

## CCASS OPERATIONAL PROCEDURES

### Section 10

#### Exchange Trades - CNS System

##### 10.5.1 DVP basis

Settlement between Clearing Participants and HKSCC under the CNS System will ~~normally~~always be on a DVP basis and in the Eligible Currency in which the relevant securities are denominated. To the extent that HKSCC determines that it is not possible or reasonably practicable to make payment in such Eligible Currency, HKSCC's obligations shall be to make payment, in full or in part, in such other currency or currencies and at such conversion rate(s) as HKSCC may in its absolute discretion determine to be fair and reasonable, taking into account all relevant circumstances as it may consider appropriate. With only one exception (see Section 10.5.5), money settlement will only be effected after settlement of stock positions in CCASS.

CCASS money settlement involves HKSCC issuing instructions to the Designated Banks of Participants to cause credits and debits to be made to the Designated Bank Accounts of Participants. Where the Clearing Participant is in the process of opening a Designated Bank Account in an Eligible Currency which is the subject of the CNS Transactions, HKSCC will make payment to the Clearing Participant by telegraphic transfer or paper cheque or such other means as are considered ~~appropriate~~fair and reasonable by HKSCC. Payment will be made to the delivering Clearing Participant on the Business Day following the actual date of securities settlement. The receiving Clearing Participant must make payment directly into HKSCC's stated foreign currency bank account before 9:30 a.m. on the Business Day following the actual date of securities settlement.