

GENERAL RULES OF CCASS

**CHAPTER 1
INTERPRETATION**

101. Definitions

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

“Account Transfer Instruction” or “ATI”	means an instruction of a Participant other than an Investor Participant, in such form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities between different Stock Accounts (except the Stock Collateral Control Account and in the case of a Clearing Participant or a Custodian Participant, the SSA with Statement Service and Special Segregated Accounts) of the Participant in CCASS, as referred to in Rule 601;
“Multi-counter Transfer Instruction”	means an instruction given by a Participant to HKSCC in such form as HKSCC may prescribe from time to time, to effect the transfer of Multi-counter Eligible Securities of an Issuer held in the Participant’s Stock Accounts (except its Stock Collateral Control Account, SSA with Statement Service and Special Segregated Accounts (in the case of a Clearing Participant or a Custodian Participant) and TSF Accounts (in the case of a TSF CCASS Participant)) from one relevant stock code to another relevant stock code, as referred to in Rule 816A;
“Special Segregated Account” or “SPSA”	means a Stock Segregated Account within the range of account codes specified by HKSCC which is designated by a Custodian Participant or a GCP which is not an Exchange Participant for one of its clients for the purpose of maintaining holdings of China Connect Securities of this client and for facilitating the determination of the maximum amount of China Connect Securities that may be sold by this client on a particular Trading day;
“STI Transfer”	means a transfer to be effected in CCASS between an SSA with Statement Service or a Special Segregated Account and any other Stock Account (including any other SSA with Statement Service or Special Segregated Account but excluding the Stock Collateral Control Account and TSF Accounts) of a Clearing Participant or Custodian Participant as a result of (i) the input (and authorisation, if required) of a Stock Segregated Account Transfer Instruction (without affirmation) or (ii) the input (and

authorisation, if required) of a Stock Segregated Account Transfer Instruction (with affirmation) affirmed by the relevant SSA Statement Recipient;

“Stock Segregated Accounts”
or “SSA”

means, (i) in relation to each Clearing Participant or Clearing Agency Participant, the Stock Accounts in CCASS of such Participant other than its Stock Clearing Account, Stock Lending Account and Stock Collateral Control Account; and (ii) in relation to each Participant other than a Clearing Participant, a Clearing Agency Participant or an Investor Participant, the Stock Accounts in CCASS of such Participant other than its Stock Clearing Account and Stock Lending Account, as referred to in Rule 601, including but not limited to SSA with Statement Service and Special Segregated Accounts of the Participant, and in relation to a TSF CCASS Participant, TSF Accounts shall not be regarded as Stock Segregated Accounts;

“Stock Segregated Account Transfer Instruction” or “STI”

means an instruction of a Clearing Participant or Custodian Participant, in such form as HKSCC may from time to time prescribe as being valid, to effect book-entry movements of Eligible Securities between an SSA with Statement Service or a Special Segregated Account and any other Stock Account of the Participant in CCASS (including any other SSA with Statement Service or Special Segregated Account but excluding the Stock Collateral Control Account and where a Clearing Participant or a Custodian Participant is a TSF CCASS Participant, excluding also the TSF Accounts), as referred to in Rule 601;

CHAPTER 6

STOCK ACCOUNTS AND CCMS COLLATERAL ACCOUNTS

601. Stock Clearing Account / Stock Segregated Accounts / Stock Lending Account / Stock Collateral Control Account / TSF Accounts / Stock Account of an Investor Participant

A Participant other than an Investor Participant may move Eligible Securities between its Stock Accounts, other than its Stock Collateral Control Account and, in the case of a Clearing Participant or a Custodian Participant, its SSA with Statement Service and Special Segregated Accounts, by the input of an Account Transfer Instruction in accordance with the Operational Procedures and the “CCASS Terminal User Guide for Participants” of HKSCC, as from time to time in force. A Clearing Participant or Custodian Participant may also move Eligible Securities between any of its SSA with Statement Service or Special Segregated Accounts and any other Stock Accounts (including other SSA with Statement Service and Special Segregated Accounts but excluding its Stock Collateral Control Account and TSF Accounts) by the input of a Stock Segregated Account Transfer Instruction in accordance with the Operational Procedures and the “CCASS Terminal User Guide for Participants” of HKSCC, as from time to time in force.

