

**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:

“Cross-Border Transfer Instructions”	means instructions given by a Participant to HKSCC (in such form as HKSCC may prescribe from time to time) in relation to the transfer of (i) Foreign Securities; or (ii) Uncertificated Eligible Securities, as referred to in Rule 907;
“Overseas Account”	means an overseas account from or to which Uncertificated Eligible Securities may be transferred, as referred to in Rule 823;
“Overseas Issuer”	means, in relation to Uncertificated Eligible Securities, an Issuer incorporated or otherwise established outside Hong Kong;
“Uncertificated Eligible Security”	means an Eligible Security (other than Foreign Securities) issued by an Overseas Issuer in uncertificated form and designated by HKSCC as an “Uncertificated Eligible Security” for the purposes of the Rules;

**CHAPTER 7**

**SERVICES - GENERAL**

**701. Services**

Notwithstanding anything to the contrary in the Rules, HKSCC may decline in its discretion to provide one or more services or facilities or suspend or cease to provide any services or facilities with respect to any transaction or class of transactions, any Participant or category of Participants or SSA Statement Recipients, or any Eligible Security or class of Eligible Securities. In deciding whether to exercise such discretion, HKSCC may take into account any factors which it considers reasonable or relevant including, without limitation, any restrictions, limitations, conditions or requirements under or imposed by any applicable law, rule or regulation of any relevant jurisdiction.

**703. Arrangements with other entities**

HKSCC may from time to time, in its own right and/or as agent for Participants, enter into or be required to enter into arrangements with other entities, or to obtain or receive the services or assistance of such entities in order to provide or otherwise to facilitate the provision of, any CCASS services and facilities to Participants upon such terms and conditions as it may agree with such entities. When using any such CCASS services and facilities, Participants shall comply with and be bound by, and all transactions relating to such CCASS services and facilities shall also be subject to, the terms and conditions of the relevant arrangements and all the other applicable rules, regulations, procedures, requirements and directions made, issued or prescribed under the arrangements, as notified to the Participants or otherwise set out in the Operational Procedures. Where applicable, Participants shall upon request provide HKSCC, any entity it has entered into relevant arrangement with or such other persons as HKSCC may specify with such agreements, confirmations, acknowledgements, declarations or authorizations (i) as HKSCC may require for the provision of the relevant services; or (ii) as HKSCC may be required to obtain or provide under any terms and conditions relating to the relevant arrangement.

**CHAPTER 8**

**DEPOSITORY AND CUSTODIAN SERVICES**

**803. Eligible Securities deposited to be freely transferable**

In relation to Foreign Securities which are credited to a Participant's Stock Account, that Participant covenants, represents and warrants to HKSCC that :-

- (i) in the case of a certificated security, (a) the certificate is genuine and has not been materially altered; (b) the Participant does not know of any fact that might impair the validity of the security; (c) there is no adverse claim to the security; and (d) there is no restriction on the transfer of such certificated security;
- (ii) in the case of an uncertificated security, (a) there is no adverse claim to the security; and (b) there is no restriction on the transfer of such uncertificated security;
- (iii) in the case of the Foreign Securities held in HKSCC's account with The Depository Trust Company or its successor or assignee, such Foreign Securities are Eligible U.S. Securities; and
- (iv) it shall furnish HKSCC with any information as HKSCC may require in order to comply with any request made of it by any tax authority for information in connection with the preceding representations and warranties in this Rule 803 or any other matter required by applicable law.

