPO) contains information about allocation of the relevant securities and refund of application money.

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The EIPO Confirmation – Unconfirmed Application Refund section contains information about refund of application money with respect to the unconfirmed applications of the relevant New Issues.

For a detailed explanation of the New Issues Entitlement Report, please see the CCASS Terminal User Guide.

(iii) Information for Investor Participants:

The information will be summarized in the EIPO activity section of the activity statements of Investor Participants. The EIPO activity section has four sub-sections, the EIPO Application sub-section, the EIPO Allotment Result sub-section, the Confirmed EIPO Application sub-section and the Unconfirmed EIPO Application and Refund Details sub-section.

When an Investor Participant inputs Electronic Application Instructions for New Issue Shares for making applications, the instructions are recorded in the EIPO Application sub-section. This sub-section shows the following information:

- (a) details of the Electronic Application Instructions for New Issue Shares for making applications; and
- (b) the amount of application money and the date when HKSCC will generate an EPI to debit the amount from the Investor Participant's Designated Bank Account.

The EIPO Allotment Result sub-section of the activity statement shows detailed information on allocation result, refund of application monies and, if the application is wholly unsuccessful, the reason for non-allocation.

Where an Investor Participant inputs Electronic Application Instructions for New Issue Shares for making application confirmation, the instructions are recorded in the Confirmed EIPO Application sub-section of the activity statement. This sub-section shows details of such Electronic Application Instructions for New Issue Shares.

The Unconfirmed EIPO Application and Refund Details sub-section of the activity statement shows detailed information on the unconfirmed applications and the amount of application money with respect to the unconfirmed applications to be refunded to the Investor Participant.

In addition, the following information will be provided in the money payment summary section of the activities statements of Investor Participants and such information will be recorded in the activity statement of an Investor Participant on the date on which the relevant securities are credited to the Stock Account of the relevant Participant :

- (a) amount of application money and the EPI generation date for such amount; and
- (b) total refund amount.

The above information will be recorded in the activity statement of an Investor Participant on the date on which the relevant securities are credited to the Stock Account of the Investor Participant.

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### 8.3.7 Information about Tender Instructions

(i) Enquiry Function:

Information about Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments available for input of Tender Instructions in CCASS will be provided on the "Enquire Authorized Tender Announcement" screen of the main Participant menu. This is available to Participants (other than Investor Participants) via CCASS Terminals daily. For a detailed description of this screen, please see the CCASS Terminal User Guide.

(ii) Information for Participants (other than Investor Participants):

The New Issues Entitlement Report for Participants (other than Investor Participants) has two sections relating to Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, the Reminder section and the Application section (Tendering).

The Reminder section (Tendering) contains a summary of all issues of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments in respect of which Tender Instructions may be given. The following information on each issue of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments will be shown:

- (a) stock code and stock name and/or ISIN;
- (b) application period;
- (c) tender date (the date on which HKSCC submits the Tender Instructions to the Issuer or its agent or arranger);
- (d) bid type (if applicable);
- (e) allotment date; and
- (f) refund date.

In respect of an issue of Exchange Fund Notes or Specified Instruments, the above information will usually be shown from four Business Days before the tender date as specified by the HKMA to one Business Day before the tender date. In respect of an issue of Government Bonds or CMU Instruments, such information will usually be shown from the commencement date of the subscription period as specified by the HKMA or Issuer (as the case may be) to the closing date of such subscription period.

The Application section (Tendering) contains information about allocation of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments and refund of money in respect of unsuccessful or partially successful tenders or applications. For a detailed explanation of the New Issues Entitlement Report, please see the CCASS Terminal User Guide.

(iii) Information for Investor Participants:

The information will be summarized in the Tender activity section of the activity statements of Investor Participants. The Tender activity section has two subsections, the Tender Application sub-section and the Tender Allotment Result sub-section.

When an Investor Participant inputs Tender Instructions, the instructions are recorded in the Tender Application sub-section. This sub-section shows the following information:

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- (a) details of the Tender Instructions; and
  - (b) the amount of tender money and/or application money, and the date when the amount will be debited from the Investor Participant's Designated Bank account.

The Tender Allotment Result sub-section of the activity statement shows detailed information on the Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments issued and the refund of tender monies or application monies.

In addition, the following information will be provided in the money payment summary section of the activities statements of Investor Participants:

- (a) the amount of tender money or application money, and the DDI debit date for such amount; and
- (b) the total refund amount by DCI.

The above information will be recorded in the activity statement of an Investor Participant.

## **8.4 CORPORATE ANNOUNCEMENTS**

### **8.4.1 General**

From time to time, announcements will be made in respect of Eligible Securities. Announcements will normally be made by press notice and may be followed by a circular to the holders of the relevant Eligible Securities (see Section 8.5). HKSCC will endeavour to monitor all corporate or other announcements relating to Eligible Securities.

### **8.4.2 Nominee services offered**

Where nominee services are to be offered, the Participants concerned will normally be informed of relevant actions or activities affecting Eligible Securities held by them via the "Enquire Announcement Information" function through CCASS Terminals. In the case of Investor Participants, corporate announcements may be obtained by way of the "Corporate Action Deadline Enquiry" function in the CCASS Phone System, or the "Enquire Corporate Activities" function in the CCASS Internet System. Participants other than Investor Participants may also refer to the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statements which can be accessed via their CCASS Terminals or Participant Gateways. Investor Participants may also refer to the "Reminder" section in their activity statement, which details are also posted on the CCASS Internet System.

### **8.4.3 Nominee services not offered**

In relation to corporate or other announcements relating to Eligible Securities which are merely for disclosure or information purposes (eg. a discloseable transaction by an issuer of an Eligible Security which is not subject to shareholders' approval) and no participation in the corporate actions or activities by Participants holding relevant Eligible Securities is required, HKSCC may, but is not obliged to, inform Participants of such announcements. Participants are expected to monitor such announcements via the usual channels (e.g. notices in the press).

## **8.5 CORPORATE COMMUNICATIONS**

### **8.5.1 General**

From time to time, issuers and Depositories of Eligible Securities will send out reports or circulars to holders of Eligible Securities (eg. annual reports, circulars to shareholders etc.). Save in the case of Foreign Securities or China Connect Securities in respect of which Participants will be notified of important notices and record date notices pertaining to Foreign Securities or China Connect Securities by HKSCC if such information is provided to HKSCC by the appropriate Appointed Depository, China Connect Clearing House or China Connect Market, HKSCC aims to ensure that Participants receive copies of such reports or circulars by providing to issuers of Eligible Securities the names and addresses of Participants to enable the issuers to send copies of corporate communications direct to Participants. This Section 8.5 does not apply to Foreign Securities and China Connect Securities.

#### **8.5.2 Procedures: Eligible Securities listed on Exchange (other than Foreign Securities)**

Special arrangements have been made for Eligible Securities listed on the Exchange (other than Foreign Securities). Recipients will normally receive copies of corporate communications direct from the issuers via their registrars in respect of Eligible Securities (other than Foreign Securities) and the following will usually apply:

- (i) the issuers of Eligible Securities, via their registrars, will inform HKSCC of new corporate communications events of which copies of corporate communications are required to be sent out under the Listing Rules;
- (ii) Participants other than Investor Participants will normally be informed of new corporate communications events (stating relevant record dates) via the "Enquire Corporate Communications Event" function through CCASS Terminals. Participants other than Investor Participants may also refer to the Corporate Communications Event List which can be accessed via their CCASS Terminals and Participant Gateways;
- (iii) Participants other than Investor Participants and Clearing Agency Participants may inform HKSCC, by means of on-line input or upload function via their CCASS Terminals, of the names and addresses of Recipients who are to receive copies of corporate communications for a corporate communications event. Participants other than Investor Participants and Clearing Agency Participants may also inform HKSCC, by means of the "Recipient Master Maintenance" functions via their CCASS Terminals, of the names and addresses of Recipients who are to receive copies of corporate communications for corporate communications events relating to specified stock codes on a standing basis. Any instruction to HKSCC for a Recipient to receive copies of corporate communications relating to a corporate communications event must be given to HKSCC at the latest one Business Day after the specified record date of the corporate communications event. Participants other than Investor Participants and Clearing Agency Participants shall not submit the names and addresses of Recipients to HKSCC unless they have obtained their written consent to release their information to issuers and their registrars;
- (iv) HKSCC will provide the issuers of Eligible Securities, via their registrars, a list of the names and addresses of Recipients. The list is updated on each event; and
- (v) the issuers of the Eligible Securities, via their registrars, will send copies of corporate communications direct to Recipients.

#### **8.5.3 Procedures: Eligible Securities not listed on Exchange (other than Foreign Securities and China Connect Securities)**

For Eligible Securities not listed on the Exchange (other than Foreign Securities and China Connect Securities), HKSCC will normally attempt to arrange for issuers to send copies of

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all corporate communications direct to Participants. If this is not possible, HKSCC will endeavour to make available copies of such communications to Participants upon request.

## **8.6 VOTING**

### **8.6.1 General**

Corporate actions or activities affecting Eligible Securities may involve the holding of meetings in order to obtain the approval of the holders on record of the Eligible Securities to the relevant corporate actions and activities.

### **8.6.2 General procedures**

Normally, HKSCC will, based on the procedures described below, consolidate voting instructions from Participants and either submit one combined proxy form appointing the chairman of the relevant meeting to vote on the Nominee's behalf or send its own representatives to attend and vote at such a meeting, in each case, in accordance with the instructions of Participants concerned. In addition, HKSCC will, based on the procedures described below, appoint a person nominated by the Participant to attend and vote at such meeting, either as a proxy or as one of the Nominee's representatives. In determining whether a representative or a proxy will be appointed, HKSCC will refer to the constitutional documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws. In respect of Uncertificated Securities other than China Connect Securities, (where applicable and where the applicable laws, rules or regulations or the constitutional documents of the Overseas Issuer or issuer so permit or require), HKSCC will communicate or pass on any voting or other instructions, proxy nominations or appointments or other authorizations, declarations, requests or information received from the Participants to the Overseas Issuer or its authorized agents or representatives including the Overseas Issuer's principal or branch share registrar. In respect of China Connect Securities (where applicable and where the applicable laws, rules or regulation or constitutional documents of the issuer so permit or require), HKSCC will communicate or pass on 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. Notwithstanding the foregoing, HKSCC shall not be obliged to communicate, vote or take any action on behalf of Participants or their SSA Statement Recipients where communication, voting or the taking of action by facsimile or electronic means is unavailable and must be performed in person at a place outside of Hong Kong.

Normally, if the voting instructions from Participants carry demand poll request, HKSCC will also consolidate demand poll requests of Participants based on the procedures described below. Where HKSCC finds it appropriate to do so, HKSCC may make a demand for a poll or polls be taken in respect of the stated matters or resolutions to be voted on at the relevant meeting based on the requests of the Participants concerned. In determining whether HKSCC will make a demand for a poll to be taken at the relevant meeting, HKSCC will refer to the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws.

Where a Clearing Participant or a Custodian Participant has indicated to HKSCC that it has authorised its SSA Statement Recipient to use the voting services and to give voting instructions (including instructions to make demand poll requests and instructions to appoint nominated persons to attend and vote at meetings) to HKSCC in relation to the Participant's holdings in the SSA with Statement Service for the account of the Participant, HKSCC may accept and rely on such voting instructions as if they were the voting instructions of the Participant and such voting instruction, for the purpose of the Rules, will be consolidated with the voting instructions given by the Participant. Where applicable, the references to instructions, demand poll requests and nominations of, from and by the



Participant in this Section 8.6 shall, unless the context otherwise requires, include instructions, demand poll requests and nominations of, from and by SSA Statement Recipient in relation to the Participant's holdings in the SSA with Statement Service for the account of the Participant, and the references to persons nominated by the Participant shall, unless the context otherwise requires, include persons nominated by SSA Statement Recipient for the account of the Participant as aforesaid. Unless otherwise specified by HKSCC, the procedures in this Section 8.6 will normally be applicable to the use of the voting services and the giving of voting instructions to HKSCC by SSA Statement Recipient for the account of the Participant.

Unless otherwise specified by HKSCC, Participants may change their voting instructions, instructions to appoint persons nominated by Participants to attend a meeting and instructions to make a demand for a poll at any time before the deadline prescribed by HKSCC on Participants for the giving of instructions from time to time. For the avoidance of doubt, the deadline prescribed on Participants for the giving of instructions is also applicable to the giving of instructions by SSA Statement Recipients for the account of Participants.

Normally, for meetings held in Hong Kong and where the constitutional documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws allow more than one corporate representative to be appointed by HKSCC to attend and vote at the meeting, the deadline prescribed by HKSCC on Participants for the giving of instructions is one Business Day before the relevant meeting day. Otherwise, the deadline prescribed by HKSCC on Participants for the giving of instructions will be on a day which in the opinion of HKSCC would enable it to have sufficient time to submit the proxy form or the consolidated voting instruction or the relevant document for appointment of corporate representative, as the case may be, to the designated place of the issuer of the Eligible Securities or its authorized agent or representatives including the issuer's principal or branch share registrar by the stipulated time. For the avoidance of doubt, the deadlines prescribed by HKSCC on Participants for the giving of instructions are also applicable to the giving of instructions by SSA Statement Recipients for the account of Participants.

As a general principle, HKSCC will not vote in respect of Eligible Securities and will not demand a poll be taken at the relevant meeting without the specific instructions of Participants. Further, instructions from Participants which are incomplete, unclear or ambiguous in the view of HKSCC may be treated as invalid and HKSCC may not act on them.

### **8.6.3 Corporate actions subject to book-close period or record date**

If voting is required in respect of corporate actions or activities which are subject to a book-close period or a record date for determining entitlements, the following procedures will normally apply:

- (i) for administrative convenience, the voting rights of Participants will usually be determined by HKSCC by reference to the relevant Eligible Securities credited to their Stock Accounts as at the last registration day before the relevant book-close or record date (although HKSCC reserves the right to use another date for such purpose). Where a Clearing Participant or a Custodian Participant has authorised its SSA Statement Recipient to give voting instructions in relation to the holdings of Eligible Securities in the SSA with Statement Service for the account of the Participant, the Participant itself shall not exercise the voting rights or give voting instructions in relation to those Eligible Securities. The relevant dates may be enquired by Participants other than Investor Participants via the Enquire Announcement Information function available through CCASS Terminals;

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- (ii) shortly after the announcements of the relevant corporate actions or activities, or from the relevant book-close or record date, HKSCC will generate voting instructions advices to relevant Participants via CCASS Terminals, the CCASS Phone System and the CCASS Internet System. HKSCC will also generate voting instructions advices to relevant SSA Statement Recipients via the CCASS Phone System and the CCASS Internet System;
  - (iii) Investor Participants wishing to give voting instructions must give their instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. Participants other than Investor Participants wishing to give voting instructions must input their instructions in a CCASS Terminal. In each case, Participants must give or input details such as the number of Eligible Securities concerned and their voting instructions in respect of the stated matters or resolutions by the stated deadline (as specified in Section 8.6.2 above). SSA Statement Recipients giving voting instructions in relation to SSA with Statement Service for the accounts of Clearing or Custodian Participants must give their instructions via the CCASS Phone System or the CCASS Internet System by the stated deadline (as specified in Section 8.6.2 above) and may change their voting instructions at any time before such stated deadline. Participants may change their voting instructions at any time before such stated deadline;
  - (iv) based on the instructions of Participants, HKSCC will consolidate all voting instructions (other than voting instructions to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly) and cause votes to be cast at the relevant meetings. If the total number of Eligible Securities in respect of which any voting instruction is given by a Participant to HKSCC is more than the holding of the Participant as at the last registration day before the relevant book-close or record date concerned, the following will normally apply:
    - (a) if the last registration day before the relevant book-close or record date falls before the stated deadline (as specified in Section 8.6.2), the voting instructions will be rejected. Participants other than Investor Participants should refer to the “Participant Voted Quantity Exception Report – Before Voting Deadline” available between the last registration day before the relevant book-close or record date and one day before the stated deadline (both days inclusive) and, if applicable, shall re-input any voting instructions on or before the stated deadline with reference to their holdings of such Eligible Securities as of the last registration day before the relevant book-close or record date. Exception details of the voting instructions inputted by SSA Statement Recipients in relation to SSA with Statement Service for the account of Participants will also be shown in the “Participant Voted Quantity Exception Report – Before Voting Deadline”; and
    - (b) if the last registration day before the relevant book-close or the record date falls on the stated deadline (as specified in Section 8.6.2), the total number of votes cast in respect of the stated matters or resolutions will be scaled down by reference to the holding of the relevant Eligible Securities of the Participant in CCASS as at the last registration day before the relevant book-close or record date. Participants other than Investor Participants should refer to the “Participant Voted Quantity Exception Report – On Voting Deadline” available after the

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stated deadline (as specified in Section 8.6.2 above) for scale down information. Exception details of the voting instructions inputted by SSA Statement Recipients in relation to SSA with Statement Service for the account of Participants will also be shown in the “Participant Voted Quantity Exception Report – On Voting Deadline”.

- (v) Participants other than Investor Participants wishing to nominate a person to attend a meeting must input their instructions in a CCASS Terminal before the stated deadline (as specified in Section 8.6.2 above). The Corporate Representative/Proxy Information Batch File Transfer facility is also available for the input of such instructions. After input of such instructions, the number of Eligible Securities which are the subject of such instructions will be deducted from the holdings (as of the last registration day before the relevant book-close or record date) of the relevant Participants in respect of their input of voting instructions to HKSCC (as described in (iii) above). If such instructions are changed by the Participants before the stated deadline, the number of Eligible Securities deducted from the holdings as of the last registration day before the relevant book-close or record date of the Participants will be adjusted accordingly;
- (va) SSA Statement Recipients wishing to nominate a person to attend a meeting in relation to the holding in the SSA with Statement Service for the account of Participant must give their instructions via the CCASS Internet System before the stated deadline (as specified in Section 8.6.2 above). If instructions as aforesaid are given by a SSA Statement Recipient for the account of a Clearing Participant or a Custodian Participant, HKSCC will not accept voting instructions (as described in (iii) above) in respect of the holdings of the Eligible Securities in the SSA with Statement Service;
- (vi) Investor Participants wishing to nominate a person to attend a meeting must give their instructions via the CCASS Internet System, or by completing a prescribed form and submitting it at the Customer Service Centre before the stated deadline (as specified in Section 8.6.2 above). In case of an Individual Investor Participant, instructions may also be given via the CCASS Phone System if the person to attend the meeting is the Individual Participant himself or one of the individuals comprising the Joint Individual Investor Participant. If instructions as aforesaid are given by an Investor Participant, HKSCC will not accept voting instructions (as described in (iv) above) in respect of the Investor Participant’s holdings of the Eligible Securities; and
- (vii) where appropriate instructions have been received by HKSCC from a Participant and HKSCC has not received further instructions from the Participant to change the original instruction before the stated deadline (as specified in Section 8.6.2 above), HKSCC will complete and submit a proxy form or a letter of appointment of corporate representatives to appoint the Participant or the person nominated by the Participant to attend and vote at the meeting at his/her discretion, as the case may be, unless the Participant specifically inputs instructions to HKSCC to vote in respect of the holding of Eligible Securities to which the proxy form relates by submitting the prescribed form at the Customer Service Centre or via a CCASS Terminal, as the case may be, in which case the proxy will have already indicated his/her voting preference. In respect of Uncertificated Securities (where applicable or where the applicable laws, rules or regulations so permit or require), HKSCC will communicate or pass on any voting or other instructions, proxy nominations or appointments or all other authorizations, declarations, requests or information received from Participant to the Overseas Issuer or its authorized agents or representatives including the Issuer’s principal or branch share registrar.

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#### **8.6.4 Corporate action not subject to book-close period or record date**

- (i) If voting is required in respect of corporate actions or activities which are not subject to a book-close period or there is no record date for determining entitlements, similar procedures as those set out in Section 8.6.3 will normally apply, except that the voting rights of Participants, for administrative convenience, will be determined by reference to the Eligible Securities credited to their Stock Accounts as at the stated deadline (as specified in Section 8.6.2 above). The deadline and other relevant dates may be enquired by Participants other than Investor Participants via the “Enquire Announcement Information” function available through CCASS Terminals. Where a Clearing Participant or a Custodian Participant has authorised its SSA Statement Recipient to give voting instructions in relation to the holdings of Eligible Securities in the SSA with Statement Service for the account of the Participant, the Participant itself shall not exercise the voting rights or give voting instructions in relation to those Eligible Securities.
- (ii) Once a Participant has given voting instructions in respect of any resolution to be voted at the relevant meeting, the Participant should hold, until the conclusion of the meeting (and, if applicable, the holding of any poll), the holdings of Eligible Securities in its Stock Accounts with CCASS in respect of which such voting instructions have been given and no other Participant may give voting instructions to CCASS (in respect of that resolution) in respect of those holdings of Eligible Securities. For the avoidance of doubt, once a SSA Statement Recipient has given voting instructions in respect of any resolution to be voted at the relevant meeting in relation to the holdings of Eligible Securities in a SSA with Statement Service for the account of a Clearing Participant or a Custodian Participant, the Participant should hold, until the conclusion of the meeting (and, if applicable, the holding of any poll), the holdings of Eligible Securities in the SSA with Statement Service in respect of which such voting instructions have been given and no other Participant may give voting instructions to CCASS (in respect of that resolution) in respect of those holdings of Eligible Securities. This applies whether the instructions have been given to CCASS to vote on the Participant's behalf or to nominate a person other than HKSCC or its employees to vote.
- (iii) HKSCC will consolidate all voting instructions (other than voting instructions to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly) from Participants. If the total number of Eligible Securities in respect of which any voting instruction is given by a Participant is more than the subsequent holding of the Participant as at the stated deadline (as specified in Section 8.6.2), it will scale down such votes cast in respect of the stated matters or resolutions by reference to its subsequent holding of Eligible Securities on the stated deadline and cause such scaled down votes to be cast at the relevant meeting, unless the Participant specifically instructs otherwise. Similarly HKSCC may scale down as appropriate by reference to the subsequent holding of Eligible Securities as at the stated deadline in respect of the holding of Eligible Securities represented by the person nominated by the Participant to attend the meeting. Participants other than Investor Participants should refer to the “Participant Voted Quantity Exception Report – On Voting Deadline” available after the stated deadline for scale down information. This report will include the exception details of voting instructions input by SSA Statement Recipients.

