

GENERAL RULES OF CCASS

PART A: RULES OF GENERAL APPLICATION

**CHAPTER 1
INTERPRETATION**

101. Definitions

When used herein, the following expressions shall, unless the context otherwise requires, bear the following meanings:

“Electronic Payment Instruction” or “EPI”	means a payment instruction generated by HKSCC and forwarded for processing to the Designated Bank of a Participant via the Clearing House of HKAB, to effect (i) money settlement between two Participants in relation to Isolated Trades or SI or ISI Transactions in CCASS on a DVP basis; (ii) payment of application monies to Issuers and refund monies to Participants; or (iii) payment of money by Clearing Participants or Custodian Participants to their SSA Statement Recipients in respect of STI Transfers on a DVP basis; <u>or (iv) payment of fees and expenses by Participants other than Investor Participants to HKSCC for CCASS services;</u>
“Mainland Clearing Risk Fund”	means an amount determined by HKSCC as Mainland Clearing Risk Fund required to be provided by a China Connect Clearing Participant pursuant to Rule 4107(vii);

**CHAPTER 11
NOMINEE SERVICES**

1101. Scope and extent of nominee and similar services

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

- (iii) (a) the appointment of Participants or persons nominated by Participants as proxies or representatives of HKSCC or the Nominee for the purposes of attending and voting at meetings of holders of such Eligible Securities or other similar purposes, ~~and~~ (b) in respect of Uncertificated Eligible Securities (where applicable ~~or~~ and where the applicable laws, rules or regulations so permit or require), the

communication or passing on of any voting or other instructions, proxy nominations or appointments or ~~all~~ other authorizations, declarations, requests or information received from Participants to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar, and (c) in respect of China Connect Securities, where applicable and where the applicable laws, rules or regulations or constitutional documents of the relevant issuer so permit or require, the communication or passing on of any voting or other instructions, proxy nominations or appointments or other authorizations, declarations, requests or information received from Participants to the ~~relevant~~ issuer or its authorized agents or representatives;

CHAPTER 20 DISCIPLINARY ACTIONS

2001. Circumstances subject to disciplinary actions

Subject to Rule 2013, HKSCC may institute disciplinary proceedings against a Participant in respect of an act of misconduct committed or reasonably believed to have been committed by it. An act of misconduct includes:-

- (xiii) if the Participant is a TSF CCASS Participant, a failure to comply with any TSF Participant Registration Criteria or any other conditions or requirements for its continued registration as a TSF CCASS Participant, or a failure to comply with any provisions of, or any of its obligations under, Chapter 12A of the Rules, Section 12A of the Operational Procedures and other related provisions in the Operational Procedures; ~~and~~
- (xiv) if the Participant is a China Connect Clearing Participant, a failure to comply with any China Connect Clearing Participant Registration Criteria or any other conditions or requirements for its continued registration as a China Connect Clearing Participant, or a failure to comply with any provisions of, or any of its obligations under, Chapter 41 of the Rules, Section 10A of the Operational Procedures and other related provisions in the Rules and Operational Procedures; ~~and~~
- (xv) if the Participant is a China Connect Clearing House, a failure to comply with any China Connect Clearing House qualification requirements or any other conditions or requirements for its continued registration as a China Connect Clearing House, or a failure to comply with any provisions of, or any of its obligations under Chapter 42 of the Rules and other related provisions in the Rules and Operational Procedures, including those applicable to a Clearing Agency Participant which is a China Connect Clearing House.

CHAPTER 28 DISCLOSURE

2801. Disclosure required by law etc.

HKSCC shall have authority to disclose the details of any information concerning a Participant and a recipient of copies of Corporate Communications in its possession, any information received from a Participant and any other information in connection with a Participant at any time if so required (i) by any applicable law, decree, rule,

regulation or order of any government, regulatory authority, court, tribunal, or other competent authority; (ii) pursuant to any requirement or request of any governmental, regulatory or other competent authority whether within or outside Hong Kong (including, but not limited to, the Commission, HKMA and the Inland Revenue Department of the Hong Kong government); or (iii) by or in accordance with the Tax Information Exchange Framework. Without prejudice to the rights and powers of HKSCC under Rules 2803 to 2805, if required for HKSCC to comply with any local or international regulatory standards applicable to it, HKSCC shall also have authority to disclose on an aggregated and/or anonymised basis any information concerning or in connection with a Participant at any time, including disclosure to specified persons or to the public.

CHAPTER 35 LATE DELIVERY OF SECURITIES - CNS SYSTEM

3501A. Default fee and Buy-in for China Connect Securities

Subject to the Rules, if a China Connect Clearing Participant fails to deliver China Connect Securities on time by the final Batch-settlement-run of such China Connect Securities on the due date (i.e. T day), then without prejudice to such other rights as HKSCC may have under the Rules, HKSCC reserves the right at any time:

- (ii) to execute on behalf of any such Participant on T+1 (or, if it is not practicable to do so on T+1, at any time thereafter) a Buy-in via the relevant Trading Link to purchase such China Connect Securities (up to the quantity required, rounded up to the nearest Board Lot if the quantity required is not in full Board Lots).

Further, each such Participant on whose behalf HKSCC executes a Buy-in shall indemnify HKSCC against all costs, fees, expenses, liabilities, losses and damages of any nature whatsoever suffered or incurred by it directly or indirectly arising out of the execution of such a Buy-in by HKSCC, including the Buy-in of any China Connect Securities in excess of the outstanding quantity due to the rounding up of such quantity to the nearest Board Lot.