In relation to Uncertificated Eligible Securities which are credited to a Participant's Stock Account, including but not limited to Uncertificated Eligible Securities credited to a Participant's Stock Account directly by or from the relevant Overseas Issuer, a principal or branch share registrar or such other authorized agents or representatives of the relevant Overseas Issuer or any other intermediaries having relevant authority to do so under applicable laws or arrangements (as the case may be), that Participant covenants, represents and warrants to HKSCC that:

- (i) the Participant does not know of any fact that might impair the validity of such Uncertificated Eligible Securities and has full authority to receive, deal with and give instructions, authorizations or declarations in respect of them;
- (ii) there is no adverse claim to such Uncertificated Eligible Securities and there is no restriction on the transfer of such Uncertificated Eligible Securities; and
- (iii) it shall furnish HKSCC with any information as HKSCC may require in order to:
  - (a) provide the services in respect of the Uncertificated Eligible Securities;
  - (b) comply with any request made of it by any tax authority for information in connection with the preceding representations and warranties in this Rule 803 or any other matter required by applicable law;
  - (c) comply with any request made of it by any competent regulator or authority for information in connection with the Uncertificated Eligible Securities or any other matter required by applicable law; and
  - (d) comply with any request of the relevant Overseas Issuer, a principal or branch share registrar or such other authorized agents or representatives of the relevant Overseas Issuer or any other relevant intermediaries (as the case may be) as required by applicable law or the applicable arrangement in relation to the provision of services in respect of Uncertificated Eligible Securities.

**823. Custodian Services in relation to Uncertificated Eligible Securities**

Uncertificated Eligible Securities are held by HKSCC for the account of Participants recorded in computerized form by the CCASS Depository.

Physical deposit of Uncertificated Eligible Securities with and physical withdrawal of Uncertificated Eligible Securities from the CCASS Depository are not available. Accordingly, Rules relating to the physical deposit and withdrawal of securities are not applicable to Uncertificated Eligible Securities.

Participant that wishes to transfer Uncertificated Eligible Securities from an overseas account (the "Overseas Account") maintained with an entity which performs or assists in performing depository, custodian, sub-custodian or related services outside Hong Kong and which is acceptable to HKSCC to its Stock Account with CCASS (or vice versa) will be required to provide a Cross-Border Transfer Instruction in accordance with the Operational Procedures.

Uncertificated Eligible Securities may be credited to and debited from a Participant's Stock Account as a result of (a) allocation following a successful application for New Issue Shares in a New Issue in relation to the relevant Overseas Issuer; (b) clearing and settlement of Exchange Trades relating to Uncertificated Eligible Securities; (c) clearing and settlement of Cross-Border Transfer Instructions; and (d) the provision of any other services by HKSCC in relation to Uncertificated Eligible Securities to the Participant.

Save as otherwise provided in the Rules, HKSCC acknowledges and confirms that it has no proprietary interest in Uncertificated Eligible Securities to the extent they are credited to the Stock Account of a Participant.

HKSCC does not guarantee the title to any Uncertificated Eligible Securities held through it in any manner. Further, HKSCC shall have no obligation to enforce any rights on behalf of Participants in respect of Uncertificated Eligible Securities.

Participants confirm and agree that their title or interest in and entitlements to Uncertificated Eligible Securities (whether legal, equitable or otherwise) shall be subject to the applicable law of the relevant jurisdiction.

Where Uncertificated Eligible Securities of Participants are held through HKSCC in any manner, each 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 Uncertificated Eligible 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 the Overseas Issuer or its principal or branch share registrar (if any).

## **CHAPTER 9**

### **CLEARING SERVICES**

#### **907. Clearance of other transactions: Cross-Border Transfer Instructions**

Each Participant that wishes (i) Foreign Securities to be transferred from an account of a person (other than HKSCC or the Nominee) with an Appointed Depositary to HKSCC's account or the Nominee's account with that Appointed Depositary (or vice versa); or (ii) Uncertificated Eligible Securities to be transferred from an Overseas Account to its Stock Account with CCASS (or vice versa), must complete and submit to HKSCC an instruction form in the form prescribed by HKSCC from time to time (stamped with the company chop, if applicable). The completed and signed form must be submitted to HKSCC at the CCASS Depositary for processing by HKSCC.