#### **8.6.5 Demand poll request**

For the voting instructions given by Participants in respect of any stated matter or resolution (other than voting instructions to be acted upon by the persons nominated by the Participants

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to attend and vote at the meeting directly), HKSCC may from time to time receive requests of Participants for HKSCC to make a demand for a poll to be taken in respect of such stated matter or resolution to be voted on at the relevant meeting. In deciding whether to receive demand poll requests of Participants, HKSCC may consider the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting, the applicable laws and other relevant matters in the opinion of HKSCC. For the avoidance of doubt, HKSCC will not receive demand poll requests of Participants where the relevant meeting is to be held outside Hong Kong or at a place which in the opinion of HKSCC is not easily accessible. If HKSCC, in respect of any stated matter or resolution to be voted on at the relevant meeting, agrees to receive demand poll requests from Participants that gives voting instructions to HKSCC, the following procedures will normally apply:

- (i) for each instruction to vote in respect of a stated matter or resolution given by a Participant in accordance with Section 8.6.3 or Section 8.6.4 (other than voting instructions to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly), the Participant may, if it wishes that votes in respect of that stated matter or resolution be taken by poll at the relevant meeting, request HKSCC to demand that a poll be taken in respect of that stated matter or resolution put to the vote of members at the relevant meeting. Each such demand poll request must be made simultaneously with the voting instruction to which it relates and shall be adjusted, where required, simultaneously with changes made to such voting instruction by the relevant Participant. Participants may change their demand poll requests at any time before the stated deadline and SSA Statement Recipients may change their demand poll request for the account of Participants at any time before the stated deadline;
- (ii) Participants other than Investor Participants wishing to give demand poll requests as aforesaid should input such requests through its CCASS Terminal. SSA Statement Recipients wishing to give demand poll requests as aforesaid for the account of Participants should make such requests via the CCASS Phone or the CCASS Internet System. Investor Participants wishing to give demand poll requests as aforesaid should make such requests via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre;
- (iii) HKSCC will consolidate requests for demand poll in respect of each voting instruction for a stated matter or resolution (other than voting instructions to be acted upon by the persons nominated by the Participant to attend and vote at the meeting directly) duly given by Participants which would cause a vote to be cast at the relevant meeting by HKSCC. Based on the consolidated demand poll requests of Participants, HKSCC may demand that a poll be taken at the relevant meeting in respect of the stated matter or resolution put to the vote of members at the relevant meeting if HKSCC finds it appropriate to do so;
- (iv) where the voting instruction of a Participant is scaled down as appropriate by reference to its subsequent holding of Eligible Securities as at the stated deadline (as specified in Section 8.6.2) in accordance with Section 8.6.4, HKSCC will also scale down the demand poll requests made with reference to that voting instruction as appropriate. Such demand poll requests will be scaled down in the same manner as the scaling down of voting instructions in Section 8.6.4 by reference to the subsequent holding of Eligible Securities by the Participant as at the stated deadline;
- (v) in determining whether HKSCC will make a demand for a poll to be taken at the relevant meeting based on the consolidated demand poll requests of Participants, HKSCC will refer to the constitutive documents of the issuer of the Eligible

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Securities, the proceedings of the relevant meeting and applicable laws. For the avoidance of doubt, HKSCC has absolute discretion to determine as to whether to act upon the demand poll requests of Participants to make a demand at the relevant meeting;

- (vi) HKSCC may only demand a poll on the number of Eligible Securities (other than the shares to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly) having caused votes to be cast at the relevant meeting.
- (vii) a demand for a poll, if made by HKSCC, shall normally be made with reference to the holdings of Eligible Securities in CCASS of such requesting Participants in respect of which related voting instructions have been given (other than those holdings subject to voting instructions which are to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly);
- (viii) in all cases where HKSCC demands or makes a demand for a poll under (vi) above, the demand shall be made in such manner and by such person or persons at the relevant meeting as HKSCC may consider appropriate. Such a demand shall be subject to and governed by the constitutive documents of the issuers of the Eligible Securities, the relevant proceedings of meeting, the applicable laws, and the applicable rulings and directions of the Chairman of the relevant meeting, and it may not be successful. For the avoidance of doubt, HKSCC does not guarantee that a poll would be taken in respect of the stated matter or resolution at the relevant meeting following such a demand; and
- (ix) Participants other than Investor Participants may enquire whether it may input demand poll request in respect of a specific stated matter or resolution in the notice of meeting via the “Enquire Resolution Description” function available through CCASS Terminals, and Investor Participants and relevant SSA Statement Recipients may enquire the same through the CCASS Internet System.

#### **8.6.6 Voting by show of hands or by way of a poll**

- (i) In general, in relation to voting at meetings by way of a show of hands, HKSCC will normally, based on the consolidated voting instructions of Participants (other than voting instructions to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly), cast a vote either in favour of a proposal or against it. In other words, if the number of Eligible Securities "voted" by Participants in favour of a proposal is more than the number of Eligible Securities "voted" by Participants against a proposal, HKSCC will cause a vote to be cast in favour and vice versa.
- (ii) In relation to voting at meetings by way of a poll, in accordance with the instructions of Participants (other than voting instructions to be acted upon by the person nominated by the Participant to attend and vote at the meeting directly), HKSCC will normally cause the relevant number of Eligible Securities to be voted for and/or against a proposal and/or voted as abstain/withhold (if applicable).
- (iii) The voting rights of the person nominated by a Participant on a show of hands or on a poll at a meeting will be governed by the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws. Likewise, the right of the person nominated by the Participant to demand a poll at a meeting will be governed by the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws.

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### **8.6.7 Others**

- (i) On a case by case basis, HKSCC may but is not obliged to entertain special requests from Participants wishing to deviate from the normal procedures.
- (ii)
  - (a) Corporate voting activities by Investor Participants will be included in the activity statements of such Participants and such activity statements are available to Investor Participants via the CCASS Internet System. The activity statements will also be sent to Investor Participants who have elected to receive the activity statements by mail.
  - (b) Corporate voting activities by SSA Statement Recipients in relation to SSA with Statement Service for the accounts of Clearing Participants or Custodian Participants will be included in the Stock Segregated Account Activity Statement and such activity statements are available to the SSA Statement Recipients via the CCASS Internet System. The activity statements will also be sent to SSA Statement Recipients who have elected to receive the activity statements by mail.
- (iii) The provisions of this Section 8.6 shall also be applicable, mutadis mutandis, to meetings of holders of Specified Instruments, meetings of holders of Structured Products and meetings of holders of CMU Instruments.

### **8.6.8 Shareholding Category Disclosure in respect of China Connect Securities**

HKSCC will from time to time specify in the CCASS Terminal User Guide for Participants such Shareholding Category Disclosure as may be required from Participants other than Investor Participants. Participants other than Investor Participants shall make such Shareholding Category Disclosure using the “Shareholding Category Disclosure Maintenance” function of their CCASS Terminal by such deadline as may be specified by HKSCC. Participants may change their disclosure instructions at any time before such stated deadline using the same function. HKSCC will consolidate all the disclosure information from Participants and submit them to the relevant issuer or its authorized agents or representatives. Where a Participant fails to make the relevant Shareholding Category Disclosure as required by HKSCC, HKSCC shall have the authority to apply such categorization or parameter as HKSCC may consider appropriate to voting instructions submitted by the Participant.

Participants should refer to the “Participant Shareholding Category Disclosure Activity Report” which is available within the voting period as stipulated in the relevant voting announcement in CCASS. Details of invalid disclosure instructions will be shown in the “Participant Shareholding Category Disclosure Exception Report - Before Voting Deadline” which is available one day before the voting deadline date. Participants should check the invalid disclosure instructions included in this report and make any necessary amendments before the relevant voting deadline. The “Participant Shareholding Category Disclosure Exception Report- On Voting Deadline” is available after 4:15 p.m. on the voting deadline date specified in CCASS.

Further information on Shareholding Category Disclosure is set out in the CCASS Terminal User Guide for Participants.

## **8.7 CASH DIVIDEND ENTITLEMENTS**

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**8.7.1 Determination of entitlements**

A Participant's entitlement to cash dividends accruing to Eligible Securities will be determined by reference to its holding of such Eligible Securities in CCASS or by an Appointed Depository as at the date on which the entitlement of HKSCC or the Nominee is determined (normally the last day on which transfers can be submitted for registration in order to qualify for entitlement to dividends).

Dividend entitlements of Participants will normally be calculated down to two decimal places for most currencies (see Section 8.23 which sets out the number of decimal places for calculation purposes in respect of different currencies).

In the case of Foreign Securities, China Connect Securities and Depository Receipts, dividend entitlements will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC and/or net of any Withholding Tax (whether withheld by HKSCC or any other parties). HKSCC will have no obligation to gross-up any such distribution or to pay any additional amount as a result of such deduction or Withholding Tax.

Without prejudice to the above, to the extent required by the Tax Information Exchange Framework, HKSCC shall be entitled to deduct or withhold Withholding Tax (whether withheld by HKSCC or any other parties) from any payment of dividend entitlement (or payment of any other income) received by HKSCC on or accruing to Eligible Securities to a Participant (or from any other payment made by HKSCC to a Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.

**8.7.2 Procedures: dividends in an Eligible Currency**

For dividend payments in an Eligible Currency, the following procedures will usually apply:

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, dividend entitlements will be recorded as receivable items in the Entitlement Statements of the relevant Participants other than Investor Participants;
- (ii) upon receipt of payment, if payment is received by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause payments to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the payments on the following Business Day. Participants other than Investor Participants will be informed when payment is received by HKSCC, via the Broadcast Message Service, available through CCASS Terminals and Participant Gateways; and
- (iii) upon dividend entitlements being made available by HKSCC to Participants, the Entitlement Statements of the relevant Participants other than Investor Participants or activity statements for Investor Participants will be updated with the dividend payments.

Participants must ensure that they maintain a Designated Bank Account in the relevant Eligible Currency for payment to them of dividend entitlements in that Eligible Currency. Failure to observe this requirement will result in late receipt of the entitlements by the Participants. In such event, HKSCC shall not be liable to the Participants for any interest on those entitlements.

**8.7.3 Procedures: dividends in Non-Eligible Currencies**

For dividend payments in currencies other than Eligible Currencies, HKSCC may in its



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absolute discretion allow Participants to elect to receive such dividend payments in Hong Kong dollars. The procedures for the election and distribution of such dividend payments will be similar to the procedures described in section 8.9.3. If such election is not available, the following procedures will usually apply :

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, dividend entitlements will be reflected as receivable items in the Entitlement Statements of the Participants other than Investor Participants concerned;
- (ii) upon receipt of payment by HKSCC, HKSCC will as soon as practicable arrange for payments to be made to relevant Participants either by bank draft, cheque or telegraphic transfer (the related charges relating to bank drafts or telegraphic transfer payment to be borne by the Participants pro-rata to the dividend amount each will receive, or in such other manner as HKSCC considers fair and appropriate). Participants other than Investor Participants will be informed when payment is received by HKSCC, and when cheques or bank drafts are available for collection by such Participants in respect of such payment via the Broadcast Message Service available through CCASS Terminals and Participant Gateways. Investor Participants will be informed when cheques or bank drafts are available for collection by Investor Participants in respect of such payment in their activity statements; and
- (iii) upon dividend entitlements being made available by HKSCC to Participants, the Entitlement Statements of the relevant Participants other than Investor Participants or activity statements for Investor Participants will be updated accordingly.

Where dividend entitlements are made available by HKSCC to Participants, the failure of the Participant to promptly arrange for the collection of any such dividend entitlements shall not render HKSCC liable to such a Participant for any interest that may have accrued thereon.

#### **8.7.4 Procedures: Units**

The foregoing provisions of this Section 8.7 apply to distributions of income in respect of Units as if the references in those provisions to dividends were references to such distributions.

### **8.8 BONUS ISSUES OF SECURITIES**

#### **8.8.1 General**

From time to time, bonus issues of securities will be made by issuers of Eligible Securities. These may include scrip entitlements, bonus issue of shares or warrants, distributions in specie in the form of securities etc.

The procedures to be adopted by HKSCC in relation to the provision of nominee services to Participants, if any, may differ slightly, depending on whether or not the bonus securities in question constitute Eligible Securities (or will be accepted as Eligible Securities by HKSCC).

#### **8.8.2 Determination of entitlements**

A Participant's entitlement to such bonus securities will normally be determined by reference to the relevant Eligible Securities credited to its Stock Account in CCASS as at the date on which the entitlement of HKSCC or the Nominee is determined (normally the last day on which transfers can be submitted for registration in order to qualify for such bonus securities).

#### **8.8.3 Procedures**

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The following procedures will usually apply:

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, bonus entitlements of securities will be recorded as receivable items in the Entitlement Statements of the relevant Participants other than Investor Participants;
- (ii) in the case of Eligible Securities other than China Connect Securities, upon receipt of bonus securities, if those bonus securities are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such bonus securities to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the bonus securities on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday). Participants other than Investor Participants will be informed when bonus securities are received by HKSCC via the Broadcast Message Service;
- (iia) in the case of China Connect Securities, HKSCC will cause such bonus securities to be credited to the relevant Participants' Stock Accounts upon receipt of confirmation from the China Connect Clearing House that the new bonus securities have been unconditionally credited to HKSCC's account with that China Connect Clearing House provided that if the bonus securities are not securities listed on the relevant China Connect Market and HKSCC has an option to elect to receive the entitlement in cash or bonus securities, HKSCC will elect to receive the entitlement in cash and distribute the proceeds to Participants. Participants will not have the right to elect to receive the entitlement in bonus securities under such circumstances;
- (iii) upon distribution or crediting of bonus securities which are or will be accepted as Eligible Securities by HKSCC to them, Entitlement Statements of the relevant Participants other than Investor Participants or activity statements for Investor Participants will be updated;
- (iv) in relation to bonus securities which are not Eligible Securities or in respect of which no disposal arrangement as referred to in paragraph (v) of this Section 8.8.3 has been made by HKSCC, the Participants concerned are required to withdraw such bonus securities from the CCASS Depository on or before the deadline specified by HKSCC. Upon withdrawal by the relevant Participants, their relevant Stock Accounts will be updated. If such securities are not withdrawn by the deadline specified by HKSCC, HKSCC may arrange for such securities to be delivered to the relevant Participants at their cost. HKSCC shall bear no responsibility for any loss or damages arising from the loss or destruction of such securities during the delivery thereof; and
- (v) in relation to bonus securities which are distributed by reference to holdings in China Connect Securities without any cash election option and which are not listed on the relevant China Connect Market, HKSCC may, but is not obliged to, make such arrangement with the relevant China Connect Clearing House or issuer regarding the disposal of such bonus securities for Participants as HKSCC may consider appropriate. Any charges arising from the disposal arrangement will be deducted from the proceeds and any such arrangement undertaken by HKSCC shall be binding on all relevant Participants. HKSCC shall not be liable to Participants for anything done or omitted to be done by it in connection with any such arrangement.

#### **8.8.4 Fractional entitlements**

Fractional entitlements to bonus securities of Participants will be dealt with in accordance with Section 8.21.

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### **8.8.5 Scripless entitlements and other non-Eligible Securities entitlements**

Where any scripless entitlements or other non-Eligible Securities entitlements accrue to any Eligible Securities other than China Connect Securities, HKSCC may arrange for such scripless and other non-Eligible Securities entitlements to be distributed directly by the issuer to the Participants entitled thereto. HKSCC shall be authorized to provide the issuer with such information relating to the relevant Participants to facilitate the direct distribution of such entitlements to the Participants. Where any non-Eligible Securities entitlements accrue to any China Connect Securities, HKSCC may make such arrangements as referred to in Section 8.8.3(v).

Participants that do not wish to exercise their scripless or non-Eligible Securities entitlements accruing to Foreign Securities such as warrants, bonds and/or other securities may instruct HKSCC to sell such entitlements. Upon receipt of written instructions by HKSCC on or before the deadline stipulated by HKSCC, HKSCC may on behalf of the Participants instruct agents to assist HKSCC to dispose of the relevant entitlements on or off market. HKSCC shall make only one attempt to dispose of the relevant entitlements, and normally on the first trading day of the relevant entitlements, at what it determines to be the prevailing market price and terms available. HKSCC shall incur no liability if it acts in good faith relating to the disposal. Upon receipt of the net proceeds by HKSCC, HKSCC will as soon as practicable arrange for payments to be made to the relevant Participants following deduction of any amounts due by the Participants to HKSCC including any transaction costs and charges. If the disposal of the entitlements is unsuccessful, HKSCC may in its absolute discretion provide nominee services to Participants relating to the entitlements and the handling procedures will normally be in accordance with Section 8.13 for conversion of warrants and Section 8.16 for conversion of bonds, as the case may be.

## **8.9 DIVIDEND ENTITLEMENTS WITH OPTIONS**

### **8.9.1 General**

From time to time, issuers of Eligible Securities may declare dividends with an option to receive dividends in different currencies (i.e. dividend entitlements with currency option) or to receive scrip entitlements (i.e. securities) in lieu of dividend payments (i.e. dividend entitlements with scrip option).

The exact procedures to be adopted by HKSCC in relation to nominee services offered will depend on the exact circumstances in each case and Participants will be informed accordingly. For instance, the procedures to be adopted by HKSCC will vary slightly depending on whether the election of option has to be done before the relevant book-close or record dates.

### **8.9.2 Determination of entitlements**

A Participant's entitlement to such dividend payments with options will normally be determined by reference to the relevant Eligible Securities credited to its Stock Account as at the date on which the entitlement of HKSCC or the Nominee is determined (normally the last day on which transfers can be submitted for registration in order to qualify for such entitlements).

### **8.9.3 Procedures**

The following procedures will usually apply:

- (i) the relevant announcements will be contained in the "Enquire Announcement Information" function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement

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Statement of Participants other than Investor Participants following the announcements. In the case of Investor Participants, the relevant announcements will be contained in the “Enquire Corporate Activities” and “Corporate Action Reminder” functions in the CCASS Internet System and also posted under the “Reminder” section in the activity statements of such Participants;

- (ii) if, in any given case, the election of option is required to be made on or before the relevant book-close or record date, HKSCC will generate an option election instruction advice through CCASS Terminals and via the CCASS Phone System and the CCASS Internet System following the relevant announcement to all Participants irrespective of whether or not they have holdings in the relevant Eligible Security at the time and, in the case of Investor Participants, irrespective of whether the Investor Participants have given standing option election instructions to HKSCC in accordance with Section 8.9.4(i);
- (iii) if the election of option is required to be made after the relevant book-close or record date, HKSCC will only generate an option election instruction advice through CCASS Terminals and via the CCASS Phone System and the CCASS Internet System to Participants with holdings in the relevant Eligible Security immediately after the book-close or record date including the Investor Participants with holdings that have given standing option election instructions to HKSCC in accordance with Section 8.9.4(i);
- (iv) normally, the time-limit for the receipt of option election instructions by HKSCC from Participants via CCASS Terminals and via the CCASS Phone System and the CCASS Internet System will be before 12:00 noon on the day of the deadline for election imposed by the Issuers of the relevant Eligible Securities. Participants may change their option election instructions any time before such time-limit;
- (v) in the absence of specific instructions as to their election, Participants will be treated, subject to Section 8.9.4(ii) where it is applicable, as having chosen the “default” option specified by the issuers of the relevant Eligible Securities except where such “default” option specified by the issuer is a non-cash entitlement, in which case HKSCC shall elect the cash option or the Eligible Currency alternative, as the case may be, for such Participants. (If no “default” option is specified by the issuers of the relevant Eligible Securities, the option shall be that selected by HKSCC for such Participants);
- (vi) Participants should only input instructions in respect of Eligible Securities which they will maintain in their Stock Accounts until the relevant book-close or record date. If instructions are given in respect of more than their holdings of Eligible Securities as at the last registration day before the relevant book-close or record date, HKSCC will scale down the instructions given by Participants in proportion to the Participants' actual holdings, or in such manner as appropriate, unless the Participant specifically instructs HKSCC otherwise; and
- (vii) upon receipt of entitlements by HKSCC, the procedures for distribution to Participants will be the same as those described in Sections 8.7 and 8.8. Option election activities by Investor Participants will be posted to the activity statements of such Participants.

#### **8.9.4 Investor Participants’ standing instructions to receive scrip entitlements in lieu of cash dividend**

- (i) Investor Participants may give standing option election instructions to HKSCC requesting HKSCC to elect to receive scrip entitlements in lieu of dividend payments

in respect of all future dividend entitlements with scrip option for election. The standing option election instructions may relate to all or any of the Eligible Securities. They shall be given by the Investor Participants by completing and signing a prescribed form and submitting the prescribed form to the Customer Service Centre for processing by HKSCC. Acceptance and maintenance of such standing option election instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify.

- (ii) Investor Participants whose standing option election instructions have been accepted by and maintained with HKSCC may still input specific option election instructions in respect of any dividend entitlement with scrip option for election in accordance with Section 8.9.3. Such specific option election instructions will be treated and processed by HKSCC as the election of the Investor Participants for that particular dividend entitlement with scrip option in place of the standing option election instructions. For the avoidance of doubt, in the absence of such specific option election instructions by the Investor Participants, the standing option election instructions accepted by and maintained with HKSCC will be the election of the Investor Participants for that particular dividend entitlement with scrip option.
- (iii) Investor Participants may cancel their standing option election instructions by completing and signing a prescribed form and submitting the prescribed form to the Customer Service Centre for processing by HKSCC. Acceptance of such cancellation of standing option election instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify.

#### **8.9.5 Fractional entitlements**

Any fractional stock dividend entitlements of Participants will be dealt with in accordance with Section 8.21.

### **8.10 RIGHTS ISSUES BY ISSUERS OF ELIGIBLE SECURITIES (OTHER THAN CHINA CONNECT SECURITIES AND OTHER SCRIPLESS SECURITIES)**

#### **8.10.1 General**

Implementation of rights issues by issuers of Eligible Securities may involve several different stages including the initial announcements, approval by holders of Eligible Securities (if necessary), etc. This Section is only concerned with the following aspects of a rights issue by an issuer of Eligible Securities other than China Connect Securities and other scripless securities:

- (i) the collection and distribution of nil paid rights which may be represented by provisional allotment letters (PALs);
- (ii) the subscription of "rights shares" and applications for "excess shares"; and
- (iii) the subsequent collection and distribution of the "new shares".