**CHAPTER 8
DEPOSITORY AND CUSTODIAN SERVICES**

816B. Conversion service for Eligible Securities subject to parallel trading arrangements

A Participant other than an Investor Participant that wishes to effect such a conversion of its holdings in the relevant Eligible Security in its Stock Accounts (except its Stock Collateral Control Account, SSA with Statement Service and Special Segregated Accounts (in the case of a Clearing Participant or a Custodian Participant) and TSF Accounts (in the case of a TSF CCASS Participant)) should provide Parallel Trading Conversion Instructions to HKSCC in accordance with the Operational Procedures.

824. Custodian services in relation to China Connect Securities

China Connect Securities are uncertificated securities. Physical deposit of China Connect Securities with and physical withdrawal of China Connect Securities from CCASS or the relevant China Connect Clearing House is not available. Accordingly, Rules relating to the physical deposit and withdrawal of securities are not applicable to China Connect Securities.

China Connect Securities are held by HKSCC for the account of Participants in an omnibus account maintained by HKSCC with the relevant China Connect Clearing House under a Clearing Link (including a central securities depository link) and are recorded in computerized form in CCASS. China Connect Securities may be credited to and debited from a Participant's Stock Account as a result of (a) the clearing and settlement of China Connect Securities Trades, and (b) the provision of any other China Connect Services by HKSCC to the Participant. HKSCC shall not be obliged to open or maintain any sub-account with the relevant China Connect Clearing House for a Participant or any other person in respect of China Connect Securities. However, HKSCC has in place daily reconciliation procedures with the relevant China Connect Clearing House and within CCASS to ensure that the credits and debits of China Connect Securities to and from each Participant's Stock Accounts are accurate.

The China Connect Securities that are credited by the relevant China Connect Clearing House to the omnibus account maintained by HKSCC with such China Connect Clearing House, and the China Connect Securities that are credited by HKSCC to the Stock Account of each Participant within CCASS, shall be held by HKSCC as nominee holder only. HKSCC has no proprietary interest in and is not the beneficial owner of any China Connect Securities held or recorded in such accounts. All proprietary interests in respect of China Connect Securities belong to the Participants or their clients (as the case may be).

As permitted in the Rules, Participants may hold their China Connect Securities in one or more Stock Segregated Accounts within CCASS. In addition, Custodian Participants and General Clearing Participants which are not Exchange Participants may hold their China Connect Securities in Special Segregated Accounts within CCASS.

HKSCC provides services to Participants as set out in Chapters 8, 11 and 41 of the Rules and the related CCASS Operational Procedures to enable them and their clients (as appropriate) to exercise their rights as owners of proprietary interests in China Connect Securities, including the right to receive dividends and other distributions and the power to exercise voting rights. Unless specifically provided for in the Rules, HKSCC will not exercise any right arising from or in relation to any China Connect Securities without the instruction of the Participants.

Where any Participant or any of its clients who is the beneficial owner of China Connect Securities decides to bring legal action in Mainland China to enforce its rights in relation to the China Connect Securities, HKSCC will:

- (a) upon the request of the Participant and after receiving the necessary information, documentation and indemnities as HKSCC may reasonably require from the Participant, provide certification to the relevant China Connect Clearing House for the purpose of providing evidential proof of the relevant Participant's or its client's holding in China Connect Securities at the relevant time; and
- (b) upon the request of the Participant, assist the Participant or its client in bringing the legal action in Mainland China in the manner as may be required under Mainland China law, after having regard to its statutory duties and subject to such conditions as HKSCC may reasonably require (including payment of fees and cost up-front and indemnities to the satisfaction of HKSCC).

Participants confirm and agree that their title or interest in and entitlements to the China Connect Securities (whether legal, equitable or otherwise) shall be subject to the applicable laws of Mainland China and Hong Kong, including laws relating to any disclosure of interest requirement or foreign shareholding restriction. Participants shall be responsible for ensuring that they comply with such applicable laws.