CHAPTER 41 CHINA CONNECT CLEARING SERVICES

4103. China Connect Clearing Participants and Eligibility Criteria for Registration

Only China Connect Clearing Participants may use China Connect Clearing Services relating to the clearing and settlement of China Connect Securities Trades.

To be accepted for registration and to remain registered as a China Connect Clearing Participant, a Participant must:

- (a) be a Direct Clearing Participant or a General Clearing Participant;
- (b) undertake to pay HKSCC such amount of Mainland Settlement Deposit, Mainland Security Deposit, Marks, ~~and Collateral~~ ~~and Mainland Clearing Risk Fund~~—as may be specified by HKSCC in accordance with the Operational Procedures; and

- (c) meet all other relevant China Connect Clearing Participant Registration Criteria.

4107. Risk Management Measures applicable to China Connect Securities Trades

i. Mainland Settlement Deposit and Mainland Security Deposit

HKSCC shall have the right to satisfy its obligations as clearing participant to the China Connect Clearing House under the relevant Clearing Link with, or otherwise use, ~~the funds provided by China Connect Clearing Participants as Mainland Settlement Deposit and Mainland Security Deposit collected from China Connect Clearing Participants.~~ Without limitation to the foregoing or to application of such funds in accordance with the rules of the China Connect Clearing House, HKSCC may use such funds for money settlement in the event that the usual money settlement procedures between HKSCC and the China Connect Clearing House under the relevant Clearing Link are temporarily delayed or prevented as a result of any typhoon, black rainstorm warning, human error or delay, third party or technical incidents or force majeure events, provided that HKSCC will endeavour to replenish the funds used in such money settlement as soon as practicable. For the avoidance of doubt, in such situations HKSCC shall still be liable to pay to a China Connect Clearing Participant an amount equal to the Mainland Settlement Deposit and Mainland Security Deposit provided by it (less any amount if any used to satisfy obligations and liabilities of such China Connect Clearing Participant) in accordance with Rule 4107(v).

vii. ~~Mainland Clearing Risk Fund [Repealed]~~

~~Each China Connect Clearing Participant shall on demand provide to HKSCC such contributions to the Mainland Clearing Risk Fund as may from time to time be determined by HKSCC to be payable by the China Connect Clearing Participant in respect of its or its NCPs' China Connect Securities Trades if HKSCC as a clearing participant of the China Connect Clearing House under the relevant Clearing Link is required to contribute to the Settlement Risk Fund administered by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China.~~

~~HKSCC shall be entitled from time to time and at any time to compute a China Connect Clearing Participant's required contributions to the Mainland Clearing Risk Fund using the formula set forth in the Operational Procedures or such other methods and assumptions as HKSCC may consider appropriate. Unless HKSCC otherwise specifies, Mainland Clearing Risk Fund contribution requirements will be computed with reference to the turnover in China Connect Securities of a China Connect Clearing Participant and its NCPs.~~

~~The calculation and collection of contributions to the Mainland Clearing Risk Fund shall be made in accordance with the Operational Procedures.~~

~~Unless HKSCC otherwise approves or the Operational Procedures otherwise provide, China Connect Clearing Participants shall provide Mainland Clearing Risk Fund required pursuant to this Rule 4107(vii) in the form of cash in Renminbi. The provision of Mainland Clearing Risk Fund in any other currency or any other form, if it is accepted by HKSCC, shall be subject to such conditions and up to such limits as HKSCC may from time to time determine.~~

~~HKSCC shall have the right to satisfy its obligations to contribute to the Settlement Risk Fund administered by the China Securities Regulatory Commission and the Ministry of Finance of Mainland China or any other risk fund as clearing participant to the China Connect Clearing House under the relevant Clearing Link with contributions to the Mainland Clearing Risk Fund collected from China Connect Clearing Participants.~~

~~Contributions to the Mainland Clearing Risk Fund paid by China Connect Clearing Participants are non-repayable and will not be returned or redelivered to China Connect Clearing Participants by HKSCC, unless otherwise determined by HKSCC.~~

4110. Compliance with applicable laws and the Rules

ii. Obligation to provide information and disclosure of information

Without prejudice to the generality of Rule 280~~46~~, HKSCC may direct a Participant to provide it with such information or document in Chinese (or where the information or document is not in the Chinese language, a Chinese translation thereof) as required by a China Connect Clearing House or a relevant governmental, regulatory or competent authority for the purpose of any investigation within a period specified by HKSCC.

Without prejudice to the rights and powers of HKSCC under Rules 2803 to 2805, if required for a China Connect Clearing House to comply with any local or international regulatory standards applicable to it in respect of any Clearing Link entered into between HKSCC and such China Connect Clearing House, HKSCC may disclose to the China Connect Clearing House any information concerning or in connection with a Participant at any time, and the China Connect Clearing House may disclose such information on an aggregated and/or anonymised basis at any time to specified persons or to the public.

**CHAPTER 42
CHINA CONNECT CLEARING HOUSES**

4210. Disclosure of information

HKSCC shall have the authority to disclose the details of any information concerning a China Connect Clearing House at any time if so required pursuant to any local or international regulatory standards applicable to HKSCC in respect of any Clearing Link entered into between HKSCC and the China Connect Clearing House.