The term "rights shares" refers to the new shares which may be subscribed pursuant to pro-rata entitlements of the holders on record of Eligible Securities under a rights issue. The term "excess shares" refer to new shares applied for under a rights issue which is in excess of the pro-rata entitlement of a holder on record of Eligible Securities.

#### **8.10.2 Determination of entitlements**

A Participant's entitlement to "nil paid rights" will normally be determined by reference to the relevant Eligible Securities credited to its Stock Account as at the date on which the entitlement of HKSCC or the Nominee is to be determined (normally, the last day on which

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transfers can be submitted for registration in order to qualify for the nil paid rights).

### **8.10.3 Provisional allotment letters relating to nil paid rights treated as Eligible Securities**

Provisional allotment letters relating to nil paid rights will be accepted by HKSCC as Eligible Securities and Exchange Trades in such Eligible Securities effected by Participants will be settled under the CNS System in CCASS throughout the life cycle of their trading.

### **8.10.4 Procedures**

The following procedures will usually apply :

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, the nil paid rights will be recorded as receivable items in the "Benefit Entitlement" section of the Entitlement Statements of the Participants other than Investor Participants concerned;
- (ii) upon receipt of nil paid rights, if they are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such nil paid rights to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the nil paid rights on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday). Participants other than Investor Participants will be informed when nil paid rights are received by HKSCC via the Broadcast Message Service. Investor Participants concerned will be informed of distribution of nil paid rights by HKSCC via their activity statements;
- (iii) shortly after the announcements of the relevant corporate actions or activities, HKSCC will generate two "Corporate Announcements" via CCASS Terminals and the CCASS Phone System and the CCASS Internet System under which the relevant Participants subscribe for rights shares and/or excess rights shares through HKSCC. Unless the offer document specifically provides otherwise, only Participants that are entitled to or to whom provisional allotment letters relating to nil paid rights have been issued may apply for excess shares;
- (iv) Participants other than Investor Participants wishing to subscribe for rights shares through HKSCC, in respect of nil paid rights credited to its Stock Account, must input their subscription instructions via their CCASS Terminals to HKSCC. Investor Participants wishing to subscribe for rights shares through HKSCC must give such instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. Normally, the time-limit for input of the completed electronic instruction to HKSCC will be before 11:00 a.m. on the day of the deadline for subscription of securities imposed by the Issuers of the relevant Eligible Securities. Subscription instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day will only be processed after 7:00 a.m. on that next Business Day. Participants may cancel their subscription instructions any time before such time-limit;

In respect of subscription instructions received and processed by HKSCC on any Business Day before the day of the deadline, debit entries will be posted to the Participants' Money Ledgers for the appropriate subscription money or in the case of Foreign Securities, the Hong Kong Dollar equivalent of such subscription money at the exchange rate determined by HKSCC, which will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. Any surplus subscription money debited will be refunded to the relevant Participants on the following Business Day. In appropriate cases, HKSCC may entertain requests

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from Participants to accept subscription money in the currency as announced by the Issuer of the rights shares.

In respect of subscription instructions received by HKSCC before the specified time (normally, 11:00 a.m.) on the day of the deadline, HKSCC will upon acceptance and processing of the instructions, generate CPIs to be issued to the Designated Banks of the paying Participants. Appropriate subscription money will be collected from the Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions;

- (v) instructions to apply for excess shares should be given separately under the relevant corporate announcement by Investor Participants via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre and input by Participants other than Investor Participants via their CCASS Terminals. Unless the offer document specifically provides otherwise, only Participants that are entitled to or to whom nil paid rights have been issued may apply for excess shares. An Investor Participant is not entitled to give more than one instruction to HKSCC to apply for excess shares in respect of any one rights issue event. Separate debit entries for the appropriate subscription money will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts;
- (vi) upon capture of the subscription instructions from the Participants concerned to subscribe for rights shares and (if applicable) to apply for excess shares, HKSCC will debit the nil paid rights from the Stock Accounts of the Participants on the same day, and the rights shares and the excess shares (if any) applied for will be recorded as separate receivable items in the "Right Subscription" section of the Entitlement Statements of those Participants. In the case of Investor Participants, such subscription activities will be included in the activity statements;
- (vii) in accordance with the instructions of Participants, HKSCC will subscribe for the rights and apply for the excess shares (if applicable). This will be treated as a single application by HKSCC (this being relevant as the allocation of excess shares to HKSCC may be affected);
- (viii) upon receipt of rights shares (the rights shares will normally be accepted as Eligible Securities by HKSCC), if the rights are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such rights shares to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the rights shares on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday). Participants other than Investor Participants will be informed when rights shares are received by HKSCC, via the Broadcast Message Service;
- (ix) in respect of excess shares received by HKSCC, unless all the excess shares applied for at the request of Participants are allotted to HKSCC (in which case the Participants concerned will receive in full what they have applied for), excess shares will be allocated to the relevant Participants pro-rata to the number of excess shares each has applied for, or in such other manner as HKSCC considers fair and appropriate. Excess shares will be distributed to the relevant Participants in the same manner as rights shares. Surplus subscription monies in Hong Kong Dollars refunded to HKSCC in respect of applications for excess shares, if received by HKSCC at or before 3:45 p.m. on a Business Day, will be returned to the relevant Participants by

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HKSCC by credit entries to their Money Ledgers on the same day. Otherwise, HKSCC will effect the return of surplus subscription monies on the following Business Day. In the case of Foreign Securities, surplus subscription monies in respect of applications for excess shares will be refunded to Participants in the same currency that the subscription monies have been paid for. The refund procedures will follow those described in Section 8.7.3;

- (x) upon the distribution of rights shares and (if applicable) excess shares by HKSCC to them, (and any refund of surplus subscription monies for excess shares), the relevant Investor Participants' activity statements and the relevant Participants' other than Investor Participants Entitlement Statements will be updated accordingly;
- (xi) Participants will be able to withdraw their PALs at any time up to one week after the last subscription date (unless otherwise informed by HKSCC) from the CCASS Depository; and
- (xii) in the case of rights issues accruing to Foreign Securities, Participants that do not wish to subscribe for rights shares may instruct HKSCC to sell such entitlements. Upon receipt of written instructions by HKSCC on or before the deadline stipulated by HKSCC, HKSCC may on behalf of the Participants instruct agents to assist HKSCC to dispose of the relevant entitlements on or off market. HKSCC shall make only one attempt to dispose of the relevant entitlements, and normally on the first trading day of the relevant entitlements, at what it determines to be the prevailing market price and terms available. HKSCC shall incur no liability if it acts in good faith relating to the disposal. Upon receipt of the net proceeds by HKSCC, HKSCC will as soon as practicable arrange for payments to be made to the relevant Participants following deduction of any amounts due by the Participants to HKSCC including any transaction costs and charges. If the disposal of the entitlements is unsuccessful, HKSCC will inform the relevant Participants and shall not be obliged to take any further action in respect of the entitlements.

#### **8.10.5 Fractional entitlements**

Fractional securities entitlements of Participants will be dealt with in accordance with Section 8.21.

### **8.10A RIGHTS ISSUES RELATING TO CHINA CONNECT SECURITIES, OTHER SCRIPLESS SECURITIES AND NON-ELIGIBLE SECURITIES**

#### **8.10A.1 General**

From time to time, rights issues may be made by issuers of China Connect Securities, other scripless securities and non-Eligible Securities to holders of such securities to subscribe for new shares. Sections 8.10A.2 and 8.10A.3 are concerned with rights issues by issuers of China Connect Securities to Participants holding such China Connect Securities through HKSCC and Section 8.10A.4 is concerned with rights issues by issuers of other scripless securities or non-Eligible Securities.

#### **8.10A.2 Determination of entitlements**

A Participant's entitlement to subscribe for new shares under a rights issue by an issuer of China Connect Securities will normally be determined by reference to the relevant China Connect Securities credited to its Stock Account as at the date on which the entitlement of HKSCC is to be determined.

#### **8.10A.3 Procedures**

The following procedures will usually apply to a rights issue in respect of China Connect Securities:



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- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, the quantity of rights that the relevant Participants are entitled to subscribe under the rights issue will be recorded as a receivable item in the “Benefit Entitlement” section of their respective Entitlement Statements;
  - (ii) if the rights entitlements are unconditionally credited to HKSCC’s stock account maintained with the relevant China Connect Clearing House at or before 7:00 p.m. on a Mainland Business Day in the case of the SSE Market or at or before 8:00 p.m. in the case of the SZSE Market, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day;
  - (iii) Participants other than Investor Participants wishing to subscribe for new shares under the rights issue through HKSCC must input their subscription instructions via their CCASS Terminals to HKSCC. In general, no excess applications will be available. The deadline for giving subscription instructions to HKSCC is normally 7:45 p.m. on the Mainland Business Day immediately preceding the deadline date imposed by the issuer. Upon acceptance and processing by HKSCC of the relevant instructions input by Participants other than Investor Participants, debit entries for the appropriate subscription money will be posted to the Participants’ Money Ledgers and will be automatically charged to the Participants’ Designated Bank Accounts on the same Mainland Business Day via DDIs. Participants may cancel their subscription instructions any time before such time limit;
  - (iv) upon capture of the subscription instructions from the Participants concerned to subscribe for new shares under the rights issue, HKSCC will debit the rights from the Stock Accounts of the Participants on the same day, and the new shares under the rights issue applied for will be recorded as separate receivable items in the “Rights Subscription” section of the Entitlement Statements of those Participants;
  - (v) in accordance with the instructions of Participants, HKSCC will subscribe for new shares under the rights issue;
  - (vi) if confirmation from the China Connect Clearing House that the rights shares have been unconditionally credited to HKSCC’s stock account maintained with that China Connect Clearing House is received by HKSCC at or before 7:00 p.m. on a Mainland Business Day in the case of the SSE Market or at or before 8:00 p.m. in the case of the SZSE Market, HKSCC will usually cause such rights shares to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day; and
  - (vii) upon crediting of the rights shares by HKSCC to Participants’ Stock Accounts, the Entitlement Statements of the relevant Participants will be updated accordingly.

#### **8.10A.4 Other scripless securities and non-Eligible Securities**

Where any subscription under a rights issue involves scripless securities (other than China Connect Securities) or non-Eligible Securities, such rights issue will be dealt with by HKSCC in the same way as described in Section 8.8.5 for scripless entitlements and other non-Eligible Securities entitlements where applicable.

### **8.11 OPEN OFFERS RELATING TO ELIGIBLE SECURITIES OTHER THAN CHINA CONNECT SECURITIES**

### **8.11.1 General**

An open offer is an offer to existing holders of securities to subscribe for further securities. An open offer is similar to a rights issue in that it is usually also made to the holders of securities on a pro-rata basis (although this is not necessarily the case). The difference, however, is that, unlike a rights issue, no renounceable document of title (eg. PALs) will be issued and, therefore, no trading in respect thereof can be effected.

An open offer may be combined with a placing and the net result is what is called a "placing with a clawback" (in other words, a placing of securities with stated investors, but subject to the right of existing holders of such securities to subscribe for the securities being placed, based on their pro-rata entitlements).

There are many variations to open offers and open offers may involve several different stages, including the initial announcement and approval by existing holders of securities (if necessary). This Section is only concerned with the subscription by Participants of "new shares" under open offers relating to Eligible Securities other than China Connect Securities and the distribution of new shares under such open offers to Participants.

### **8.11.2 Determination of entitlements**

A Participant's entitlement to subscribe for new shares under open offers will normally be determined by reference to its holding of the relevant Eligible Securities as at the date on which the entitlement of HKSCC or the Nominee is determined (normally, the last day on which transfers can be submitted for registration in order to qualify to participate in an open offer).

### **8.11.3 Procedures**

The following procedures will usually apply :

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, the new shares for which the Participants other than Investor Participants concerned having a right to subscribe under an open offer will be recorded as receivable items in the "Benefit Entitlement" section of their respective Entitlement Statements;
- (ii) for Participants other than Investor Participants, the relevant announcement (stating the relevant time-limit) will be contained in the "Enquire Announcement Information" function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statement following the announcement. For Investor Participants, the relevant announcement (stating the relevant time-limit) will be available in the CCASS Phone System and the CCASS Internet System and also posted in the "Reminder" section in the activity statement following the announcement;
- (iii) Participants other than Investor Participants wishing to subscribe for new shares under open offers through HKSCC must input the subscription instructions via their CCASS Terminals to HKSCC normally, by 7:00 p.m. one Business Day before the last day for subscription under an open offer. Upon acceptance and processing by HKSCC of the relevant instructions input by Participants other than Investor Participants, debit entries for the appropriate subscription money will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. Participants may cancel their subscription instructions any time before such time-limit.

Investor Participants wishing to subscribe for new shares under open offers through HKSCC must input the subscription instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. The time limit for giving such subscription instructions to HKSCC is normally by 11:00 a.m. one Business Day before the last day for subscription under an open offer. Investor Participants may cancel their subscription instructions any time before such time limit. Subscription instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day will only be processed after 7:00 a.m. on that next Business Day. In respect of subscription instructions of Investor Participants that are accepted and processed by HKSCC at least two Business Days before the last day for subscription, debit entries for the appropriate subscription money will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. In respect of subscription instructions of Investor Participants received by HKSCC before the specified time (normally, 11:00 a.m.) one Business Day before the last day for subscription, HKSCC will upon acceptance and processing of the instructions, generate CPIs to be issued to the Designated Banks of the Investor Participants. Appropriate subscription money will be collected from the Investor Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions;

- (iv) upon capture of the subscription instructions from the Participants concerned to subscribe for new shares, the new shares applied for will be recorded as separate receivable items in the "Open Offer" section of the Entitlement Statements of those Participants who are not Investor Participants. Subscription activities of Investor Participants will be posted to the activities section of the activity statements;
- (v) based on the instructions of Participants, HKSCC will subscribe for new shares under an open offer. In the case of Investor Participants, only one excess application instruction will be accepted by HKSCC from each Investor Participant;
- (vi) upon receipt of new shares under an open offer by HKSCC (such shares will normally be accepted as Eligible Securities by HKSCC), if the new shares are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such shares to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the new shares under an open offer on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday). Participants other than Investor Participants will be informed when new shares subscribed for under an open offer are received by HKSCC via the Broadcast Message Service. In the case of new shares involving Foreign Securities, HKSCC will cause such shares to be credited to the relevant Participants' Stock Accounts upon receipt of confirmation from the Appointed Depository that the new shares have been credited to HKSCC's account with that Appointed Depository; and
- (vii) upon crediting of the new shares by HKSCC to Participants' Stock Accounts, the relevant Investor Participants' activity statements and the Entitlement Statements of the relevant Participants other than Investor Participants will be updated accordingly.

#### **8.11.4 New shares under an open offer are scripless or non-Eligible Securities**

If the new shares subscribed under an open offer are scripless or non-Eligible Securities, this will be dealt with by HKSCC in the same way as entitlements under bonus issues, as

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described in Section 8.8.5.

#### **8.11.5 Unsuccessful open offers/excess shares**

If an open offer is unsuccessful, subscription moneys refunded to HKSCC will be returned to the relevant Participants as soon as practicable upon receipt by HKSCC.

As with a rights issue, the terms of an open offer may allow for applications for excess shares (in addition to pro-rata entitlements). The subscription of excess shares under an open offer will be dealt with by HKSCC in the same way as the application of excess shares under a rights issue, as described in Section 8.10.

#### **8.11.6 Fractional entitlements**

Fractional securities entitlements of Participants will be dealt with in accordance with Section 8.21.

### **8.11A OPEN OFFER RELATING TO CHINA CONNECT SECURITIES**

#### **8.11A.1 General**

From time to time, open offers may be made by issuers of China Connect Securities to holders of such securities to subscribe for new shares. Generally, the subscription period is comparatively short, lasting for just one Mainland Business Day, and the subscription day usually falls on the day immediately after the record date imposed by issuer to determine the entitlements of the existing shareholders, including HKSCC.

HKSCC shall endeavour to take action, but shall not be liable for not taking any action for Participants in connection with any open offer relating to China Connect Securities held by HKSCC for Participants in its account with the relevant China Connect Clearing House.

#### **8.11A.2 Determination of entitlements**

A Participant's entitlement to subscribe for new shares under an open offer by an issuer of China Connect Securities will normally be determined by reference to the relevant China Connect Securities credited to its Stock Account as at the date on which the entitlement of HKSCC is to be determined.

#### **8.11A.3 Procedures**

Participants other than Investor Participants that wish to subscribe for new shares under an open offer shall input their subscription instructions via their CCASS Terminals to HKSCC no later than the time limit prescribed by HKSCC, which normally is before 11:00 a.m. on the day of the deadline for subscription of new shares imposed by the relevant issuer. To facilitate Participants other than Investor Participants to subscribe for new shares under the open offer within the extremely tight time limit, HKSCC will also accept manual subscription instructions from Participants. The following procedures will usually apply:

- (i) upon the relevant announcement being made by the issuer, HKSCC will notify Participants of the arrangement via the Broadcast Message Service as soon as practicable;
- (ii) in respect of subscription instructions through the CCASS Terminals that are received by HKSCC before the prescribed time limit, HKSCC will upon acceptance and processing of the instructions, generate CPIs to be issued to the Designated Banks of the paying Participants. The subscription money will be collected from the Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in

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funds by 1:00 p.m. may result in HKSCC not giving effect to such subscription instructions;

- (iii) Participants other than Investor Participants may also submit a duly completed Subscription of Open Offers Form (see CCASS Terminal User Guide for Participants for the form) to HKSCC no later than the time limit prescribed by HKSCC on the subscription day stipulated by the issuer, together with proof of payment (such as the bank pay-in slip with details of the relevant Participant, including its Participant ID the relevant stock code and the subscription money paid);
- (iv) upon receipt of the Subscription of Open Offers Form and proof of payment from a Participant before the prescribed time limit, HKSCC will subscribe for the offer shares in accordance with the instructions of the Participant;
- (v) if confirmation from the China Connect Clearing House that the offer shares have been unconditionally credited to HKSCC's stock account maintained with that China Connect Clearing House is received by HKSCC at or before 7:00 p.m. on a Mainland Business Day in the case of the SSE Market or at or before 8:00 p.m. in the case of the SZSE Market, HKSCC will usually cause such offer shares to be credited to the Stock Accounts of the relevant Participant on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day; and
- (vi) upon crediting of the new shares by HKSCC to Participants' Stock Accounts, the Entitlement Statements of the relevant Participants will be updated and Participants will be informed via Broadcast Message Service on the same day.

## **8.12 TAKE-OVER OFFERS**

### **8.12.1 General**

Take-over offers made to holders of Eligible Securities may be for cash or for securities (usually with a cash alternative).

A take-over offer may involve several different stages. This Section is only concerned with the acceptance of offers by Participants, the election by Participants as to whether they wish to receive consideration in cash or securities (if applicable) and the distribution of the consideration received in respect of a take-over (cash or securities) by HKSCC to Participants. Compulsory acquisition of Eligible Securities, whether or not as a result of a successful takeover offer, is dealt with in Section 8.12.8.

### **8.12.2 Determination of entitlements**

A Participant's right to take part in a take-over offer will normally be determined by reference to the relevant Eligible Securities credited to its Stock Account as at the date on which the extent of the right of HKSCC or the Nominee to take part in such a take-over offer is determined (normally, the last day on which transfers can be submitted for registration in order to participate in a take-over offer).

### **8.12.3 Procedures**

The following procedures will usually apply:

- (i) the relevant announcement (stating the relevant time-limit) will be contained in the "Enquire Announcement Information" function via CCASS Terminals and the "Enquire Corporate Activities" function in the CCASS Internet System and the

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CCASS Phone System and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statement and the "Reminder" section in the activity statement following the announcement;

- (ii) Participants other than Investor Participants wishing to accept a take-over offer must input subscription instructions via their CCASS Terminals to HKSCC. Investor Participants must give such instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. The deadline for giving such subscription instructions to HKSCC is normally by 11:00 a.m. on the last acceptance day of the take-over offer or, in the case of China Connect Securities, 7:45 p.m. on the Mainland Business Day immediately preceding the deadline date imposed by the issuer or its authorized agent. Subscription instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day, will only be processed after 7:00 a.m. on that next Business Day. Participants may cancel their subscription instructions on the same day or by such other time as HKSCC considers appropriate;
- (iii) if no instruction to accept a take-over offer is received by HKSCC from a Participant by the stated time-limit, HKSCC will not take any action in respect of that Participant's relevant Eligible Securities;
- (iv) upon acceptance and processing by HKSCC of instructions from Participants to accept a take-over offer, HKSCC will debit the Eligible Securities in respect of which acceptances have been made from the relevant Stock Accounts of the Participants and in the case of Participants other than Investor Participants the consideration in cash or securities, if applicable, under the take-over offer will be recorded as receivable items in the "Take-over Offer" section (as appropriate) in their respective Entitlement Statements. Details of subscription activities will be posted to the activities section of the activity statements of the Investor Participants concerned;
- (v) based on the instructions of Participants, HKSCC will cause acceptances to be made in respect of the relevant number of Eligible Securities, provided that in the case of any take-over offer relating to China Connect Securities the consideration of which may be received in the form of securities which are not listed on the relevant China Connect Market with a cash alternative, HKSCC will elect to receive the consideration in cash only. Participants will not have the right to elect to receive the consideration in securities under such circumstances;
- (vi) if a take-over offer is successful, upon receipt of the cash consideration under the take-over offer, if such cash payments are received by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause such payments to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the cash payments on the following Business Day. Participants other than Investor Participants will be informed when cash consideration under a take-over offer is received by HKSCC via the Broadcast Message Service.

If a take-over offer is successful, upon receipt of the securities consideration under the take-over offer, if securities (being Eligible Securities other than China Connect Securities) are received by HKSCC at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such securities to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the securities

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consideration on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday). Participants other than Investor Participants will be informed when securities consideration under a take-over offer are received by HKSCC via the Broadcast Message Service.