In the event that HKSCC, the Exchange or the SEHK Subsidiary is notified by the relevant China Connect Market, China Connect Clearing House or regulatory body that HKSCC's holding in a China Connect Security for Participants has caused any foreign shareholding limit to be exceeded in breach of any applicable law, HKSCC shall have the power to require Participants, as determined by HKSCC on a last-in-first-out basis, to reduce such amount of holdings in their respective Stock Accounts within such time period as may be required by HKSCC such that the applicable foreign shareholding limit will no longer be exceeded. Participants shall, upon receipt of any Forced-Sale Notice, reduce their or their clients' holdings in the relevant China Connect Security as referred to in Rule 4110(iv). Participants shall have arrangements and authorizations in place to enable them to effect the sale of the relevant China Connect Security on behalf of their clients should they fail to do so within the specified time period.

Where China Connect Securities of a Participant are held through HKSCC in any manner, the Participant covenants, represents and warrants to HKSCC that:-

- (a) it shall not raise any claims (whether in contract, tort or otherwise) against HKSCC arising from or relating to any form of tax, duty, fine or penalty imposed or levied on or in respect of the China Connect Securities under any applicable law or regulation, whether or not HKSCC is involved in any tax collection, withholding or related arrangement; and
- (b) unless HKSCC otherwise agrees, it shall only give voting or other instructions to HKSCC and not directly to any issuer or the issuer's authorized agent or representative.

CHAPTER 12A FOREIGN EXCHANGE SERVICES

12A12. Stock Release Requests and Stock Release FX Transactions

If a TSF CCASS Participant wishes to de-earmark earmarked TSF Stocks or to release earmarked TSF Stocks from the restrictions referred to in Rule 12A09 without selling them, it may effect a book-entry movement of the relevant number of earmarked TSF Stocks from its relevant TSF Account to any other Stock Account (except a Stock Collateral Control Account, an SSA with Statement Service and a Special Segregated Account) by inputting and authorising a Stock Release Request for submission to HKSCC.

**CHAPTER 36
RISK MANAGEMENT MEASURES - CNS SYSTEM**

3602A. Mainland Settlement Deposit and Mainland Security Deposit

HKSCC shall be entitled from time to time and at any time to compute Mainland Settlement Deposit and Mainland Security Deposit using the formulae set forth in the Operational Procedures or such other methods and assumptions as HKSCC may consider appropriate. Unless HKSCC otherwise specifies, (i) Mainland Settlement Deposit will be computed with reference to the buy turnover in China Connect Securities and any overdue short CNS stock positions in China Connect Securities of a China Connect Clearing Participant and its NCPs and the sell turnover in China Connect Securities that are executed by the China Connect Clearing Participant and its NCPs for Special Segregated Accounts; and (ii) Mainland Security Deposit will be computed with reference to the net settlement amount in China Connect Securities Trades of the China Connect Clearing Participant and its NCPs under the CNS System.

**CHAPTER 41
CHINA CONNECT CLEARING SERVICES**

4104A. Custodian Participants and non-Exchange Participant GCPs to maintain Special Segregated Accounts for clients

A Custodian Participant or a GCP which is not an Exchange Participant shall, upon the request of a client, designate a Special Segregated Account with an assigned investor identification number in CCASS to the client for the purpose of maintaining its holdings of China Connect Securities in CCASS and for facilitating the determination of the maximum amount of China Connect Securities that may be sold by such client on a particular Trading day. Subject to the Rules and the Exchange Rules, a Custodian Participant or a GCP which is not an Exchange Participant shall ensure that such account designation is performed accurately and properly, and shall have measures in place to ensure that its clients' holdings of China Connect Securities will be correctly maintained in their designated Special Segregated Accounts.

4107. Risk Management Measures applicable to China Connect Securities Trades

i. Mainland Settlement Deposit and Mainland Security Deposit

HKSCC shall be entitled from time to time and at any time to compute Mainland Settlement Deposit and Mainland Security Deposit using the formulae set forth in the Operational Procedures or such other methods and assumptions as HKSCC may consider appropriate. Unless HKSCC otherwise specifies, (i) Mainland Settlement Deposit will be computed by reference to the buy turnover in China Connect Securities and any overdue short CNS stock positions in China Connect Securities of a China Connect Clearing Participant and its NCPs and the sell turnover in China Connect Securities that are executed by the China Connect Clearing Participant and its NCPs for Special Segregated Accounts; and (ii) Mainland Security Deposit will be computed by reference to the net settlement amount in China Connect Securities Trades of the China Connect Clearing Participant and its NCPs under the CNS System.