

GENERAL RULES OF CCASS

CHAPTER 3

ADMISSION OF PARTICIPANTS

303. Criteria for admission

In the case of an application to become a General Clearing Participant, the applicant must: -

- (i) (a) be a licensed corporation which is licensed to carry on Type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong); or
- (b) be a registered institution which is registered to carry on Type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

(ii) (if the applicant is a licensed corporation)

(a) be a company limited by shares incorporated in Hong Kong; and

(b) have and undertake to maintain liquid capital of not less than: -

(1) HK\$300,000,000/100,000,000 provided that if it has entered into valid clearing agreements with no more than five NCPs, an additional HK\$20,000,000 for each NCP after the fifth NCP with which it has entered into a valid clearing agreement, subject to a maximum of HK\$390,000,000;
or

(2) its required liquid capital under the Financial Resources Rules,

whichever is the higher; ~~or~~

~~(c) have paid-up share capital of not less than HK\$300,000,000 and have liquid capital of not less than HK\$100,000,000 or its required liquid capital under the Financial Resources Rules, whichever is the higher.~~

(iii) (if the applicant is a registered institution)

have and undertake to maintain Tier 1 capital under the Banking (Capital) Rules of not less than HK\$390,000,000 or such other level as prescribed by HKSCC from time to time.

- (iv) demonstrate to the satisfaction of HKSCC that it has an established clearing business in securities listed and/or traded on the Exchange or it has the financial and operational capacity to establish and operate a clearing business in securities listed and/or traded on the Exchange.

- (v) undertake, if its application is successful, to sign a Participant Agreement; to pay to HKSCC as provided in the Participant Agreement an admission fee of HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by the applicant (if applicable) whichever is the higher (or such other amount as may be specified by HKSCC from time to time); to pay to HKSCC its Basic Contribution and Dynamic Contribution in accordance with the Rules; to arrange indemnity insurance in a form acceptable to or as prescribed by HKSCC; and to provide, if required, assurances acceptable to HKSCC in respect of its obligations to HKSCC as a result of its participation in CCASS, including, but not limited to, liabilities for defective Eligible Securities deposited by it into CCASS, such assurances to be in the form of insurance or in such other form as shall be acceptable to HKSCC; and to procure the agreement of its Designated Bank to comply with the requirements of HKSCC for CCASS money settlement purposes.