In the case of China Connect Securities, HKSCC will cause such securities to be credited to the relevant Participants' Stock Accounts upon receipt of confirmation from the China Connect Clearing House that the securities have been unconditionally credited to HKSCC's account with the China Connect Clearing House;

- (vii) if securities being offered as consideration under a take-over offer do not constitute Eligible Securities, Participants will be required to withdraw their entitlements of such securities from the CCASS Depository. Where the take-over offer relates to any China Connect Security and the securities being offered as consideration are not listed on the relevant China Connect Market and no cash alternative is available, HKSCC may, but is not obliged to, make such arrangement with the relevant China Connect Clearing House or offeror regarding the disposal or realization of such securities consideration for Participants as HKSCC may consider appropriate. All costs incurred in connection with such arrangement shall be deducted from the proceeds and any such arrangement undertaken by HKSCC shall be binding on all relevant Participants. HKSCC shall not be liable to Participants for anything done or omitted to be done by it in connection with any such arrangement;
- (viii) upon distribution of the cash or securities received by HKSCC under a take-over offer, the Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated; and
- (ix) the ad valorem stamp duty and any other relevant charges will be charged back to the Participants concerned on a pro-rata basis to the number of Eligible Securities each has given instructions to accept, or in such other manner as HKSCC considers fair and appropriate upon distribution of the cash or securities by HKSCC.

#### **8.12.4 Unsuccessful take-over offers**

In the case of an unsuccessful take-over offer, the Eligible Securities debited from the Stock Accounts of the relevant Participants will be re-credited into their Stock Accounts by HKSCC during the date of receipt of such securities in multiple batches at around the times stated in Section 8.12.3 above. Any CCASS fee collected will not be refunded.

#### **8.12.5 Successful partial take-over offers**

In the case of a successful partial take-over offer, unless all acceptances by HKSCC on behalf of Participants are accepted by the offeror, HKSCC will allocate the cash or securities consideration received to the relevant Participants pro-rata to the number of Eligible Securities each has given instructions to accept, or in such other manner as HKSCC considers fair and appropriate. Any surplus Eligible Securities debited from the Stock Accounts of the relevant Participants will be re-credited to their Stock Accounts by HKSCC during the date of receipt of such securities in multiple batches at around the times stated in Section 8.12.3 above.

#### **8.12.6 Foreign currency cash consideration**

If the cash consideration under the take-over offer is not in an Eligible Currency, the procedures regarding dividend payments in a currency which is not an Eligible Currency will apply (see Section 8.7.3).

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**8.12.7 Fractional entitlements**

Fractional securities entitlements of Participants will be dealt with in accordance with Section 8.21.

**8.12.8 Compulsory acquisition of shares**

In the event that Eligible Securities are subject to a compulsory acquisition, the following procedures will usually apply:

- (i) on the relevant date, all relevant Eligible Securities will be debited from the Stock Accounts and any CCMS Collateral Account of the Participants concerned;
- (ii) upon receipt of cash or securities consideration by HKSCC, HKSCC will cause such securities or cash consideration to be paid to the Participants concerned in the same way as described in paragraph (vi) of Section 8.12.3. Participants other than Investor Participants will be informed when cash or securities consideration is received by HKSCC via the Broadcast Message Service;
- (iii) if the securities consideration does not constitute Eligible Securities, Participants will be required to withdraw their entitlements of such securities from the CCASS Depository and if the compulsory acquisition relates to China Connect Securities and the securities consideration involves securities not listed on the relevant China Connect Market, such securities may be dealt with by HKSCC in the same way as described in paragraph (vii) of Section 8.12.3;
- (iv) upon distribution of the cash or securities consideration under a compulsory acquisition by HKSCC, the Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated; and
- (v) the ad valorem stamp duty and any other relevant charges will be charged back to the Participants concerned on a pro-rata basis to the number of Eligible Securities so held by the relevant Participants, or in such other manners as HKSCC considers fair and appropriate upon distribution of the cash or securities by HKSCC.

Participants will be advised of other relevant procedures to be observed on a case by case basis.

**8.13 CONVERSION OF WARRANTS****8.13.1 General**

Warrants give their holders the right to subscribe for (or purchase) stated quantities of securities at stated "subscription" prices (subject to adjustments) or to exercise the warrants at stated "strike" prices (subject to adjustment) and receive money proceeds during an exercise period or at stated exercise dates.

This Section is concerned with the exercise of warrants by Participants and the collection and distribution of subscribed securities or cash proceeds to Participants. The warrants in this Section refer to (i) registered warrants and (ii) derivative/covered warrants that are call warrants or cash settled put warrants.

**8.13.2 Procedures**

The following procedures will usually apply; save that paragraph (iii) shall not apply to Investor Participants:



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- (i) Participants with warrants in CCASS may at any time during the relevant exercise periods (subject to paragraph (ii) below) input the instructions either via their CCASS Terminals or, in the case of Investor Participants, via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre to HKSCC to subscribe for securities under their warrants in CCASS.

The deadline for giving such instructions to HKSCC in respect of registered warrants is usually by 11:00 a.m. on the last exercise date. The deadline for giving such instructions to HKSCC in respect of derivative/covered warrants is usually by 7:00 p.m., one Business Day before the last exercise date for Participants other than Investor Participants and by 11:00 a.m., one Business Day before the last exercise date for Investor Participants. Any instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day will only be processed after 7:00 a.m. on that next Business Day. Participants may cancel their subscription instructions on the same day.

In respect of registered warrant instructions that are accepted and processed by HKSCC on any Business Day before the last exercise date, debit entries for the appropriate conversion monies will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs.

In respect of derivative/covered warrant instructions that are accepted and processed by HKSCC on any Business Day before the last exercise date from Participants other than Investor Participants or at least two Business Days before the last exercise date from Investor Participants, debit entries for the appropriate conversion monies will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. For physically settled derivative/covered warrants conversion, the debit entries will be effected for the conversion monies (if any) and conversion charges.

In respect of instructions that are accepted and processed by HKSCC by the specified time (normally, 11:00 a.m.) on the last exercise date (in the case of registered warrant instructions) or on the Business Day before the last exercise date (in the case of derivative/covered warrant instructions from Investor Participants), HKSCC will generate CPIs to be issued to the Designated Banks of the paying Participants. Appropriate conversion monies will be collected from the Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions.

HKSCC will exercise the warrants for the Participants concerned in batch and the ad valorem stamp duty (if any) will be charged back to the Participants concerned upon notice of the exact amount from the Issuer or its agent or representative pro-rata to the number of Eligible Securities each has given instructions to subscribe, or in such other manner as HKSCC considers fair and appropriate. For cash settled derivative/covered warrants conversion, debit entries for the conversion charges (if any) will be posted to the Participant's Money Ledgers on the payment date;

- (ii) for warrants which accept eligible Debt Securities such as bonds in lieu of conversion monies, Participants may specify the bond quantity in the instruction. Upon input of the relevant instruction, HKSCC will debit the eligible bonds from the relevant Stock Accounts of the Participants;

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- (iii) for warrants that are subject to a stated exercise date, or for warrants approaching the end of their exercise period, HKSCC will inform Participants other than Investor Participants via CCASS Terminals through the "Enquire Announcement Information" function of details of time-limits for instructions for those wishing to exercise their warrants in CCASS (usually, by the time specified in paragraph (i) above). Similar information will be provided to Investor Participants via the CCASS Internet System through the "Enquire Corporate Activities" function;
  - (iv) for covered warrants conversion, Participants other than Investor Participants are allowed to elect their warrants to be delivered to the Issuer or its agent or representative for subscription either before 10:00 a.m. or after 10:00 a.m. on the following exercise day. Investor Participants may elect their warrants to be delivered to the issuer or its agent or representative for subscription either before 10:00 a.m. or after 10:00 a.m. on the next following exercise day. Since 10:00 a.m. of each Business Day is normally the cut-off time for determining the exercise date, thus, due cash or securities for those elected subscription to be delivered after 10:00 a.m. will be received one Business Day later than those elected subscriptions elected to be submitted before 10:00 a.m.;
  - (v) where the securities to be subscribed for under warrants are subject to deadlines with regard to qualification to participate in dividend payments etc. accruing to such securities, subscription instructions will normally have to be given to HKSCC by 7:00 p.m. for Participants other than Investor Participants and by 11:00 a.m. for Investor Participants on the subscription day which is one Business Day before the relevant deadline for subscription to qualify for any such dividend payments. For those instructions received and processed by HKSCC on any Business Day before the relevant deadline (in case of Participants other than Investor Participants) or at least two Business Days before the relevant deadline (in case of Investor Participants), debit entries for the appropriate conversion monies will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. For those instructions received from Investor Participants by 11:00 a.m. one Business Day before the relevant deadline, HKSCC will generate CPIs to be issued to the Designated Banks of the paying Investor Participants. Appropriate conversion monies will be collected from the Investor Participants' Designated Bank Accounts immediately. Investor Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions.

Where the securities to be subscribed for under covered warrants are subject to deadlines with regard to qualification to participate in dividend payments etc. accruing to such securities, Participants which had elected to deliver their warrants to the Issuer or its agent or representative after 10:00 a.m. on the Business Day of the relevant deadline for subscription to qualify for dividend payments will not be entitled to participate in such dividend payments;

- (vi) where the eligible Debt Securities, e.g. bonds, to be submitted to the issuer or its agent or representative in lieu of conversion monies are subject to deadlines with regard to qualification to participate in interest payment accruing to such Debt Securities, subscription instruction input by a Participant other than Investor Participant from the last registration day before book-close date (or on the CCASS Record Date imposed by HKSCC for the determination of interest entitlement) until the Business Day next preceding the last day of the book-close period (or until the Business Day next preceding the interest payment day, whichever is later) shall

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not contain any eligible Debt Securities as substitution for conversion monies. In the case of Investor Participants, such subscription instruction given from two Business Days preceding the last registration day before book-close date (or on the CCASS Record Date imposed by HKSCC for the determination of interest entitlement) until two Business Days next preceding the last day of the book-close period (or until the Business Day next preceding the interest payment day, whichever is later) shall not contain any eligible Debt Securities as substitution for conversion monies;

- (vii) upon receipt of instructions from Participants to exercise their warrants in CCASS where eligible Debt Securities such as bonds are not specified, HKSCC will debit the relevant number of warrants from the relevant Stock Accounts of the Participants concerned and in the case of Participants other than Investor Participants the securities to be subscribed for or cash to be determined by issuer of the covered warrant with cash option will be recorded as receivable items in the "Warrant Subscription" section of their respective Entitlement Statements. Details of subscription activities of Investor Participants will be posted to the activity statements of such Participants;
- (viii) upon receipt of instructions from Participants to subscribe for securities under their warrants in CCASS where eligible Debt Securities such as bonds are specified to substitute for conversion monies, HKSCC will debit the relevant number of warrants and eligible Debt Securities from the relevant Stock Accounts of the Participants concerned and in the case of Participants other than Investor Participants the securities to be subscribed for (and the interests accruing to the eligible Debt Securities, where applicable) or cash to be determined by issuer of a warrant with cash option will be recorded as receivable items in the "Warrant Subscription with Bond Conversion" section of their respective Entitlement Statements. Details of subscription activities of Investor Participants will be posted to the activity statements of such Participants;
- (ix) based on the instructions of Participants and provided the Participants kept sufficient monies in their Designated Bank Accounts for subscription purpose, HKSCC will exercise the warrants except cash settled derivative/covered warrants on the following exercise day for Participants other than Investor Participants and the next following exercise day for Investor Participants. In relation to cash settled derivative/covered warrants, HKSCC will, based on the instructions of the Participants, exercise the cash settled derivative/covered warrants on the following exercise day;
- (x) upon receipt of the cash subscribed for by HKSCC, if such cash is received at or before 3:45 p.m. on a Business Day, HKSCC will usually cause such cash subscribed for to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the cash subscribed for on the following Business Day.

Upon receipt of the securities subscribed for by HKSCC, if such securities are received at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such securities subscribed for to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the securities subscribed for on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday);

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- (xi) if the securities subscribed for are not Eligible Securities, the Participants concerned, will be required to withdraw such securities from the CCASS Depository;
  - (xii) in relation to warrants approaching the end of their exercise period, Participants other than Investor Participants will be informed of the same via the Broadcast Message Service through CCASS Terminals and Participant Gateways;
  - (xiii) upon distribution of the securities subscribed for under the warrants, the Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated; and
  - (xiv) where securities subscribed for are credited to the Entitlements Statements of Participants other than Investor Participants as receivables and the securities subscribed for are subject to a scrip or dividend entitlement election option, HKSCC will generate a scrip or dividend option election instruction through CCASS Terminals and the procedures for election will be the same or similar to those described in Section 8.9. In the case of Investor Participants who are entitled to such scrip or dividend entitlement election option, HKSCC will generate a scrip or dividend option election instruction via the CCASS Phone System and the CCASS Internet System and the procedures for election will be the same or similar to those described in Section 8.9. Where the dividend entitlement with option election is unusual in nature, HKSCC may via the Broadcast Message Service inform Participants other than Investor Participants through CCASS Terminals and Participant Gateways any applicable procedures for election and Investor Participants will be informed of any applicable procedures for election via activity statements.

**8.13A** Repealed

**8.13B** Repealed

## **8.14 SUB-DIVISIONS, CONSOLIDATIONS ETC.**

### **8.14.1 General**

From time to time, Eligible Securities may be subject to sub-divisions, consolidations, stock conversions or a change in trading currency.

A sub-division of Eligible Securities would involve the conversion of the existing Eligible Securities of an Issuer into a larger number of Eligible Securities, or the splitting of existing Eligible Securities into "new" ones with a smaller nominal value (for example, each stock X of a nominal value of \$1.00 each may be sub-divided into ten new stock X of a nominal value of \$0.10 each). Any reference in these Operational Procedures to share or stock splitting or sub-division shall be construed accordingly.

A consolidation of Eligible Securities would involve the reverse of a sub-division in that existing Eligible Securities of an Issuer would be converted into a smaller number of Eligible Securities, or several existing Eligible Securities will be consolidated into one "new" one of a larger nominal value (for example, five stock Y of a nominal value of \$0.20 each may be consolidated into one new stock Y of a nominal value of \$1.00 each). Any reference in these Operational Procedures to share or stock consolidation shall be construed accordingly.

A stock conversion, as used herein, is similar to a sub-division or a consolidation in that, in effect, existing Eligible Securities are exchanged for new ones. The one important difference is that, unlike a sub-division or a consolidation, a stock conversion may involve

the exchange of Eligible Securities of two different issuers. For example, in a "redomicile" situation, usually done by way of a scheme of arrangement sanctioned by court, existing shares in a Hong Kong company will in effect be exchanged for new shares in an overseas company.

Subject to applicable regulations and approvals, the trading currency of Eligible Securities may be altered. For example, Eligible Securities traded in Hong Kong dollars may be approved to be traded instead in US dollars.

This Section is concerned with how sub-divisions, consolidations, stock conversions and changes in trading currency of Eligible Securities will normally be handled by HKSCC. There may be special handling procedures applicable to Foreign Securities and Uncertificated Eligible Securities which will be notified to Participants by circular from time to time. In most cases, the "new" securities will also be accepted as Eligible Securities by HKSCC.

For convenience, the existing Eligible Securities prior to a sub-division, a consolidation or a stock conversion will be referred to in this Section as "Old Shares". The new Eligible Securities as a result of a sub-division, a consolidation or a stock conversion will be referred to as "New Shares". As explained later, where the Eligible Securities are subject to parallel trading arrangements, the certificates originally for the Old Shares will be deemed to represent the New Shares temporarily for the purposes of facilitating trading in the New Shares. For convenience, such original certificates are referred to as "Temporary Shares".

The aim of HKSCC is to minimize the need for Participants with holdings in Eligible Securities subject to sub-divisions, consolidations or stock conversions, to have to exchange original certificates representing Old Shares, for new certificates representing New Shares at the registrars concerned, and also to minimize the inconvenience to such Participants with respect to parallel trading arrangements that may be in place.

Sections 8.14.2 to 8.14.5 describe the position where parallel trading arrangements are in place for sub-divisions, consolidations and stock conversions. Section 8.14.6 describes the position where there are no parallel trading arrangements.

Sections 8.14.8 and 8.14.9 describe the procedures in CCASS for handling changes in the trading currencies of Eligible Securities. Section 8.14.8 describes the position where parallel trading arrangements are in place. Section 8.14.9 describes the positions where there are no parallel trading arrangements.

#### **8.14.2 Parallel trading**

In the case of a sub-division, a consolidation or a stock conversion affecting Eligible Securities which are subject to parallel trading on the Exchange, typically, the following stages are involved :

- (i) the last trading day of the Old Shares will be the day before the effective date of the sub-division, consolidation or stock conversion;
- (ii) on the effective date of the sub-division, consolidation or stock conversion, a temporary trading counter for the Temporary Shares (i.e. original certificates for the Old Shares which are deemed to represent the New Shares) will be established on the Exchange to cater for dealing in the New Shares before new certificates representing them are readily available;
- (iii) thereafter, usually in about two weeks, a new trading counter for the New Shares

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(represented by new certificates) will be established on the Exchange;

- (iv) for a period of time, trading in the New Shares will be effected separately at two trading counters on the Exchange, as referred to in paragraphs (ii) and (iii) above and hence the term "parallel trading";
- (v) parallel trading will cease when the temporary trading counter for the Temporary Shares is closed on the Exchange; and
- (vi) usually from the time of the effective date of a sub-division, a consolidation, or a stock conversion until some specified time after the end of the parallel trading period, holders of original certificates representing Old Shares (or Temporary Shares) will be able to exchange such certificates for new certificates representing New Shares free of charge.

The Old Shares, the Temporary Shares and the New Shares will all be assigned stock codes by the Exchange and typically, the final stock code assigned by the Exchange to the New Shares will be the same stock code originally used for the Old Shares. HKSCC will normally adopt the same stock codes used by the Exchange for CCASS purposes.

#### **8.14.3 Procedures for automatic conversions under parallel trading**

For the convenience of Participants, HKSCC will at stated times (determined by reference to the effective date of the sub-division, consolidation or stock conversion, or the relevant parallel trading arrangements) carry out automatic conversions of actual holdings or unsettled stock positions of Participants in CCASS, from Old Shares into Temporary Shares by reference to the stated ratio of the sub-division, consolidation or stock conversion, and from Temporary Shares into New Shares on a one to one basis. Outstanding Settlement Instructions and Investor Settlement Instructions will also be automatically converted in CCASS.

Typically, automatic conversions (where there is no change in trading currency) will be carried out in CCASS as follows:

- (i) at the end of the first Settlement Day following the effective date of the sub-division, consolidation or stock conversion (if the effective time of such corporate action is upon market open on the effective date) or the second Settlement Day following the effective date (if the effective time is upon market close), (a) actual holdings of Old Shares of Participants will be automatically converted in CCASS into holdings of Temporary Shares and (b) unsettled Settlement Instructions and Investor Settlement Instructions will be automatically converted in CCASS into corresponding instructions relating to Temporary Shares, in each case based on the relevant ratio of the sub-division, consolidation, or stock conversion;
- (ii) at the end of the Settlement Day before the day on which parallel trading commences, (a) any further actual holdings of Old Shares and any unsettled stock positions of Old Shares of Clearing Participants arising out of Exchange Trades and/or Clearing Agency Transactions, will be automatically converted in CCASS into holdings of or stock positions in Temporary Shares and (b) any outstanding Settlement Instructions and Investor Settlement Instructions relating to Old Shares will be automatically converted in CCASS into corresponding instructions relating to Temporary Shares, in each case based on the relevant ratio. Typically, the Exchange will at the commencement of parallel trading assign the original stock code of the Old Shares to the New Shares. HKSCC will adopt the same approach for CCASS purposes;

- (iii) at the end of the second Settlement Day following the last day of parallel trading, (a) actual holdings of Temporary Shares of Participants will be automatically converted in CCASS into holdings of New Shares amounting, in effect, merely to a change of stock codes of such holdings in CCASS and (b) all outstanding Settlement Instructions and Investor Settlement Instructions relating to Temporary Shares will be automatically converted to corresponding instructions relating to New Shares, in each case on a one to one basis; and
- (iv) when all stock positions of Participants in the Temporary Shares in CCASS have been settled, (a) further actual holdings of Temporary Shares of Participants will again be automatically converted in CCASS into holdings of New Shares (this again amounting merely to a change of stock codes) and (b) all outstanding Settlement Instructions and Investor Settlement Instructions relating to Temporary Shares will be automatically converted to corresponding instructions relating to New Shares, in each case on a one to one basis.

Participants other than Investor Participants will be informed of the automatic conversions in CCASS referred to above in advance through the "Enquire Announcement Information" function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Corporate Action Reminder" section of their Entitlement Statements. Similar reminder will be provided to Investor Participants who have elected to receive the activity statements by mail or Investor Participants can enquire the details of such statements via CCASS Internet System. Upon automatic conversions, Participants other than Investor Participants will be informed by virtue of their Statements of Stock Accounts, Next Settlement Day Due/Overdue Position Reports and Settlement Reports available through their CCASS Terminals and Participant Gateways. Investor Participants will be similarly informed through their activity statements via mail or the CCASS Internet System. Participants are expected to monitor such automatic conversions and inform HKSCC of any errors or discrepancies found.

#### **8.14.4 Conversions by instructions of Participants under parallel trading**

Participants other than Investor Participants that wish to settle short positions in Temporary Shares or New Shares will have the flexibility of not relying on the automatic conversions referred to in Section 8.14.3(iii)-(iv) or to override such automatic conversions, by submitting a Parallel Trading Conversion Instruction to effect the conversions of their actual holdings (but not their unsettled stock positions) of Temporary Shares in one stock code into holdings of New Shares in another stock code (or vice versa) on a one to one basis in accordance with Section 7.13A.

#### **8.14.5 Deposits and withdrawals**

Unless otherwise approved by HKSCC, the deposits and withdrawals of original certificates representing Old Shares into or out of CCASS by Participants will not normally be accepted by HKSCC from two Settlement Days after the end of the relevant parallel trading period (where the Eligible Securities are subject to parallel trading arrangements) or the date from which the certificates of Old Shares will cease to be valid for delivery, trading and settlement purpose or otherwise as set forth in the issuer's circular, as the case may be. Participants will then have to submit such original certificates to the registrars of issuers of Eligible Securities to exchange them for certificates for the New Shares.

Save as mentioned and subject to availability, withdrawals by Participants of Old Shares, Temporary Shares and New Shares will be allowed at any time.

#### **8.14.6 Sub-division, consolidation or stock conversion not subject to parallel trading**

Where sub-divisions, consolidations or stock conversions affecting Eligible Securities are not subject to parallel trading arrangements (and where there is no change in trading

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currency), HKSCC will, at the end of the Business Day prior to the effective date of the sub-division, consolidation or stock conversion (if the effective time of such corporate action is upon market open on the effective date) or at the end of the effective date (if the effective time is upon market close), automatically convert (i) all actual holdings of Old Shares into New Shares, (ii) all unsettled CNS and IT stock positions of Old Shares into corresponding stock positions in New Shares and (iii) all outstanding Settlement Instructions and Investor Settlement Instructions relating to Old Shares into corresponding instructions relating to New Shares, in each case based on the relevant ratio of the sub-division, consolidation or stock conversion.

