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## Section 5

### Eligible Securities

#### 5.1 SECURITIES ACCEPTED AS ELIGIBLE SECURITIES

Securities which are listed or admitted to trading on the Exchange, as well as securities which are not listed or admitted to trading on the Exchange, may be accepted as Eligible Securities by HKSCC. These may include:

- (i) ordinary shares;
- (ii) preference shares;
- (iii) Depositary Receipts;
- (iv) registered warrants;
- (v) provisional allotment letters relating to nil paid rights;
- (vi) Debt Securities;
- (vii) Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments;
- (viii) Foreign Securities;
- (ix) China Connect Securities;
- (x) Units; and
- (xi) Structured Products.

However, in the case of Foreign Securities which are or will be deposited in HKSCC's account with The Depository Trust Company or its successors or assigns, only Eligible U.S. Securities are admissible as Eligible Securities in CCASS as HKSCC is only allowed to deposit Eligible U.S. Securities in its account with The Depository Trust Company or its successor or assignee.

#### 5.2 CURRENCY OF DENOMINATION AND SETTLEMENT

Securities accepted as Eligible Securities for clearing and settlement in CCASS may be denominated in any major currency. However, unless otherwise specified by HKSCC, the currency for trading and settlement for CCASS purposes must be an Eligible Currency and the settlement of China Connect Securities Trades by China Connect Clearing Participants in CCASS must be in Renminbi.

#### 5.3 STOCK CODE NUMBER AND DESCRIPTION

Each Eligible Security will be allocated a stock code number by HKSCC. The stock code numbers of Eligible Securities should be quoted in all communications with HKSCC concerning those Eligible Securities.

To cater for the available record length of the CCASS computer system, HKSCC may also assign an abbreviated name to an Eligible Security.

In general, for Eligible Securities listed or admitted to trading on the Exchange, HKSCC will usually follow the stock codes and descriptions used by the Exchange. For China Connect Securities, HKSCC will usually follow a mapping algorithm and convert the stock codes used by the relevant China Connect Market Operator to a set of 5-digit stock codes for use in CCASS. Participants will be notified of the relevant stock code mapping via circular. A list of the China Connect Securities' stock codes together with their CCASS stock code mapping will be published by HKSCC on the HKEX website.

#### 5.4 RESTRICTIONS AFFECTING ELIGIBLE SECURITIES

Certain Eligible Securities may be subject to restrictions or limitations as to ownership or control or other matters. These restrictions or limitations may be imposed by the issuers of

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Eligible Securities in their Articles of Association or Bye-laws or may be required under applicable law. For example, the terms of an issue of an Eligible Security may provide that a registered holder of such Eligible Securities may not hold more than a stated percentage of such Eligible Securities without the approval of the board of directors of the issuer.

To comply with such restrictions or limitations, HKSCC may from time to time enter into arrangements with issuers of Eligible Securities, agreeing to provide information relating to Eligible Securities to the issuers or agreeing to require Participants to provide information or comply with relevant requirements of the issuers.

Restrictions or limitations as to ownership or control or other matters may also be imposed by applicable law. For example, under the applicable laws of Mainland China, unless otherwise permitted by the relevant strategic investor regulators, no foreign investors are allowed to individually hold more than 10% of the issued shares of an A-share listed company, or in aggregate with other foreign investors hold more than 30% of the issued shares of an A-share listed company (note that these limits are provided for reference only and are subject to change by the Mainland regulators). If these limits are reached or exceeded, (whether through China Connect Clearing Services or through other means) at the end of a Trading day, the relevant China Connect Market Operator, China Connect Clearing House or governmental, regulatory or competent authority may issue a forced-sale notice to HKSCC, the Exchange or the relevant SEHK Subsidiary generally on a “last-in, first-out” basis (i.e. the forced sales will apply to the most recently completed buy orders in reverse chronological order).

While HKSCC may notify Participants of the relevant restrictions, limitations or requirements to be complied with by them to the extent that it is aware of them, it shall be the responsibility of Participants and their clients to ensure compliance with such restrictions, limitations and requirements. Any such information provided to Participants and any description of Mainland China laws or regulations in the Rules are for informational purposes only and are not intended, nor should they be regarded, as legal or other professional advice. Participants should seek independent legal advice regarding any such restrictions, limitations or other requirements to which they may be subject. HKSCC shall have the right to take such action or require Participants to take such action regarding the Eligible Securities held by or for Participants as it considers appropriate, including requiring Participants to liquidate their holdings in Eligible Securities as referred to in Rule 4110 regarding China Connect Securities.