#### **8.14.7 Fractional securities**

Any fractional holdings or stock positions of a Participant as a result of a sub-division, consolidation or stock conversion will be dealt with in accordance with Section 8.21.

#### **8.14.8 Change in the trading currency of Eligible Securities subject to parallel trading**

Where there is a change in the trading currency of Eligible Securities and the Eligible Securities are subject to parallel trading on the Exchange, typically, automatic conversions will be carried out in CCASS as follows:

- (i) at the end of the first Settlement Day following the effective date of the change in trading currency (if the effective time of the corporate action is upon market open on the effective date) or the second Settlement Day following the effective date (if the effective time is upon market close), the actual holdings of Participants in shares valued in the original trading currency will be automatically converted in CCASS into holdings in a temporary counter valued in the new trading currency applying the relevant conversion ratio;
- (ii) at the end of the Settlement Day before the day on which parallel trading commences, the actual holdings of Participants in shares valued in the original trading currency will be automatically converted in CCASS into holdings in a temporary counter valued in the new trading currency applying the relevant conversion ratio; and
- (iii) at the end of the second Settlement Day following the last day of parallel trading, (a) the actual holdings of Participants in the temporary counter will be automatically converted into holdings of shares valued in the new trading currency and (b) any outstanding Settlement Instructions and Investor Settlement Instructions relating to the temporary counter will be automatically converted into corresponding instructions relating to shares valued in the new trading currency, in each case on a one to one basis.

The Participants will be advised of the relevant stages to be involved with respect to the parallel trading arrangements and the details of the automatic conversions on a case by case basis.

Normally, the holdings in shares valued in the original trading currency, the holdings in a temporary counter valued in the new trading currency and the holdings of shares valued in the new trading currency, as above referred to, will all be assigned stock codes by the Exchange and HKSCC will adopt the same stock codes for CCASS purposes.

Participants other than Investor Participants will have the flexibility of not relying on the automatic conversion referred to in Section 8.14.8(iii) or to override such automatic conversion, by submitting a Parallel Trading Conversion Instruction to effect the conversion of their actual holdings in a temporary counter valued in the new trading currency under one stock code into the holdings of shares valued in the new trading currency under another



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stock code (or vice versa) on a one to one basis in accordance with Section 7.13A of the Operational Procedures.

#### **8.14.9 Change in the trading currency of Eligible Securities not subject to parallel trading**

Where there is a change in the trading currency of Eligible Securities and the Eligible Securities are not subject to parallel trading arrangements, HKSCC will, at the end of the Business Day prior to the effective date of the change in trading currency (if the effective time of the corporate action is upon market open on the effective date) or at the end of the effective date (if the effective time is upon market close), automatically convert the actual holdings and stock lending positions of shares valued in the original trading currency into holdings or positions held under a temporary stock code valued in the original trading currency applying the relevant conversion ratio.

All unsettled CNS and IT stock positions and all outstanding Settlement Instructions and Investor Settlement Instructions will, from the end of the Business Day prior to the effective date or from the end of the effective date of the change in trading currency, as the case may be, be held under a temporary stock code (being one which is not a listed stock code). This will enable them to be settled in their original trading currency. In effect, this is only a change of stock codes. No withdrawal of shares held under the temporary stock code will be allowed by HKSCC.

At the end of the first or second Settlement Day following the effective date of the change in trading currency, as the case may be, actual holdings and stock lending positions under the temporary stock code valued in the original trading currency will be automatically converted in CCASS into shares or positions valued in the new trading currency on a one to one basis.

Participants other than Investor Participants that wish to settle outstanding SI / ISI relating to shares valued in the original trading currency with shares valued in the new trading currency or vice versa may submit to HKSCC a completed and signed form as prescribed by HKSCC from time to time.

Following each automatic conversion, Participants other than Investor Participants will be informed of the results through their CCASS Terminals and Participant Gateways and Investor Participants will be informed through activity statements despatched or transmitted via the internet to such Participants. Participants are expected to monitor such automatic conversions and inform HKSCC of any errors or discrepancies found in the statements.

### **8.15 INTEREST PAYMENTS**

#### **8.15.1 Determination of interest**

A Participant's entitlement to interest accruing to eligible Debt Securities will be determined by reference to the relevant eligible Debt Securities credited to its Stock Account as at the date on which the entitlement of HKSCC (or the Nominee) is determined. This will normally be the last registration date set by the issuer. However, in the case of bearer securities, it will be the CCASS Record Date imposed by HKSCC and, in the case of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, it will be one Business Day before the date on which interest is to be paid on them.

Interest entitlements of Participants will normally be calculated down to two decimal places for most currencies (see Section 8.23 which sets out the number of decimal places for calculation purposes in respect of different currencies.)

In the case of Debt Securities which are Foreign Securities and are held with an Appointed Depository, interest payments will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC and/or net of any Withholding Tax (whether withheld by HKSCC or any other parties). HKSCC will have no obligation to gross-up any such distribution or to pay any additional amount as a result of such deduction or Withholding Tax.

Without prejudice to the above, to the extent required by the Tax Information Exchange Framework, HKSCC shall be entitled to deduct or withhold Withholding Tax (whether withheld by HKSCC or any other parties) from any payment of interest payment (or payment of any other income) received by HKSCC on or accruing to Debt Securities to a Participant (or from any other payment made by HKSCC to a Participant) and shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax.

#### **8.15.2 Procedures: interest payment in an Eligible Currency**

For interest payments in an Eligible Currency, the following procedures will usually apply:

- (i) in the case of Participants other than Investor Participants the relevant announcement (stating the relevant time-limit) will be contained in the “Enquire Announcement Information” function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) “Book-Close Reminder” section of their Entitlement Statements normally seven Business Days before the date on which the entitlement of HKSCC (or the Nominee) is determined. Investor Participants will be informed of such announcements via the CCASS Phone System and the CCASS Internet System when such information is recorded in the system;
- (ii) on the date on which Participants' entitlements to interest are determined, interest entitlements will be recorded as receivable items in the "Interest Payment" section of Entitlement Statements of the relevant Participants other than Investor Participants;
- (iii) upon receipt of payment, if payment is received by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause payments to be credited to the Monday Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the amounts on the following Business Day. Participants other than Investor Participants will be informed when payment is received by HKSCC, via the Broadcast Message Service, available through CCASS Terminals and Participant Gateways; and
- (iv) upon interest entitlements being made available by HKSCC to Participants, the Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated with the interest payments.

Participants must ensure that they maintain a Designated Bank Account in the relevant Eligible Currency for payment to them of entitlements to interest in that Eligible Currency. Failure to observe this requirement will result in late receipt of the entitlements by the Participants. In such event, HKSCC shall not be liable to the Participants for any interest on those entitlements.

#### **8.15.3 Procedures : Interest payment in Non-Eligible Currencies**

For interest payments in currencies other than Eligible Currencies, HKSCC may in its discretion provided an option to Participants to receive interest in Hong Kong dollars. The procedures for interest entitlement election and distribution will be similar to those

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described in section 8.9.3. If currency election is not available, the procedures under section 8.7.3 will usually apply.

## **8.16 CONVERSION OF BONDS**

### **8.16.1 General**

Convertible bonds give their holders the right to convert for (or purchase) stated quantities of securities at stated conversion prices (subject to adjustments) during a conversion period or at stated conversion dates.

This Section is concerned with the conversion of eligible Debt Securities such as bonds, by Participants, into securities and the collection and distribution of such securities to Participants.

### **8.16.2 Procedures**

The following procedures will usually apply:

- (i) Participants with relevant bond holdings credited to their Stock Accounts in CCASS may at any time during the relevant conversion periods (subject to paragraphs (ii) and (iii) below) input instructions via their CCASS Terminals to HKSCC to convert for securities under their bonds in CCASS. Participants may cancel their subscription instructions on the same day. Except as mentioned below, upon input of the relevant instructions, debit entries for the appropriate conversion monies, where applicable will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. The debit entries will be effected for the conversion monies and conversion charges. In respect of instructions that are input before the specified time (normally, 11:00 a.m.) on the last day of the relevant conversion period or on the stated exercise date for bonds that are subject to a stated exercise date, HKSCC will upon acceptance and processing of the relevant instructions, generate CPIs to be issued to the Designated Banks of the Participants. Appropriate conversion monies will be collected from the Participants' Designated Bank Accounts immediately. No DDIs will be generated. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such subscription instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions. HKSCC will convert for the securities under their bonds for the Participants concerned in batch, any disbursement cost will be charged back to the Participants concerned upon notification of the exact amount from the registrars or transfer agent pro-rata to the number of bonds each Participant has given instructions to convert, or in such other manner as HKSCC considers fair and appropriate;
- (ii) for bonds that are subject to a stated exercise date, or for bonds approaching the end of their conversion period, HKSCC will inform Investor Participants via the CCASS Phone System and the CCASS Internet System and Participants other than Investor Participants via CCASS Terminals through the "Enquire Announcement Information" function and also in the i) Corporate Announcement Master Data File; and ii) Corporate Announcement Maintenance Activities Report with details of time-limits for instructions for those wishing to convert for securities under their bonds in CCASS (usually, by 11:00 a.m. on the stated exercise date or last conversion day);
- (iii) for bonds that are subject to deadlines with regard to qualification to participate in interest payments accruing to such bonds, HKSCC will not accept conversion instructions after 11:00 a.m. on the last registration day before book-close date (or the CCASS Record Date imposed by HKSCC for the determination of interest entitlements) until, in the case of Investor Participants, two Business Days preceding

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the last day of book-close period (or until two Business Days preceding the interest payment day, whichever is later) or, in the case of Participants other than Investor Participants, the Business Day next preceding the last day of book-close period (or until the Business Day next preceding the interest payment day, whichever is later).

- (iv) where the securities to be converted for under bonds are subject to deadlines with regard to qualification to participate in dividend payments etc. accruing to such securities, conversion instructions will normally have to be given to HKSCC by 11:00 a.m. on the day of the relevant deadline for subscription to qualify for any such dividend payments. For those instructions received by HKSCC on any Business Day before the relevant deadline, debit entries for the appropriate conversion monies will be posted to the Participants' Money Ledgers and will be automatically charged to the Participants' Designated Bank Accounts on the same Business Day via DDIs. For those instructions received by 11:00 a.m. on the day of the relevant deadline, HKSCC will generate CPIs to be issued to the Designated Banks of the paying Participants. Appropriate conversion monies will be collected from the Participants' Designated Bank Accounts immediately. Participants shall maintain sufficient funds in their Designated Bank Accounts to enable HKSCC to effect such conversion instructions. Failure to place HKSCC in funds by 1:00 p.m. may result in HKSCC not giving effect to such instructions;
- (v) upon receipt of instructions from Participants to convert for securities under their bonds in CCASS, HKSCC will debit the relevant number of bonds from the relevant Stock Accounts of the Participants concerned and the securities to be converted for (and the interest accruing to the bonds, where applicable) will be recorded as receivable items in the "Bond Conversion" section of their respective Entitlement Statements. Details of subscription activities of Investor Participants will be posted to their activity statements;
- (vi) based on the instructions of Participants and provided the Participants kept sufficient monies in their Designated Bank Accounts for conversion purposes, HKSCC will arrange for the conversion under the bond on the following Business Day for Participants other than Investor Participants and the next following Business Day for Investor Participants;
- (vii) upon receipt of the securities converted for by HKSCC, if such securities are received at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such securities to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the securities converted for on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday).

Upon receipt of any interest payments accruing to the bonds, where applicable, by HKSCC, if such payments are received at or before 3:45 p.m. on a Business Day, HKSCC will usually cause such payments to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the payments on the following Business Day;

- (viii) if the securities converted for are non Eligible Securities, the Participants concerned will be required to withdraw such securities from the CCASS Depository;
- (ix) Participants other than Investor Participants will be informed when securities converted for under the bonds are received by HKSCC via the Broadcast Message Service through their CCASS Terminals and Participant Gateways;

- (x) upon distribution of the securities converted for (and interest, where applicable) under the bond, the activity statements of Investor Participants and the Entitlement Statements of Participants other than Investor Participants will be updated; and
- (xi) where securities converted for are credited to the Entitlements Statements of Participants other than Investor Participants and the securities converted for are subject to a scrip or dividend entitlement election option, HKSCC will generate a scrip or dividend option election instruction through CCASS Terminals and the procedures for election will be the same or similar to those described in Section 8.9. In the case of Investor Participants who are entitled to such scrip or dividend entitlement election option, HKSCC will generate a scrip or dividend option election instruction via the CCASS Phone System and the CCASS Internet System and the procedures for election will be the same or similar to those described in Section 8.9. Where the dividend entitlement with option election is unusual in nature, HKSCC may via the Broadcast Message Service inform Participants other than Investor Participants through CCASS Terminals and Participant Gateways or, in the case of Investor Participants, via the CCASS Phone System and the CCASS Internet System any applicable procedures for election and Investor Participants will be informed of any applicable procedures for election via the activity statements.

### **8.16.3 Other procedures**

Participants will be advised of other relevant procedures to be followed/observed with respect to conversions of eligible Debt Securities on a case by case basis.

## **8.17 BOND, EXCHANGE FUND NOTES, GOVERNMENT BONDS, SPECIFIED INSTRUMENTS AND CMU INSTRUMENTS REDEMPTION**

### **8.17.1 General**

This section is concerned with (a) the redemption, either put or call in nature, of eligible Debt Securities such as bonds, (b) the redemption of Exchange Fund Notes, (c) the redemption of Specified Instruments, (d) the redemption of CMU Instruments, (e) the redemption of Government Bonds and (f) the distribution of the principal amount to Participants.

Bond redemption involves the surrendering of bond certificates in return for principal. The corporate activity can be effected at a bond's maturity, or at any time during its life cycle, according to the provisions stated in the issuing document.

The redemption of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments involves debiting them from the Participants' Stock Accounts and crediting the corresponding redemption amounts to the Participants' Money Ledgers. Redemption of Exchange Fund Notes will occur on their maturity dates. Redemption of Specified Instruments or CMU Instruments or Government Bonds will occur at or before their maturity dates, (and if before, either in whole or in part) in accordance with their terms and conditions.

### **8.17.2 Bond redemption - call**

Redemption of a bond called by the issuer can be effected at or before its maturity, and either in part or full. In such event the following procedures will usually apply:

- (i) a Participant's redemption rights (subject to paragraph (ii) below) will normally be determined by reference to the relevant bonds credited to its Stock Account on the redemption effective date on which the extent of the right of HKSCC to take part in such redemption is determined;

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- (ii) in the case of redemption in part by redeeming specific certificate numbers, HKSCC will conduct a random computerized balloting in order to determine from which Participants' Stock Accounts, and in what quantities, the bonds are to be redeemed;
  - (iii) the relevant announcement will be contained in the "Enquire Announcement Information" function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statements of Participants other than Investor Participants normally seven Business Days before the last registration day/CCASS Record Date, or following the announcement. In the case of Investor Participants, such announcement will be contained in the "Enquire Corporate Activities" and "Corporate Action Reminder" functions via the CCASS Internet System and the "Corporate Action Deadline Enquiry" function via the CCASS Phone System and will also be set out in the "Reminder" section of the activity statement after input of the announcement into CCASS;
  - (iv) for full redemption implemented at bond's maturity, or early redemption which employs the same last registration day of an interest period, procedures in relation to the accrued interest will be dealt with in Section 8.15 ("Interest Payments");
  - (v) on the relevant date all or part, subject to the terms of the redemption determined by the bond issuer, of the bonds will be debited from Stock Accounts of the Participants concerned (subject to paragraph (vi) below), and in the case of Participants other than Investor Participants related principal and accrued interest where applicable, will be recorded as receivable items in the "Bond Redemption" section of their respective Entitlement Statement;
  - (vi) in the case of redemption in part by redeeming specific certificate numbers, HKSCC will, usually on the Business Day immediately preceding the redemption date, carry out balloting for all the Participants holding the eligible Debt Securities after the final settlement batch run. Participants drawn in the balloting process will have the relevant bonds quantity debited from their Stock Account with an amount not greater than the total holding of all Stock Accounts. Should any negative balance in the relevant Participants' Stock Accounts result from the debit, Participants should replenish the difference by means of ATI on the Business Day following the balloting day;
  - (vii) upon receipt of the principal entitlements and accrued interest by HKSCC, HKSCC will cause such cash consideration to be credited to the Participants concerned in the same way as described in Section 8.15.2(iii). Participants other than Investor Participants will be informed when cash consideration are received by HKSCC via the Broadcast Message Service through their CCASS Terminals and Participant Gateways;
  - (viii) upon principal entitlements and accrued interest where applicable, being made available by HKSCC to Participants, the relevant Participants' daily activity statements or Entitlement Statements, as the case may be, will be updated; and
  - (ix) any disbursement charges will be charged back to the Participants concerned on a pro-rata basis relating to the number of eligible bonds so held/redeemed by/debited from the relevant Participants, or in such other manner as HKSCC considers fair and appropriate upon distribution of the cash by HKSCC.

**8.17.3 Bond redemption - put**

As stated in the issue documents, bond Issuers may specify a put period during which bond holders are given the rights to redeem the bonds. In such event, the following procedures will usually apply:

- (i) Participants with bonds credited to their Stock Accounts may at any time during the relevant redemption periods (subject to paragraph (iii) below) input redemption instructions to HKSCC via their CCASS Terminals in the case of Participants other than Investor Participants, or via the CCASS Phone System, the CCASS Internet System or the Customer Service Centre in the case of Investor Participants. Participants may cancel their redemption instructions on the same day;
- (ii) if no redemption instruction is received by HKSCC from a Participant by the stated time-limit, HKSCC will not take any action in respect of that Participant's bonds held in CCASS;
- (iii) for bonds that are subject to deadlines with regard to qualification to participate in interest payment accruing to such bonds, HKSCC will not accept redemption instructions from the last registration day before book-close date (or the CCASS Record Date imposed by HKSCC for the determination of interest entitlement) until in the case of Investor Participants, two Business Days preceding the last day of book-close period (or until two Business Days preceding the interest payment day, whichever is later) and in the case of Participants other than Investor Participants, the Business Day next preceding the last day of book-close period (or until the Business Day next preceding the interest payment day, whichever is later);
- (iv) upon receipt of valid instructions from Participants to redeem, HKSCC will debit the relevant number of eligible bonds from the relevant Stock Accounts of the Participants and, in the case of Participants other than Investor Participants, the relevant principal and accrued interest will be recorded as receivable items in the "Bond Redemption" section in their respective Entitlement Statements;
- (v) based on the instructions of Participants, HKSCC will arrange for the redemption of the relevant number of eligible bonds;
- (vi) upon receipt of the cash under the redemption, HKSCC will normally cause payments to be made in the same way as described in section 8.16.2(ii);
- (vii) upon distribution of the cash or securities received by HKSCC under redemption, the activity statements of Investor Participants and the Entitlement Statements of Participants other than Investor Participants will be updated; and
- (viii) any disbursement charge will be charged back to the Participants concerned on a pro-rata basis relating to the number of bonds each Participant has given instructions to redeem, or in such other manner as HKSCC considers fair and appropriate upon distribution of the cash or securities by HKSCC.

**8.17.4 Redemption of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments**

For redemption of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, the following procedures will usually apply:

- (i) a Participant's redemption rights will be determined by reference to the relevant Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments credited to its Stock Account on the date on which the entitlement of

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HKSCC to redemption monies is determined (usually one Business Day before the maturity or other redemption date);

- (ii) the relevant announcement will be contained in the "Enquire Announcement Information" function via CCASS Terminals and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statement normally seven Business Days before the date on which the entitlement of HKSCC to redemption monies is determined;
- (iii) on the date on which the entitlement of HKSCC to redemption monies is determined (usually one Business Day before the maturity or other redemption date, as the case may be), all the relevant Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments will be debited from Stock Accounts of the Participants concerned and the corresponding redemption monies will be recorded as receivable in the "Bond Redemption" sections of the Entitlement Statements of Participants other than Investor Participants;
- (iv) upon receipt of the redemption monies by HKSCC, HKSCC will cause the monies to be credited to Participants in the same way as described in Section 8.15.2(iii). Participants will be informed when monies is received by HKSCC via the Broadcast Message Services through their CCASS Terminals and Participant Gateways; and
- (v) upon redemption monies being made available by HKSCC to Participants other than Investor Participants, their Entitlement Statements will be updated.

#### **8.17.5 Other procedures**

Participants will be advised of other relevant procedures to be followed/observed with respect to redemptions of eligible Debt Securities on a case by case basis.

### **8.17A REDEMPTION OF SHARES**

#### **8.17A.1 General**

This Section is concerned with the redemption of shares of a company on specific redemption days. The conditions and general procedures for such redemption of shares will be made pursuant to and be governed by the constitutional documents and prospectus of the company, and the general law provided that prior arrangement with HKSCC has been established.

#### **8.17A.2 Redemption of shares**

The following procedures will usually apply:

- (i) Participants wishing to redeem shares must give redemption requests to HKSCC in such manner as HKSCC shall from time to time require. HKSCC may require Participants to give redemption requests by inputting redemption orders via their CCASS Terminals and/or submitting to HKSCC duly completed notice of redemption in the form prescribed by HKSCC. Normally, redemption requests (including redemption orders and/or redemption forms) must be received by HKSCC within a pre-determined time period before a redemption day specified by the company. Redemption requests received outside the pre-determined time period will be treated as redemption requests for the next following redemption day.



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- (ii) Pursuant to the redemption requests, HKSCC will be authorized to withdraw shares from designated Stock Accounts of redeeming Participants before 3:45 p.m. on the second Business Day after the date of receipt of redemption requests by HKSCC.
  - (iii) Following receipt of redemption requests, debit entries representing CCASS fees, if applicable, will be posted to Participants' Money Ledgers on the day when redeemable shares are to be withdrawn from Participants' designated Stock Accounts.
  - (iv) Redemption requests once submitted to HKSCC may not be withdrawn except under special circumstances as specified in the constitutional documents and/or prospectus of the relevant company or with the consent of the company.
  - (v) If there are insufficient shares in the Participant's designated Stock Account for withdrawal, the relevant redemption request of such Participant will be rejected by HKSCC and the Participant will be notified of such rejection by fax or in any other manner as decided by HKSCC. There may be other circumstances set out in the constitutional documents and/or prospectus of the relevant company requiring or entitling the company or its agent to reject redemption requests. When a redemption request is rejected due to insufficient shares, HKSCC may, on behalf of the redemption agent, debit a handling fee from the relevant Participant's Designated Bank Account and any CCASS fee collected, if applicable, will not be refunded.
  - (vi) HKSCC will make available the withdrawn shares to the redemption agent in due course for custody purpose until the relevant redemption day.
  - (vii) If the redemption proceeds are received by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause the redemption proceeds to be credited to the relevant Participants' Money Ledgers on the same day. Otherwise, HKSCC will credit the redemption proceeds on the following Business Day. Participants other than Investor Participants will be informed when the redemption proceeds are received by HKSCC, via the Broadcast Message Service available through their CCASS Terminals and Participant Gateways or in any other manner as decided by HKSCC.
  - (viii) Upon redemption monies being made available by HKSCC to Participants, the Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated with the payment of the redemption proceeds.

### **8.17A.3 Other procedures**

HKSCC may agree with companies that offer redemption of their shares on the redemption procedures to be followed/observed by the Participants different from and/or in addition to the procedures described in Section 8.17A.2 above. Participants will be advised of the applicable procedures to be followed/observed with respect to redemption of shares of the relevant companies on a case by case basis.

## **8.18 ELECTRONIC APPLICATION INSTRUCTIONS FOR NEW ISSUE SHARES**

### **8.18.1 General – application instruction**

A Participant may electronically instruct HKSCC (a) to cause the Nominee to apply for New Issue Shares on its behalf and (b) to arrange payment and, in the case of wholly or partly unsuccessful applications, refund of the money due on application. Where such an Electronic Application Instruction for New Issue Shares is given by a Participant to make application for New Issue Shares, the Participant is deemed to have agreed to the following:-

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- (i) Electronic Application Instructions for New Issue Shares given by the Participant must be for the minimum amount or one of the permitted multiple amounts of New Issue Shares specified in the application form for the New Issue Shares;
  - (ii) any application made by the Nominee on behalf of the Participant pursuant to Electronic Application Instructions for New Issue Shares given by the Participant is irrevocable for the same period as applications are irrevocable (by contract or statute) under the New Issue;
  - (iii) HKSCC shall consolidate all Electronic Application Instructions for New Issue Shares from Participants and shall, having excluded instructions which will or may result in multiple applications or suspected multiple applications (to which paragraph (ix) below will apply), cause the Nominee to apply for the number of consolidated New Issue Shares as nominee on behalf of those Participants who have given Electronic Application Instructions for New Issue Shares to HKSCC and the Nominee shall be authorized to sign an application form as agent for Participants;
  - (iv) HKSCC is authorized to debit the Participant's Designated Bank Account and to credit the account of the receiving bank appointed by the Issuer with payment in full for the New Issue Shares (and all other amounts due on the application, including brokerage, transaction levy and the Exchange's trading fee) in respect of which it has given Electronic Application Instructions for New Issue Shares;
  - (v) the Participant undertakes and agrees with HKSCC to accept the allocation to it of the New Issue Shares in respect of which it has given Electronic Application Instructions or any lesser number allocated to it;
  - (vi) the Participant undertakes and confirms to HKSCC that it has not applied for or taken up any shares in any placing of shares in the capital of the Issuer or any placing of Units or otherwise participated in any such placing;
  - (vii) the Participant declares that its Electronic Application Instructions for New Issue Shares to HKSCC to cause the Nominee to apply for New Issue Shares on its behalf will result in there being only one application for or in respect of New Issue Shares made by it or on its behalf (and only one application for or in respect of New Issue Shares intended to be made by it or on its behalf) to benefit it or the person for whose benefit it gave the electronic instructions;
  - (viii) the Participant agrees that the above declaration in para (vii) will be relied upon by the Issuer in deciding whether or not to make any allotment of New Issue Shares in response to the application made by the Nominee on its behalf;
  - (ix) the Participant agrees that, if (a) it has made a multiple application or is suspected of having made a multiple application or if more than one application is made for its benefit, (b) the account of the Issuer's receiving bank is not credited with the full payment required to be made by the Participant for the New Issue Shares (including brokerage, transaction levy and the Exchange's trading fee) or (c) the amount of its application money for each instruction exceeds eleven digits (including cents), its application may be rejected and the number of New Issue Shares applied for by the Nominee shall be automatically reduced by the number of New Issue Shares in respect of which the Participant's application has been rejected;
  - (x) the Participant agrees that, for the purposes of (a) determining whether a Participant has made multiple application or an application has been made for its benefit and

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- (b) allocating New Issue Shares, the Nominee shall not be treated as an applicant and the Issuer may treat the Participant who gave the Electronic Application Instruction for New Issue Shares as an applicant;
- (xi) the Participant authorizes the Issuer, in respect of the New Issue Shares allocated to it, to issue certificates in the name of the Nominee and to deliver the same to the CCASS Depository service counter before the time specified by HKSCC or the Nominee on the day the certificates are to be despatched in accordance with the Prospectus and, if applicable, the Prospectus as supplemented and amended;
- (xii) in the case of a refund of application money, brokerage, transaction levy and the Exchange's trading fee to the Participant, no interest will be paid and the Participant authorizes the Issuer and HKSCC to make payment to effect the refund on the same Business Day that refund cheques are despatched to or available for collection by applicants as described in the Prospectus and, if applicable, the Prospectus as supplemented and amended;
- (xiii) the Participant declares that it has read the terms and conditions and application procedures set out in the Prospectus and the associated application form and agrees to be bound by them;
- (xiv) the Participant confirms that, in giving an Electronic Application Instruction for New Issue Shares it has only relied on the information and representations in the Prospectus and it agrees that the Issuer and the other parties involved in the New Issue are liable only for the information and representations contained in the Prospectus;
- (xv) in making Electronic Application Instructions for New Issue Shares which are H Shares, the Participant additionally agrees as follows:
- (a) it agrees with the Issuer, for itself and for the benefit of each shareholder of the Issuer (and so that the Issuer will be deemed by its acceptance in whole or in part of its application to have agreed, for itself and on behalf of each shareholder of the Issuer, with the applicant) to observe and comply with the applicable Company Law, the Special Regulations and the Articles of Association of the relevant Issuer;
- (b) it agrees with the Issuer, for itself and for the benefit of each shareholder of the Issuer and each director, supervisor, manager and other senior officer of the Issuer (and so that the Issuer will be deemed by its acceptance in whole or in part of its application to have agreed, for itself and on behalf of each shareholder of the Issuer and each director, supervisor, manager and other senior officer of the Issuer, with the CCASS applicant) to refer all differences and claims arising from the Articles of Association of the Issuer or any rights or obligations conferred or imposed by the applicable Company Law or other relevant laws and administrative regulations concerning the affairs of the Issuer to arbitration in accordance with the Articles of Association of the Issuer, that any award made in such arbitration shall be final and conclusive and that the arbitration tribunal may conduct hearings in open session and publish its award;
- (c) it agrees with the Issuer (for itself and for the benefit of each shareholder of the Issuer) that H Shares in the Issuer are freely transferable by their holders; and

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- (d) it authorizes the Issuer to enter into a contract on behalf of the CCASS applicant with each director and officer of the Issuer whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Issuer;
  - (xvi) HKSCC is authorized to transfer the Participant's personal information and application details to the Issuer and its appointed agents, regulatory or governmental bodies and the Participant agrees that the section of the application form (headed "Personal Data") applies to any personal data about the Participant held by the Issuer; and
  - (xvii) HKSCC and the Nominee (a) are authorized by the Participant on its behalf to give and make such undertakings, confirmations, understandings, declarations and agreements as are required to be given and made by or on behalf of the Participant in accordance with the terms and conditions of any New Issue or its associated Prospectus, including in respect of the matters described above in this section 8.18.1, (b) accept no liability to the Participant arising out of or in connection with any such undertaking, confirmation, understanding, declaration or agreement and (c) will be indemnified by the Participant in respect of any costs, losses, liabilities, expenses, damages, actions, suits or proceedings which they suffer or incur arising out of or in connection with any such undertaking, confirmation, understanding, declaration or agreement.

#### **8.18.1A General – application confirmation instruction (if applicable)**

Where an application for New Issue Shares is made by the Nominee on behalf of a Participant pursuant to Section 8.18.1, the Participant may, in case where a confirmation of the application is required by the relevant Issuer as described in the Prospectus as supplemented and amended, electronically instruct HKSCC to cause the Nominee to confirm on its behalf the application for New Issue Shares made on its behalf. Where such an Electronic Application Instruction for New Issue Shares is given by the Participant to make confirmation of application, the Participant is deemed to have agreed to the following:

- (i) the Electronic Application Instruction for New Issue Shares given by the Participant must be for all, and not some, of the New Issue Shares (a) applied for in the application made on behalf of the Participant or (b) (where a confirmation is required to be made after the allocation or allotment of New Issue Shares) applied for in the application made on behalf of the Participant and allocated or allotted to the Participant;
- (ii) any confirmation of application made by the Nominee on behalf of the Participant pursuant to the Electronic Application Instruction for New Issue Shares given by the Participant is irrevocable as confirmations are irrevocable (by contract or statute) under the New Issue;
- (iii) HKSCC shall consolidate all Electronic Application Instructions for New Issue Shares from Participants and shall cause the Nominee to confirm, as nominee on behalf of those Participants who have given such Electronic Application Instructions for New Issue Shares to HKSCC, the applications for New Issue Shares made on their behalf, and the Nominee shall be authorized to sign a confirmation form as agent for the Participants;
- (iv) where a confirmation is required to be made after allocation or allotment of New Issue Shares, the Participant undertakes and agrees with HKSCC to accept the final allocation or allotment to it of the New Issue Shares in respect of which it has given Electronic Application Instructions for New Issue Shares;

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- (v) for the purpose of determining whether a Participant has confirmed the application made, the Issuer may treat the Participant who gave the Electronic Application Instruction for New Issue Shares as a confirming applicant;
  - (vi) the Participant declares that it has read the terms and conditions and confirmation of application procedures set out in the Prospectus as supplemented and amended, and the associated application forms and the confirmation form, and agrees to be bound by them;
  - (vii) the Participant confirms that, in giving an Electronic Application Instruction for New Issue Shares, it has only relied on the information and representations in the Prospectus as supplemented and amended, and it agrees that the Issuer and the other parties involved in the New Issue are liable only for the information and representations contained in the Prospectus as supplemented and amended;
  - (viii) HKSCC is authorized to disclose and transfer the Participant's personal data and information and confirmation details to the Issuer and its appointed agents, regulatory or governmental bodies;
  - (ix) HKSCC and the Nominee (a) are authorized by the Participant on its behalf to give such acknowledgements, acceptances, confirmations, agreements, understandings and declarations as are required to be given and made by or on behalf of the Participant in accordance with the terms and conditions of the Prospectus as supplemented and amended, including in respect of the matters described above in this section 8.18.1A, (b) accept no liability to the Participant arising out of or in connection with any such acknowledgements, acceptances, confirmations, agreements, understandings and declarations and (c) will be indemnified by the Participant in respect of any costs, losses, liabilities, expenses, damages, actions, suits or proceedings which they suffer or incur arising out of or in connection with any such acknowledgements, acceptances, confirmations, agreements, understandings and declarations; and
  - (x) the Participant agrees that (a) the above acknowledgements, acceptances, confirmations, agreements, understandings and declarations will be relied upon by the Issuer and the other parties involved in the New Issue in deciding whether or not to accept the application confirmation made by the Nominee on its behalf and (b) the Participant will be prevented from suing or claiming against the Issuer or any other parties involved in the New Issue for any loss that it may suffer in relation to the application for New Issue Shares made by the Nominee on its behalf.

#### **8.18.2 Procedures**

- (i) Information on New Issue Shares available for electronic application and (where applicable) for electronic application confirmation is made available to Investor Participants through the EIPO Announcement Enquiry function of the CCASS Phone System and the Enquire EIPO Announcement function of the CCASS Internet System. Similar information is made available to Participants other than Investor Participants through the Enquire Authorised EIPO Announcement function of CCASS Terminals.
- (ii) Participants other than Investor Participants may input Electronic Application Instructions for New Issue Shares via their CCASS Terminals for their clients and themselves and the Participants will be treated as those giving the application instructions or application confirmation instructions, as the case may be. Electronic Application Instructions for New Issue Shares may be given by Investor Participants either via the CCASS Phone System or the CCASS Internet System or submitted by

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Investor Participants to the Customer Service Centre. For the avoidance of doubt, only those Participants that have given application instructions in respect of a New Issue may input, where applicable, application confirmation instructions in respect of that New Issue.

- (iii) The quantity of New Issue Shares applied for by a Participant must be one of the acceptable quantities specified by the relevant Issuer in the Prospectus. HKSCC reserves the right to reject instructions to apply for any other quantities of New Issue Shares. Any application confirmation instruction, where applicable, must be for (a) all of the New Issue Shares applied for or (b) (where a confirmation is required to be made after allocation or allotment of New Issue Shares) all of the New Issue Shares applied for and allocated or allotted to it. HKSCC reserves the right to reject instructions to confirm part of the New Issue Shares applied for or applied for and allocated or allotted to, as the case may be. The information as to the names, addresses, identification document numbers and number of New Issue Shares in respect of which Electronic Application Instructions for New Issue Shares are given will be transmitted to the registrar for balloting and processing of the application and (where applicable) processing of application confirmation.
- (iv)
  - (a) In respect of application instructions, Participants other than Investor Participants can input Electronic Application Instructions for New Issue Shares for making applications on any Business Day or a Saturday (unless it is a public holiday) during their application period from 9:00 a.m. (if such day is the application start date) or 8:00 a.m. (if otherwise) to 8:30 p.m. on a Business Day or 1:00 p.m. on a Saturday except on the last application day, and Investor Participants can input such Electronic Application Instructions for New Issue Shares during their application period on an approximately 24 hours basis. The latest time for inputting Electronic Application Instructions for New Issue Shares on the last application day is the deadline specified by the Issuer, which is usually 12:00 noon. Participants may cancel their Electronic Application Instructions for New Issue Shares at any time before the application deadline.
  - (b) In respect of application confirmation instructions, Participants other than Investor Participants can input Electronic Application Instructions for New Issue Shares for making application confirmations on any Business Day or a Saturday (unless it is a public holiday) during the period within which confirmation of application can be made from the time specified by the relevant Issuer (if such day is the start date of the confirmation period) or 8:00 a.m. (if otherwise) to 8:30 p.m. on a Business Day or 1:00 p.m. on a Saturday except on the last day of the confirmation period, and Investor Participants can input such Electronic Application Instructions for New Issue Shares during the confirmation period on an approximately 24 hours basis. The latest time for inputting such Electronic Application Instructions for New Issue Shares on the last day of the confirmation period is usually the deadline specified by the Issuer.
- (v) On the last application day, HKSCC will arrange payment of the application monies by debits to the Designated Bank Accounts of Participants and corresponding credits to the Issuer's account with its receiving bank(s). An application in respect of which the EPI is rejected is liable to be rejected by the Issuer or its registrar.
- (vi) Upon receipt of securities and file(s) containing information as to the identity of Participants to whom New Issue Shares have been allocated and the number of New Issue Shares allocated to each of them, HKSCC will cause such securities to be credited to the Stock Accounts of the CCASS applicants. Upon distribution of securities by HKSCC to them, the Statement of Stock Movement Reports of the

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relevant Participants other than Investor Participants and activity statements of the relevant Investor Participants will be updated. For the avoidance of doubt, in the event that confirmation of application is required by the relevant Issuer after the allocation or allotment of the New Issue Shares, the crediting of securities and updating of statements will be subject to the confirmation and the final allocation or allotment.

- (vii) Upon receipt of file(s) containing information as to the identity of Participants whose applications have been unsuccessful in whole or in part or whose applications have been rejected or who are entitled to refunds due to application price adjustment or who are entitled to refunds due to applications unconfirmed, and the amounts of the refunds due to each of them, HKSCC will generate EPIs to arrange for payment of refunds. A single EPI will be generated for each Participant other than Investor Participants in respect of refund application monies. The amount of refund money in respect of a Participant other than an Investor Participant will be recorded in its New Issues Entitlement Report. Investor Participants who have elected to receive the activity statement will be informed of the same by mail. Investor Participants can enquire the details of such statements via the CCASS Internet System.
- (viii)
  - (a) In respect of application instructions, Investor Participants can enquire details of their Electronic Application Instructions for New Issue Shares for making applications via “EIPO Instruction Done Enquiry” function of the CCASS Phone System or the “Enquire EIPO Application Instruction” function of the CCASS Internet System, and Participants other than Investor Participants can enquire about their authorized and pending application instructions through the “Enquire EIPO Application” function of CCASS Terminals. Electronic Application Instructions for New Issue Shares for making applications received from Investor Participants will be recorded in the activity statements of such Participants. All application maintenance activities performed by Participants other than Investor Participants will be recorded in the New Issues Application Input Activities Report.
  - (b) In respect of application confirmation instructions, Investor Participants can enquire details of their Electronic Applications Instructions for New Issue Shares for making application confirmation via the “Confirmed EIPO Application Done Enquiry” function of the CCASS Phone System or the “Enquire Confirmed EIPO Application” function of the CCASS Internet System., and Participants other than Investor Participants can enquire about their authorized and pending instructions for making application confirmations through the “Enquire Confirmed EIPO Application” function of CCASS Terminals. Electronic Application Instructions for New Issue Shares for making application confirmations received from Investor Participants will be recorded in the activity statements of such Participants. All maintenance activities in relation to application confirmation instructions performed by Participants other than Investor Participants will be recorded in the New Issues Application Input Activities Report.
- (ix) Participants can enquire about allocation results through the CCASS Phone System, the CCASS Internet System, CCASS Terminals. These results will be available from the date of receipt of the relevant information from the Issuer or its agent to 10 Business Days after the later of the refund date and second refund date, if any. Participants other than Investor Participants may receive allocation results from the Issuer's registrar containing details at each Electronic Application Instruction for

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New Issue Shares level in cases where the relevant information is not provided to HKSCC soon enough. They should in turn inform their clients of the allocation results.

- (x) The amounts of fees for the handling of application instructions and issuance of EPIs (see Sections 21.5, 21.7, 22.2 and 22.4) will be collected from Investor Participants and Participants other than Investor Participants through the generation of DDIs and EPIs respectively by HKSCC.

### **8.18.3 Other Procedures**

HKSCC may agree with the relevant Issuer the relevant procedures to be followed or observed by the Participants which may be different from and/or in addition to the procedures described in Section 8.18.2 above. Participants will be advised of other relevant procedures to be followed or observed with respect to the Electronic Application Instructions for New Issue Shares on a case by case basis.

## **8.19 TENDER INSTRUCTIONS FOR EXCHANGE FUND NOTES, GOVERNMENT BONDS, SPECIFIED INSTRUMENTS AND CMU INSTRUMENTS**

- 8.19.1** A Participant may electronically instruct HKSCC to (a) tender for Exchange Fund Notes, Specified Instruments or apply for Government Bonds, CMU Instruments on its behalf and (b) arrange payment and, in the case of wholly or partially unsuccessful tenders or applications, refund of the tender money or application money. Refunds may also be made if the initial bid price for Exchange Fund Notes or Specified Instruments is greater than the final accepted price or when the application price of Government Bonds or CMU Instruments is greater than the subscription price.

Where Tender Instructions for Exchange Fund Notes or Specified Instruments are given, the Participant is deemed to have agreed to the following:-

- (i) Tender Instructions given by the Participant must be for the minimum amount or one of the permitted multiple amounts specified in the terms of issue of the Exchange Fund Notes or Specified Instruments;
- (ii) HKSCC is authorized to debit the appropriate tender money, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), to cause these amounts to be paid from the Participant's Designated Bank Account by DDI;
- (iii) in case of a refund of tender money, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), to the Participant, no interest will be paid;
- (iv) the Participant declares that it has read the terms of the issue of the Exchange Fund Notes or Specified Instruments and all documents governing the issue of and tender for the Exchange Fund Notes or Specified Instruments and agrees to be bound by them;
- (v) the Participant undertakes and agrees with HKSCC to accept the allocation to it of the Exchange Fund Notes or Specified Instruments in respect of which a tender has been made on its behalf or any lesser number allocated to it; and
- (vi) the Participant undertakes to be bound by all market regulations that may be specified from time to time by the HKMA in relation to Exchange Fund Notes or Specified Instruments and the provisions in the EFCS Reference Manual and similar documents.



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Where Tender Instructions for Government Bonds or CMU Instruments are given, the Participant is deemed to have agreed with and confirmed to HKSCC the following:

- (i) Tender Instructions given by the Participant to HKSCC to apply for Government Bonds or CMU Instruments on its behalf must be for the minimum amount or one of the permitted multiple amounts specified in the terms and conditions of issue of Government Bonds or the CMU Instruments;
- (ii) the Participant authorizes HKSCC to debit the appropriate application money, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), to cause these amounts to be paid from the Participant's Designated Bank Account by DDI and the Participant undertakes to ensure that the full amount of the application money is available in its Designated Bank Account;
- (iii) in the case of a refund of the whole or an appropriate portion of the application money, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), to the Participant, no interest will be paid;
- (iv) (in the case of Government Bonds) the Participant declares that it has read the terms of the issue of the Government Bonds and all documents governing the issue of and application for the Government Bonds and agrees to be bound by them;
- (v) (in the case of CMU Instruments) the Participant declares that it has read the terms and conditions of the issue of the CMU Instruments, the terms and conditions and application procedures set out in the Prospectus and all documents governing the issue of and application for the CMU Instruments, and agrees to be bound by them;
- (vi) the Participant undertakes and agrees with HKSCC to accept the allocation to it of the Government Bonds or CMU Instruments applied for on its behalf or any lesser number allocated to it;
- (vii) the Participant undertakes to be bound by all market regulations that may be specified from time to time by the HKMA in relation to the Government Bonds or the Issuer in relation to the CMU Instruments and the provisions in the CMU Manual as referred to in Rule 703 and similar documents where applicable; and
- (viii) the Participant other than an Investor Participant agrees to check if any of its clients has made multiple applications and satisfied the relevant eligibility criteria and will reject as required under the terms and conditions of the issue of the Government Bonds or the CMU Instruments or any other document governing the issue of and application for the Government Bonds or the CMU Instruments.

#### **8.19.2 Procedures**

The following procedures will usually apply in relation to Tender Instructions for Exchange Fund Notes or Specified Instruments:

- (i) the relevant announcements will be contained in the "Enquire Authorized Tender Announcement" function via CCASS Terminals and also posted under the "New Issue Reminder (Tendering)" section in the New Issues Entitlement Report of Participants (other than Investor Participants) following the announcements. The relevant announcements are made available to Investor Participants through the Tender Enquiry function of the CCASS Phone System and the "Enquire Tender Announcement" function of the CCASS Internet System;

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- (ii) Participants other than Investor Participants may input Tender Instructions via their CCASS Terminals for their clients and themselves. Tender Instructions may be given by Investor Participants either via the CCASS Phone System or the CCASS Internet System or submitted by Investor Participants to the Customer Service Centre;
  - (iii) Participants other than Investor Participants can input Tender Instructions on any Business Day or Saturday (unless it is a public holiday) commencing from four Business Days before the tender day from 9:00 a.m. (if such day is the input commencement date) or 8:00 a.m. (if otherwise) to 7:00 p.m., Monday to Friday or 1:00 p.m. on a Saturday, except as mentioned below. Investor Participants can input Tender Instructions on an approximately 24 hours basis commencing from 9:00 a.m. on the input commencement date. Tender Instructions must be provided at the latest two Business Days before the tender day and not later than 3:45 p.m.. Participants may cancel their Tender Instructions at any time before such time-limit;
  - (iv) where the bids are non-competitive, Participants need not input the bid price;
  - (v) debit entries for the appropriate tender moneys, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), will be automatically paid from Participants' Designated Bank Accounts by DDI on the Business Day which is two Business Days before the tender day. Where the bids are non-competitive, the amounts so paid will be based on the initial bid price specified by the issuer. Once the final accepted price is announced, HKSCC will make adjustments in respect of the tender moneys in the manner described below;
  - (vi) notwithstanding Section 8.19.2(iii) above, a Participant may also cancel a Tender Instruction on the Business Day or the Saturday (unless it is a public holiday) before the tender day at any time not later than 3:45 p.m. (Monday to Friday) or 1:00 p.m. (Saturday) and re-input a new Tender Instruction in its place provided that such new Tender Instruction is for a small quantity of Exchange Fund Notes or Specified Instruments. Any excess tender moneys collected by HKSCC will be refunded to the relevant Participants by DCI;
  - (vii) based on the Tender Instructions of Participants, HKSCC will apply for Exchange Fund Notes or Specified Instruments on behalf of the Participants on the tender day;
  - (viii) upon receipt of the results of any tender for Exchange Fund Notes or Specified Instruments from the CMU, HKSCC will perform a preliminary allocation at about 3:45 p.m. on the tender day. Where the bids are non-competitive and the full amount tendered by HKSCC on behalf of Participants has not been allocated, the allocated Exchange Fund Notes or Specified Instruments will normally be allocated between tendering Participants pro rata to the amounts tendered on their behalf, with the results rounded down to the nearest multiple of HK\$50,000. In the case of an instruction to tender for a single denomination of Exchange Fund Notes or Specified Instruments, HKSCC will allocate through ballot. Fractions of Exchange Fund Notes or Specified Instruments will not be allocated. Where the bids are competitive, the Exchange Fund Notes or Specified Instruments, will normally be allocated to Participants in descending order of price bid from the highest to the lowest accepted price in accordance with the arrangements specified in the terms of issue of the Exchange Fund Notes or Specified Instruments. Accepted tenders which are above the lowest accepted price will be allocated in full. Accepted tenders which are at the lowest accepted price may be allocated in full or in part only. In the case of allocation in part, a calculation will be made of the amount of Exchange Fund Notes or Specified Instruments available for allocation at the lowest accepted price

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as a percentage (the "pro-rata percent") of the total amount of Exchange Fund Notes or Specified Instruments applied for at that price. As far as possible the pro-rata percent will be applied to the amount of Exchange Fund Notes or Specified Instruments tendered for by each Participant at the lowest accepted price and the result rounded down to the nearest multiple of HK\$50,000. HKSCC will make allocations based on such calculations or in such other manner as is considered fair and appropriate by HKSCC;

- (ix) HKSCC will refund excess tender moneys to the relevant Participants by DCI at the end of the tender day if the tender is unsuccessful in whole or in part;
- (x) where the bids for Exchange Fund Notes or Specified Instruments are non-competitive and the initial bid price is greater than the final accepted price, HKSCC will refund tender moneys to the relevant Participants at the end of the tender day or as soon as practicable after the final accepted price is announced by the issuer. Where the bids for Exchange Fund Notes or Specified Instruments are non-competitive and the initial bid price is lower than the final accepted price, the shortfall will be immediately due or payable by the relevant Participants to HKSCC and HKSCC will collect it from the relevant Participants by DDI on the tender day. Unless otherwise agreed by HKSCC, title to the Exchange Fund Notes or Specified Instruments shall only pass to the relevant Participants when HKSCC is satisfied that it has received payment in full. Accordingly, until that time Participants may not transfer or otherwise deal with any of the Exchange Fund Notes or Specified Instruments. If a Participant does not pay any shortfall described above, without prejudice to any other rights HKSCC may have, HKSCC may but shall not be obliged to transfer to HKSCC's account and/or dispose (on or off the Exchange) of any or all Exchange Fund Notes or Specified Instruments allocated to the Participant and may apply the disposal proceeds to pay the amount due by the Participant to HKSCC together with interest for late payment and transaction costs. Any monies remaining after such application shall be refunded to the Participant. No Participant submitting a non-competitive bid shall object on any grounds to the final accepted price or its payment by HKSCC;
- (xi) upon receipt of the final allotment result file from the CMU on the Business Day following the tender day confirming allotment of the Exchange Fund Notes or Specified Instruments to HKSCC, HKSCC will cause the Exchange Fund Notes or Specified Instruments to be credited to the Stock Accounts of the relevant Investor Participants and to the Entitlement Accounts of the relevant Participants other than Investor Participants at the end of the same day. Upon distribution of allocated notes by HKSCC, the Stock Movement Reports of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated;
- (xii) Investor Participants can enquire about details of their Tender Instructions via the Tender Instruction Done Enquiry function of the CCASS Phone System or the "Enquire Tender Instruction" function of the CCASS Internet System. Participants other than Investor Participants can enquire about details of their Tender Instructions through the Enquire Tender Instructions function of CCASS Terminals. Tender Instructions received from Investor Participants will be recorded in their activity statements. All Tender Instructions maintenance activities performed by Participants other than Investor Participants will be recorded in the "Tendering" section of the New Issues Application Input Activities Report; and
- (xiii) Participants can enquire about tender results through the CCASS Phone System, the CCASS Internet System, CCASS Terminals. These results will be available from

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the date of receipt of tender results by HKSCC to the day which is 10 Business Days after the refund date.

The following procedures will usually apply in relation to Tender Instructions for Government Bonds or CMU Instruments: -

- (i) the relevant announcements will be contained in the "Enquire Authorized Tender Announcement" function via CCASS Terminals and also posted under the "New Issue Reminder (Tendering)" section in the New Issues Entitlement Report of Participants (other than Investor Participants) following the announcements. The relevant announcements are made available to Investor Participants through the Tender Enquiry function of the CCASS Phone System and the "Enquire Tender Announcement" function of the CCASS Internet System;
- (ii) Participants other than Investor Participants may input Tender Instructions via their CCASS Terminals for their clients and themselves. Tender Instructions may be given by Investor Participants either via the CCASS Phone System or the CCASS Internet System or submitted by Investor Participants to the Customer Service Centre;
- (iii) Participants other than Investor Participants can input Tender Instructions on any Business Day or Saturday (unless it is a public holiday) during the subscription period from 9:00 a.m. (if such day is the input commencement date) or 8:00 a.m. (if otherwise) to 7:00 p.m., Monday to Friday or 1:00 p.m. on a Saturday, except as mentioned below. Investor Participants can input Tender Instructions on an approximately 24 hours basis commencing from 9:00 a.m. on the input commencement date. The latest time for inputting Tender Instructions for Government Bonds and CMU Instruments is 2:00 p.m. on the closing date of the subscription period, or at such other period or time as specified in the terms of the issue of the Government Bonds or the Prospectus of the CMU Instruments;
- (iv) debit entries for the appropriate application moneys, including brokerage (if applicable), transaction levy (if applicable) and the Exchange's trading fee (if applicable), will be automatically paid from Participants' Designated Bank Accounts by DDI on the closing date of the subscription period. The amounts so paid will be based on the application price specified by the issuer. Once the subscription price is announced, HKSCC will make adjustments in respect of the application moneys in the manner described below;
- (v) based on the Tender Instructions of Participants, HKSCC will apply for Government Bonds or CMU Instruments on behalf of the Participants on the 2nd Business Day after the closing date of the subscription period or such other date and time as specified by the HKMA or the Issuer or its agent or arranger;
- (vi) upon receipt of the allotment results of any application for Government Bonds or CMU Instruments from the HKMA, the Issuer or its agent or arranger normally on the 3rd Business Day following the closing date of the subscription period, HKSCC will update the allotment result in CCASS at about 3:45 p.m. on the same day. HKSCC will refund excess application moneys to the relevant Participants by DCI on the same day or as soon as practicable if the application is unsuccessful in whole or in part;
- (vii) where the application price is greater than the subscription price, HKSCC will refund application moneys to the relevant Participants on the date upon receipt of the allotment results or as soon as practicable. Where the application price is lower than the subscription price, the shortfall will be immediately due or payable by the relevant

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Participants to HKSCC and HKSCC will collect it from the relevant Participants by DDI on the date upon receipt of the allotment results or as soon as practicable. Unless otherwise agreed by HKSCC, interests in Government Bonds or CMU Instruments received by HKSCC will only pass to the relevant Participants after HKSCC is satisfied that it has received payment in full. Accordingly, until that time Participants may not transfer or otherwise deal with any of the Government Bonds or CMU Instruments. If a Participant does not pay any shortfall described above, without prejudice to any other rights HKSCC may have, HKSCC may but shall not be obliged to transfer to HKSCC's account and/or dispose (on or off the Exchange) of any or all Government Bonds or CMU Instruments allocated to the Participant and may apply the disposal proceeds to pay the amount due by the Participant to HKSCC together with interest for late payment and transaction costs. Any monies remaining after such application shall be refunded to the Participant. No Participant submitting an application for Government Bonds or CMU Instruments shall object on any grounds to the subscription price or its payment by HKSCC;

- (viii) upon receipt of the confirmation of the allotment of the Government Bonds or CMU Instruments to HKSCC by CMU, HKSCC will cause the Government Bonds or CMU Instruments to be credited to the Stock Accounts of the relevant Investor Participants and to the Entitlement Accounts of the relevant Participants other than Investor Participants at the end of the same day normally 4 Business Days following the closing date of the subscription period. Upon distribution of allocated Government Bonds or CMU Instruments by HKSCC, the Stock Movement Reports of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will be updated;
- (ix) Investor Participants can enquire about details of their Tender Instructions via the Tender Instruction Done Enquiry function of the CCASS Phone System or the "Enquire Tender Instruction" function of the CCASS Internet System. Participants other than Investor Participants can enquire about details of their Tender Instructions through the Enquire Tender Instructions function of CCASS Terminals. Tender Instructions received from Investor Participants will be recorded in their activity statements. All Tender Instructions maintenance activities performed by Participants other than Investor Participants will be recorded in the "Tendering" section of the New Issues Application Input Activities Report; and
- (x) Participants can enquire about allotment results through the CCASS Phone System, the CCASS Internet System, CCASS Terminals. These results will be available from the date of receipt of allotment results by HKSCC to the day which is 10 Business Days after the refund date.

### **8.19.3 Other procedures**

HKSCC may agree with the HKMA, the Issuer or its agent the relevant procedures to be followed or observed by the Participants which may be different from and/or in addition to the procedures described in section 8.19.2 above. Participants will be advised of the applicable procedures to be followed/observed with respect to tendering for Exchange Fund Notes or Specified Instruments or application for Government Bonds or CMU Instruments on a case by case basis.

## **8.20 ELECTRONIC APPLICATIONS FOR THE ISSUE AND REDEMPTION OF UNITS**

### **8.20.1 General**

The procedures for the issue and redemption of Units in a Unit Trust, and the rights and obligations of Participants in respect of such issue and redemption, will be governed by

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the trust deed constituting the Unit Trust and the general law. The trust deed normally gives the manager or trustee of the Unit Trust the right to issue and holders of Units the right to redeem Units. Normally, Units may be issued against payment in cash and/or the transfer of underlying securities. Normally, Units are redeemed by the manager or trustee paying cash and/or transferring underlying securities to the redeeming holder of Units. Underlying securities (including but not limited to equities, debts, and derivative products) of Units may be Eligible Securities or non-Eligible Securities.

### 8.20.2 Issue of Units

The following procedures will usually apply provided that where the underlying securities of Units are non-Eligible Securities, HKSCC may not be responsible for the transfer of such underlying securities for the issue of Units and the following procedures relating to the debiting of underlying securities by CCASS may not apply:

- (i) Participants (other than Investor Participants) that wish to apply for Units must input Cash Creation Orders (if the Units are to be issued for cash) and/or In Kind Creation Orders (if the Units are to be issued for Eligible Securities, with a cash component, if any), in each case via their CCASS Terminals. Orders (which expression includes Cash Creation Orders and In Kind Creation Orders) must be in whatever minimum amounts and multiples thereof as specified. Normally, the times for input of such Orders will be 9:15 a.m. to 4:25 p.m. on any Business Day. However, the exact times and days will be determined by the manager or trustee of the relevant Unit Trust. The trust deeds constituting the Unit Trusts may limit the number of Units which may be issued within a period or certain periods of time, for example, the trust deed constituting the Tracker Fund of Hong Kong limits the number of Units which may be issued in any quarter. For such Unit Trusts, Participants may enquire via CCASS Terminals as to the number of the Units available for creation. When the limit of the Units available for creation has been reached, no Cash Creation Orders in respect of the Units of the relevant Unit Trust will be accepted. Orders which are at the accepted status shown on the CCASS screen will be deemed to have been accepted by the relevant manager or trustee provided that such an accepted order may still be unsuccessful or rejected in accordance with the relevant trust deed.
- (ii) Following receipt of Cash Creation Orders at accepted status, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such Cash Creation Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant Unit Trust via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Creation of Units - Credit Authorization Form (Cash Application) (as set out in the CCASS Terminal User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date and remit the application monies and all applicable duties, charges and transaction fees via CHATS to HKSCC's designated bank accounts under advice to HKSCC at or before 1:00 p.m. on the relevant settlement date. The settlement date will normally be the date falling two Business Days after the date on which the Cash Creation Orders are accepted.
- (iii) Following receipt of In Kind Creation Orders at accepted status, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such In Kind Creation Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant Unit Trust via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Creation of Units (In Kind Creation) - Debit and Credit Authorization Form (as set out in the CCASS Terminal

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User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date. Following receipt of such forms HKSCC will debit the Eligible Securities specified in them from the designated Stock Accounts of the Participants concerned after each Batch-settlement-run on the settlement date. Relevant Participants must remit the applicable cash component (if any) and all applicable duties, charges and transaction fees via CHATS to HKSCC's designated bank account under advice to HKSCC at or before 1:00 p.m. on the settlement date. The settlement date will normally be the date falling two Business Days after the date on which the In Kind Creation Orders are accepted.

- (iv) If HKSCC does not receive the relevant application monies (including any cash component) and all applicable duties, charges and transaction fees at or before 1:00 p.m., or the underlying Eligible Securities are not successfully debited from the designated Stock Account by the time immediately following the last Batch-settlement-run, on the settlement date, the relevant Orders will be rejected by HKSCC under advice to the relevant Participants by facsimile or in any other manner as decided by HKSCC. There may be other circumstances set out in the relevant trust deed requiring or entitling the manager or trustee of the Unit Trust to reject a request to issue Units. HKSCC shall make only one debit attempt after each Batch-settlement-run on the settlement date until the relevant Eligible Securities are transferred to HKSCC.
- (v) If a Cash Creation Order is unsuccessful or is rejected, the application monies received from the Participant giving the Order will be re-credited to its Money Ledger by HKSCC. If an In Kind Creation Order is unsuccessful or is rejected, the Eligible Securities debited from the Participant's designated Stock Account will be re-credited to its designated Stock Account by HKSCC. Any CCASS fee, if applicable, collected will not be refunded.
- (vi) If HKSCC receives certificates representing Units created or, in respect of Units issued in uncertificated form, written confirmation from the manager or trustee of the relevant Unit Trust confirming successful creation of the relevant number of Units at or before 3:45 p.m. on any Business Day, HKSCC will cause the Units to be credited to the Stock Accounts designated in the Debit and Credit Authorization Forms or the form(s) specified by HKSCC of the relevant Participants (other than Investor Participants) after 3:45 p.m. on the same day. Otherwise, such crediting will be carried out on the following Business Day. Nothing in this paragraph shall be construed as the giving of a guarantee for same day settlement on the part of HKSCC.
- (vii) If HKSCC receives any cash amount payable to a Participant applying for Units at or before 3:45 p.m. on any Business Day, HKSCC will credit such cash amount to the Money Ledger of such Participant on the same day. Otherwise, such crediting will be carried out on the following Business Day.
- (viii) Following receipt of instructions from the manager or trustee of the Unit Trust, debit entries representing cancellation fees (if applicable) will be posted to the Money Ledgers of Participants that have failed to remit or make available for debit the requisite application monies (including any cash component) and/or Eligible Securities in accordance with Section 8.20.2(ii) or 8.20.2(iii) (as the case may be).

### **8.20.3 Redemption of Units**

The following procedures will usually apply provided that where the underlying securities of Units are non-Eligible Securities, HKSCC may not be responsible for the transfer of

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such underlying securities for the redemption of Units and the following procedures relating to crediting of underlying securities by CCASS may not apply :

- (i) Participants other than Investor Participants that wish to redeem Units must input their Unit Redemption Orders via their CCASS Terminals. Orders must be in whatever minimum amounts or multiples thereof as specified. Normally, the times for input of such Orders will be 9:15 a.m. to 4:25 p.m. on any Business Day. However, the exact times and days will be determined by the manager or trustee of the relevant unit trust. Orders which are at the accepted status shown on the CCASS screen will be deemed to have been accepted by the relevant manager or trustee provided that such an accepted order may still be unsuccessful or rejected in accordance with the relevant trust deed.
- (ii) Following receipt of Unit Redemption Orders, debit entries representing CCASS fees will be posted to Participants' Money Ledgers on the settlement date. Confirmation of acceptance of such Unit Redemption Orders will normally be sent by HKSCC on behalf of the manager or trustee of the relevant Unit Trust via CCASS Terminals or in any other manner as decided by HKSCC. Participants must then submit to HKSCC a completed Redemption of Units - Debit and Credit Authorization Form (as set out in the CCASS Terminal User Guide for Participants) and/or other form or forms as specified by HKSCC from time to time for such purpose on the Business Day prior to the settlement date. The settlement date will normally be the date falling two Business Days after the date on which Unit Redemption Orders are accepted. Following receipt of such forms, HKSCC will debit the available Units specified in them from the designated Stock Accounts of the Participants concerned after each Batch-settlement-run on the settlement date. HKSCC shall make only one debit attempt after each Batch-settlement-run on the settlement date until the relevant Units are transferred to HKSCC. Relevant Participants must remit applicable cash component (if any), and all applicable duties, charges and transaction fees via CHATS to HKSCC's designated bank account under advice to HKSCC at or before 1:00 p.m. on the settlement date.
- (iii) If the relevant Units are not successfully debited from the designated Stock Account by the time immediately following the last Batch-settlement-run on the settlement date, the relevant Unit Redemption Orders will be rejected by HKSCC under advice to Participants by facsimile or in any other manner as decided by HKSCC. There may be other circumstances set out in the relevant trust deed requiring or entitling the manager or trustee of the relevant Unit Trust to reject a request to redeem Units.
- (iv) If a Unit Redemption Order is unsuccessful or is rejected, the Units debited from the Participant's designated Stock Accounts will be re-credited to its designated Stock Account by HKSCC. HKSCC will also arrange for any surplus monies received by HKSCC in respect of duties, charges and transaction fees to be refunded to Participants. Any CCASS fee collected, if applicable, will not be refunded.
- (v) If HKSCC receives Eligible Securities representing the Units redeemed at or before 3:45 p.m. on any Business Day, HKSCC will cause such Eligible Securities to be credited to the Stock Accounts designated in the Debit and Credit Authorization Forms or the form(s) specified by HKSCC of the relevant Participants other than Investor Participants after 3:45 p.m. on the same day. Otherwise, such crediting will be carried out on the following Business Day. Nothing in this paragraph shall be construed as the giving of a guarantee for same day settlement on the part of HKSCC.
- (vi) If HKSCC receives any cash amount payable to a Participant applying for redemption of Units at or before 3:45 p.m. on any Business Day, HKSCC will credit



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such cash amount to the Money Ledger of such Participant on the same day. Otherwise, such crediting will be carried out on the following Business Day.

- (vii) Following receipt of instructions from the manager or trustee of the Unit Trust, debit entries representing cancellation fees (if applicable) will be posted to the Money Ledgers of Participants who have failed to make available for debit the requisite Units in accordance with section 8.20.3(ii).

#### **8.20.4 Other procedures**

Different Unit Trusts may have different procedures for the issue and redemption of Units provided in the trust deeds constituting the Unit Trusts and HKSCC may agree with the managers or trustees of the Unit Trusts on the procedures to be followed/observed by the relevant Participants for the issue and redemption of Units different from and/or in addition to the procedures described in Section 8.20.2 and Section 8.20.3 above. Relevant Participants will be advised of the applicable procedures to be followed/observed with respect to issue and redemption of Units of the relevant Unit Trusts on a case by case basis.

### **8.20A SCRIP AND/OR CASH PAYMENT RELATING TO STRUCTURED PRODUCTS**

#### **8.20A.1 General**

This Section is concerned with the collection, receipt and distribution to Participants of proceeds, interest and other entitlement or payment in the form of scrip (i.e. securities) and/or cash (“scrip and/or cash payment”) accruing to a Structured Product during the term or upon expiry (either upon the lapse of the expiry or maturity date (“normal expiry”) or upon early termination triggered by the occurrence of any mandatory event (“early expiry”)) of the Structured Product as specified in or provided for under its offering documents.

#### **8.20A.2 Procedures**

The following procedures will usually apply:

- (i) a Participant's scrip and/or cash payment will normally be determined by reference to the relevant Structured Product in its Stock Account (a) where expiry is concerned, as at the end of the second Settlement Day following the relevant call event in the case of early expiry or as at the end of the first Settlement Day following the expiry day in the case of normal expiry if the Structured Product is listed on the Exchange or as at the end of the valuation day specified in its offering documents if the Structured Product is not listed on the Exchange or (b) where entitlements, including but not limited to interest payments, are concerned, as at the end of day on which the entitlement of HKSCC (or the Nominee) is determined, which is normally the last registration date set by the issuer. However, for administrative convenience or if considered appropriate by HKSCC, HKSCC may in its absolute discretion use some other date for the purpose of determining the Participant's scrip and/or cash payment;
- (ii) HKSCC will inform Participants other than Investor Participants of their scrip and/or cash payment details via the “Enquire Announcement Information” function and Broadcast Message Service available through their CCASS Terminals, and also in the Corporate Announcement Master Data File and the Corporate Announcement Maintenance Activities Report. Investor Participants will be informed of their scrip and/or cash payment details via their activity statements on the payment day;
- (iii) upon expiry of a Structured Product, HKSCC will debit all holdings of Participants in the Structured Product from their Stock Accounts at the end of the reference date specified in, or such other date as determined by HKSCC, under Section 8.20A.2(i);

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- (iv) where applicable, on the relevant date on which any scrip and/or cash payments of Participants are determined by HKSCC, such scrip and/or cash payments will be recorded as receivable items in the Entitlement Statements of the relevant Participants other than Investor Participants;
  - (v) if cash payment is received by HKSCC from the issuer or its agent at or before 3:45 p.m. on a Business Day, HKSCC will usually cause the cash payment to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the cash payment on the following Business Day;
  - (vi) if scrip payment (being Eligible Securities) is received by HKSCC from the issuer or its agent at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such scrip payment to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2. Otherwise, HKSCC will credit the scrip payment on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday);
  - (vii) upon distribution of scrip and/or cash payment by HKSCC, HKSCC will inform Participants other than Investor Participants via the Broadcast Message Service through their CCASS Terminals and Participant Gateways. The Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will also be updated; and
  - (viii) where applicable, the ad valorem stamp duty and/or other relevant expenses to be payable to the issuers in accordance with the terms and conditions set out in the offering documents will be charged back to the Participants concerned on a pro-rata basis according to the number of underlying securities and/or the amount of cash payment distributed to each of them, or in such other manner as HKSCC considers fair and appropriate.

### **8.20A.3 Option to elect form of payment**

If, in any given case, holders of a Structured Product are given the option to elect whether to receive payment in the form of cash and/or scrip, HKSCC will inform Participants of the procedures and time-limit for the receipt of election instructions from Participants via the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants) and via the CCASS Internet System or their activity statements (in the case of Investor Participants) or such other means as HKSCC may consider appropriate.

In the absence of specific instructions as to their election, Participants will be treated as having chosen the “default” option specified by the issuer of the Structured Product. If no “default” option is specified by the issuer, the option shall be that selected by HKSCC for such Participants.

Participants should only input instructions in respect of the quantity of the Structured Product which they will maintain in their Stock Accounts until the relevant deadline as prescribed by HKSCC. If the total quantity in respect of any election instruction given by a Participant to HKSCC is more than the holding of the Participant as at the relevant deadline, HKSCC will scale down the instruction given by the Participant by reference to the actual holding of the Participant or in such manner as HKSCC may consider appropriate, unless the Participant specifically instructs HKSCC otherwise.

### **8.20A.4 Notices**

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Upon receipt of any notice from the issuer or its agent in accordance with the terms and conditions of the Structured Product, HKSCC will inform Participants of the relevant details via facsimile, electronic transmission and/or the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants), and via the CCASS Internet System and/or in their activity statements (in the case of Investor Participants), or via such other means as HKSCC may consider appropriate.

#### **8.20A.5 Other procedures**

Participants will be advised of other relevant procedures to be followed/observed with respect to Structured Products on a case by case basis.

### **8.20B REDEMPTION OF STRUCTURED PRODUCTS WHICH HAVE A ROLLOVER MECHANISM**

#### **8.20B.1 General**

In the event that a Structured Product uses the rollover approach to extend its maturity, Participants recorded by CCASS as holders of the Structured Product within the period specified in Section 8.20B.2(ii) will have the right to redeem their Structured Products at a pre-determined settlement formula and within a pre-determined time period specified by the issuer.

This Section is concerned with the procedures applicable to the redemption of Structured Products in the event of a rollover.

#### **8.20B.2 Redemption of Structured Products which have a rollover mechanism**

As stated in the offering document(s) or any declaration or announcement made by the issuer of a Structured Product which uses a rollover approach to extend its maturity, the issuer of the Structured Product may specify a certain time period during which the holders of the Structured Product are given the rights to redeem the Structured Product. In such event, the following procedures will usually apply:

- (i) HKSCC will via the “Enquire Announcement Information” function and Broadcast Message Service, and also via the Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report or such other means as HKSCC may consider appropriate, inform Participants other than Investor Participants through their CCASS Terminals of detailed information in relation to the redemption of the Structured Products upon the release of the announcement of the rollover for the Structured Products. Investor Participants will be informed of the details of the redemption via their activity statements or such other means as HKSCC may consider appropriate;
- (ii) Participants with the Structured Product credited to their Stock Accounts may at any time during the relevant redemption period as stipulated by the issuer of the Structured Product input redemption instructions to HKSCC via their CCASS Terminals in the case of Participants other than Investor Participants, or via the CCASS Phone System, the CCASS Internet System or the Customer Service Centre in the case of Investor Participants. Participants may cancel their redemption instructions before the redemption deadline as stipulated by the issuer in the relevant announcement;
- (iii) in the absence of specific redemption instructions from Participants within the designated time period, HKSCC will not take any action in respect of the Participants’ holdings of the Structured Product held in CCASS;

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- (iv) upon receipt of valid instructions from Participants to redeem, HKSCC will debit the relevant quantity of the Structured Product from the relevant Stock Accounts of the Participants and, in the case of Participants other than Investor Participants, the relevant redemption monies will be recorded as receivable items in their respective Entitlement Statements;
  - (v) any payment arising from the redemption of Structured Products will be distributed by HKSCC to Participants in accordance with the procedures set forth in Section 8.20A.2; and
  - (vi) any disbursement charges will be charged back to the Participants concerned on a pro-rata basis according to the number of Structured Products each Participant has given instructions to redeem, or in such other manner as HKSCC considers fair and appropriate.

### **8.20B.3 Notices**

Upon receipt of any notice from the issuer or its agent in accordance with the terms and conditions of the Structured Product, HKSCC will inform Participants of the relevant details via facsimile, electronic transmission and/or the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants), and via the CCASS Internet System and/or in their activity statements (in the case of Investor Participants), or via such other means as HKSCC may consider appropriate.

### **8.20B.4 Other procedures**

Participants will be advised of other relevant procedures to be followed/observed with respect to redemption of Structured Products which have a rollover mechanism on a case by case basis.

## **8.21 FRACTIONAL SECURITIES**

### **8.21.1 Rounding of fractional securities**

Participants may become entitled to fractional securities from time to time by virtue of corporate actions affecting Eligible Securities.

HKSCC reserves the right to round up, or down, fractional securities in the Stock Accounts of Participants to facilitate distribution of securities to Participants by HKSCC (the rounding up or down may not be to the nearest whole number).

### **8.21.2 Sale of fractional securities**

The entitlements of Participants to fractional securities will normally be sold by HKSCC for the benefit of the relevant Participants, although HKSCC reserves the right to postpone the sale of fractional securities if the amount of the proceeds would not justify incurring the cost and expense of the sale of those securities.

Where fractional securities received by HKSCC are not of a sufficient quantity to economically sell due to being under a board lot, HKSCC may withhold the sale of such fractional securities until such time as it has accumulated a sufficient amount that could be economically sold.

HKSCC shall be authorized to sell such accumulated fractional securities on such terms as it considers appropriate and to utilize the net proceeds of such sale for the general benefit of Participants in such manner as HKSCC considers appropriate.

Where any such accumulated fractional securities have subsequently become non-Eligible Securities, HKSCC shall hold such fractional securities until sold.

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## **8.22 UNCLAIMED ENTITLEMENTS**

**8.22.1** HKSCC may receive more benefit entitlements accruing to Eligible Securities than are required to be distributed to Participants in respect of the Eligible Securities credited to their Stock Account in CCASS at the time. This may arise, for example, where Eligible Securities, withdrawn from CCASS by Participants, fail to be transferred out of the name of the Nominee prior to the relevant book-close or record date.

For convenience, these surplus entitlements which are valuable at the time of claims application are referred to as "unclaimed benefits".

**8.22.2** A Participant other than Investor Participant wishing to claim such unclaimed benefits must apply in writing to HKSCC (to be signed by an Authorised Signatory of the Participant) and must provide HKSCC with satisfactory proof to the effect that the Participant is entitled to the unclaimed benefits being claimed. Normally, such Participant will have to provide HKSCC with a certified copy of the relevant Stock Withdrawal Receipt, a certified copy of the relevant purchase contract notes or statement showing the relevant purchase transaction details, certified copies of the relevant certificates, certified copies of the relevant transfer deeds, a certified copy of the relevant registrars' transfer receipts with certificate numbers printed thereon, original letter from the beneficial owner claiming the entitlement and a letter of indemnity, in a form acceptable to HKSCC (see the CCASS Terminal User Guide for Participants), issued by the Participant.

Where such Participant is unable to provide HKSCC with any of the above required documents, HKSCC may entertain a claim for unclaimed benefits subject to the Participant providing HKSCC with (i) a satisfactory explanation as to why any one or more of such documents cannot be provided; (ii) confirmation from the relevant registrar of the non-registration and/or registration of the withdrawn certificates together with details of the transferee as the case may be; HKSCC may obtain such confirmation upon request from the Participant concerned who will be responsible for any charges incurred; and (iii) if so requested by HKSCC, a letter of indemnity, in a form acceptable to HKSCC (see the CCASS Terminal User Guide for Participants), issued by the Participant and endorsed by a licensed bank or (subject to the prior approval of HKSCC and in a form acceptable to HKSCC) a third party Participant as guarantor. A handling charge will be charged by HKSCC through the generation of an EPI.

**8.22.3** An Investor Participant wishing to claim the unclaimed benefits must apply in writing to HKSCC signed by the Investor Participant or an Authorised Signatory and must provide HKSCC with satisfactory proof to the effect that such Investor Participant is entitled to the unclaimed benefits being claimed. HKSCC will only entertain claims made by Investor Participants who have obtained transfer of the certificates out of the name of HKSCC Nominees Limited into their own names.

Normally, an Investor Participant must provide HKSCC with certified copies of the relevant Stock Withdrawal Receipt, the relevant purchase contract notes (or statement showing the relevant purchase transaction details), the relevant certificates, the transfer deeds and the relevant registrars' confirmation of the non-registration and/or registration of the withdrawn certificates together with details of the transferee. HKSCC may obtain such confirmation upon request from the Investor Participant concerned who will be responsible for any charges incurred. Both the name of the purchaser and the transferee should be the same as the name of the Investor Participant concerned.

Where an Investor Participant is unable to provide HKSCC with any of the above required documents, HKSCC may entertain a claim for unclaimed benefits subject to the Investor

Participant providing HKSCC with (i) a satisfactory explanation as to why any one or more of such documents cannot be provided; (ii) confirmation from the relevant registrar of the re-registration; HKSCC may obtain such confirmation upon request from the Investor Participant concerned who will be responsible for any charges incurred; and (iii) if so requested by HKSCC, a letter of indemnity, in a form acceptable to HKSCC (see the CCASS Terminal User Guide for Participants), issued by the Investor Participant and endorsed by a license bank. A handling charge will be charged by HKSCC by way of DDI.

**8.22.4** HKSCC will only entertain claims made by the Participants.

### **8.23 DECIMAL PLACES FOR CALCULATION PURPOSE**

Cash entitlements accruing to Eligible Securities etc. in most currencies will be calculated to two decimal places in most cases, as further particularised in the table below.

<b>Currency</b>	<b>Decimal places</b>
Australian Dollar	2
Bahraini Dinar	3
Brunei Dollar	2
Burmese Kyat	2
Canadian Dollar	2
Chinese Yuan (CNY)	2
Danish Krona	2
Euro	2
Hong Kong Dollar	2
Indian Rupee	2
Japanese Yen	None
Kuwaiti Dinar	3
Malaysian Ringgit	2
Mauritian Rupee	2
New Zealand Dollar	2
Norwegian Krona	2
Pakistan Rupee	2
Papua New Guinea Kina	2
Philippines Peso	2
Pound Sterling	2
Saudi Arabian Riyal	2
Singapore Dollar	2
Solomon Islands Dollar	2
South African Rand	2
Sri Lankan Rupee	2
Swedish Krona	2
Swiss Franc	2
Thai Baht	2
UAE Dirham	2
US Dollar	2

### **8.24 FORMS**

Samples of the various forms to be used in connection with the nominee services provided to Participants in the event that instructions cannot be sent via CCASS Terminals or to supplement such electronic instructions are set out in the CCASS Terminal User Guide for Participants.

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Participants can make photocopies of these forms for use if necessary.

## **8.25 INTRA-DAY PAYMENT IN AN ELIGIBLE CURRENCY**

### **8.25.1 Cash payments arising out of nominee services**

Participants other than Investor Participants may request HKSCC to effect intra-day payment to the Participants of the following types of cash payments in an Eligible Currency arising out of nominee services on each Business Day:

- (i) cash dividend;
- (ii) refund of surplus subscription monies for excess shares applications under rights issue and/or open offers;
- (iii) refund of subscription monies under an unsuccessful open offer;
- (iv) cash consideration under a successful (in full or in part) take-over offer;
- (v) repealed
- (vi) interest payment;
- (vii) cash consideration under the redemption of bonds, Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments;
- (viii) redemption proceed under the redemption of shares of a company;
- (ix) cash payment relating to Structured Products; and
- (x) other types of cash payments arising out of nominee services as HKSCC may from time to time specify.

### **8.25.2 Procedures**

The following is a brief description of the procedures relating to the intra-day payment of cash payments arising out of nominee services on a Business Day:

- (i) Participants other than Investor Participants that wish to request HKSCC to effect intra-day payment to the Participants of cash payments in an Eligible Currency arising out of nominee services on each Business Day shall input Intra-day Payment Standing Instructions via the “Intra-day Payment Standing Instruction” maintenance functions to instruct HKSCC to issue Intra-day Payment Instructions covering such cash payments on each Business Day. Acceptance of such Intra-day Payment Standing Instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify. Where the Intra-day Payment Standing Instruction of a Participant other than an Investor Participant also covers intra-day settlement of money obligations due to the Participant from HKSCC under the CNS System and/or intra-day refund to the Participant of surplus cash arising from overpaid cash prepayment on each Settlement Day, the amount of Intra-day Payment in this Section 8.25.2 on a Business Day which is also a Settlement Day shall include the amount of intra-day settlement of money obligations due to the Participant from HKSCC under the CNS System as referred to in and determined by HKSCC under 10.5.8 and/or surplus cash arising from overpaid cash prepayment, as referred to in and determined by HKSCC under Section 10.12.8;
- (ii) Participants other than Investor Participants shall define a pre-set threshold in their

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Intra-day Payment Standing Instructions. No Intra-day Payment Instruction will be issued by HKSCC to a Participant on a Settlement Day and/or a Business Day if the total amount of Intra-day Payment as determined by HKSCC to be paid to the Participant on that day via IPI is smaller than its pre-set threshold;

- (iii) in case an Intra-day Payment Standing Instruction covering cash payments arising out of nominee services is accepted by HKSCC on a Business Day at or before 1:15 p.m., an Intra-day Payment Instruction will be issued starting from that Business Day. Otherwise, the Intra-day Payment Instruction will only be issued from the next Business Day;
- (iv) following the acceptance by HKSCC of an Intra-day Payment Standing Instruction covering intra-day payment to the Participant of cash payments arising out of nominee services, HKSCC will normally determine the amount of cash payments in an Eligible Currency arising out of nominee services to be included in the Intra-day Payment at around 2:00 p.m. on a Business Day based on the cash payments in an Eligible Currency actually received by HKSCC of which cleared funds are made available to HKSCC by the relevant paying banks and distributed to the Entitlement Account of the Money Ledger of the Participant before 1:45 p.m. on that Business Day or such other time as specified from time to time by HKSCC. If the total amount of Intra-day Payment determined by HKSCC is equal to or greater than the pre-set threshold defined by the Participant, an Intra-day Payment Instruction will be issued by HKSCC;
- (v) HKSCC will issue Intra-day Payment Instructions to the Designated Banks of Participants other than Investor Participants at around 2:30 p.m. on a Business Day, or such other time as specified by HKSCC from time to time, to cause credits to be made to the Designated Bank Accounts of the Participants;
- (vi) Participants other than Investor Participants that have inputted Intra-day Payment Standing Instructions may enquire the amount of cash payments arising out of nominee services under Intra-day Payment Instructions issued after 2:30 p.m. on a Business Day via the “Enquire Intra-day Payment Summary” function in CCASS Terminal; and
- (vii) the intra-day payment to Participants other than Investor Participants of any cash payments arising out of nominee services will be at the full discretion of HKSCC irrespective of whether their Intra-day Payment Standing Instructions are accepted under Section 8.25.2(iii). If (a) a Participant fails to follow the specified procedures; (b) its Intra-day Payment Standing Instruction is subsequently turned down by HKSCC for any other reason; or (c) any cash payments arising out of nominee services are not paid to the Participant intra-day under an Intra-day Payment Instruction for any reason, then the cash payments arising out of nominee services on a Business Day will be paid to the Participant at day end via DCI or by way of evening distribution in accordance with Section 8.26, if applicable.

## **8.26 NOMINEE PAYMENT (EVENING) DISTRIBUTION IN AN ELIGIBLE CURRENCY**

### **8.26.1 Cash payments arising out of nominee services**

Participants other than Investor Participants may request HKSCC to effect evening distribution of the following types of cash payments in an Eligible Currency arising out of nominee services on each Business Day via DCI not later than day end:

- (i) cash dividend;



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- (ii) refund of surplus subscription monies for excess shares applications under rights issue and/or open offers;
  - (iii) refund of subscription monies under an unsuccessful open offer;
  - (iv) cash consideration under a successful (in full or in part) take-over offer;
  - (v) interest payment;
  - (vi) cash consideration under the redemption of bonds, Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments;
  - (vii) redemption proceed under the redemption of shares of a company;
  - (viii) cash payment relating to Structured Products; and
  - (ix) other types of cash payments arising out of nominee services as HKSCC may from time to time specify.

#### **8.26.2 Procedures**

The following is a brief description of the procedures relating to the evening distribution of cash payments arising out of nominee services on a Business Day:

- (i) Participants other than Investor Participants that wish to request HKSCC to effect evening distribution to the Participants of cash payments in an Eligible Currency arising out of nominee services on each Business Day shall input the Nominee Payment (Evening) Standing Instruction via the “Nominee Payment (Evening) Standing Instruction” maintenance functions to instruct HKSCC to issue a DCI covering such cash payments on each Business Day not later than day end. The evening distribution on a Business Day is only applicable to and only covers (a) the amount of cash payments in respect of which HKSCC has actually received cleared funds in an Eligible Currency at or before 3:30 p.m. on the same Business Day from the relevant paying banks; and (b) such amount which has not been paid to the Participants intra-day under an Intra-day Payment Instruction in accordance with Section 8.25, if applicable;
- (ii) acceptance of Nominee Payment (Evening) Standing Instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify. For the avoidance of doubt, a Nominee Payment (Evening) Standing Instruction only relates to cash payments in one Eligible Currency. Where a Participant other than an Investor Participant wishes to receive cash payments in more than one Eligible Currency, the Participant should input one Nominee Payment (Evening) Standing Instruction in respect of cash payments denominated in each Eligible Currency;
- (iii) in case a Nominee Payment (Evening) Standing Instruction is accepted by HKSCC on a Business Day at or before 3:30 p.m., a DCI in respect of the relevant amount of cash payments, if any, will be issued by HKSCC on the same Business Day not later than day end to effect evening distribution of cash payments to the Participant starting from that Business Day. If the Nominee Payment (Evening) Standing Instruction is accepted after 3:30 p.m. on a Business Day, such a DCI will only be issued by HKSCC starting from the next Business Day;
- (iv) following the acceptance by HKSCC of a Nominee Payment (Evening) Standing Instruction, HKSCC will normally determine the amount of cash payments in an Eligible Currency arising out of nominee services to be effected by way of evening distribution to the Participant on a Business Day not later than day end via DCI based

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on the cash payments in an Eligible Currency actually received by HKSCC of which cleared funds are made available to HKSCC by the relevant paying banks at or before 3:30 p.m. (or such other time as specified from time to time by HKSCC) on that Business Day. HKSCC will effect evening distribution of such cleared funds to the Participant on the same Business Day if the cleared funds (a) have not already been paid to the Participants intra-day under an Intra-day Payment Instruction in accordance with Section 8.25, if applicable; and (b) have been posted to the Entitlements Accounts of the Money Ledger of the Participant at around 4:00 p.m. (or such other time as specified from time to time by HKSCC) on that Business Day;

- (v) HKSCC will issue a DCI covering the relevant amount of cash payments in an Eligible Currency around 4:05 p.m. on a Business Day, or such other time as specified by HKSCC from time to time, to cause credits to be made to the Designated Bank Accounts of the Participants;
- (vi) where evening distributions have been effected by HKSCC to Participants other than Investor Participants, the Statements of Money Ledger of the relevant Participants will be updated accordingly; and
- (vii) the evening distribution to Participants other than Investor Participants of any cash payment will be at the full discretion of HKSCC irrespective of whether their Nominee Payment (Evening) Standing Instructions are accepted under this Section 8.26.2 by HKSCC. If (a) a Participant fails to follow the specified procedures; (b) its Nominee Payment (Evening) Standing Instruction is subsequently turned down by HKSCC for any other reason; or (c) any cash payments arising out of nominee services are not paid to the Participant in the evening before day end under a Nominee Payment (Evening) Standing Instruction for any reason, then the cash payments arising out of nominee services on a Business Day will only be paid to the Participant at day end via DCI.