## **CHAPTER 11**

### **NOMINEE SERVICES**

#### **1101. Scope and extent of nominee and similar services**

Subject to the Rules, in respect of Eligible Securities held in custody or recorded in the CCASS Depositary or in an Appointed Depositary (as the case may be) 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) 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 in respect of Uncertificated Eligible Securities (where applicable or 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;

Subject to the Rules, a Clearing Participant or Custodian Participant may, in respect of Eligible Securities held in custody or recorded in the CCASS Depository or in an Appointed Depository (as the case may be) and credited to the SSA with Statement Service of the Participant, authorize its SSA Statement Recipient to use voting services and give voting instructions to HKSCC in relation to such Eligible Securities for the account of the Participant. Where the Participant has authorized its SSA Statement Recipient to give voting instructions in relation to such Eligible Securities as aforesaid, the Participant itself shall not give voting instructions in relation to such Eligible Securities. For these purposes, voting instructions include instructions to make demand poll requests and instructions to appoint person nominated by SSA Statement Recipient to attend meetings. HKSCC may from time to time provide the following voting services to SSA Statement Recipient for the account of the Clearing Participant or Custodian Participant in such manner and to such extent and at such times as HKSCC considers appropriate:

- (ii) the appointment of SSA Statement Recipients or persons nominated by SSA Statement Recipients for the account of Clearing Participants or Custodian 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 in respect of Uncertificated Eligible Securities (where applicable or 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 SSA Statement Recipients to the Overseas Issuer or its authorized agents or representatives including the Issuer's principal or branch share registrar.

In respect of Uncertificated Eligible Securities, unless HKSCC otherwise agrees, a Participant shall only give voting or other instructions to HKSCC and not directly to the Overseas Issuer or its principal or branch share registrar (if any). Further, where appropriate arrangements have been put in place, the transmission of corporate and other communications in respect of Uncertificated Eligible Securities to Participants directly by the principal or a branch share registrar of an Overseas Issuer (or vice versa) may be made. Such procedures and arrangements are as set out in the Operational Procedures or as HKSCC may from time to time prescribe. HKSCC may also specify rules and procedures in relation to the treatment of and services available for Uncertificated Eligible Securities in light of the circumstances of a particular case and the applicable laws and regulations of the relevant jurisdiction.

### **1103. Agents to provide nominee and similar services**

HKSCC may from time to time appoint or instruct one or more banks, custodians, trust companies, nominee companies, registrars, subsidiary companies, intermediaries or such other entities to provide or to assist in the provision of any of the nominee and similar services contemplated herein. For the avoidance of doubt, HKSCC may also appoint any Appointed Depository for such purpose.

HKSCC shall be entitled to determine the terms and conditions upon which any person or entity appointed or instructed shall act, including, but not limited to, the scope of nominee and similar services to be rendered by it and the procedures to be adopted in relation thereto.

Participants shall comply with such procedures of the person or entity appointed or instructed relating to the provision of nominee and similar services as shall from time to time be notified by HKSCC or otherwise specified in the Operational Procedures.

Without affecting the generality of the above or Rule 703, in the provision of nominee and similar services in respect of Uncertificated Eligible Securities, HKSCC or the Nominee may enter into or be required to enter into arrangements with the relevant Overseas Issuer (or its agents or representatives) to obtain or receive its assistance in order to provide or otherwise to facilitate the provision of nominee and similar services to Participants upon such terms and conditions as HKSCC or the Nominee may agree. When using any such nominee or similar services, Participants shall comply with and be bound by the terms and conditions of the relevant arrangements and all the other applicable procedures made under the arrangements, as notified to the Participants from time to time or otherwise set out in the Operational Procedures. Where applicable, Participants shall upon request provide HKSCC, the Nominee, any entity it has entered into relevant arrangement with or such other persons as HKSCC may specify with such agreements, confirmations, acknowledgements, declarations or authorizations (i) as HKSCC or the Nominee may require for the provision of the relevant services; or (ii) as HKSCC may be required to obtain or provide under any terms and conditions relating to the relevant arrangement.

#### **1108. HKSCC not liable**

Without prejudice to any liability HKSCC may have in respect of anything not done or not omitted to be done in good faith on its part, if HKSCC or its nominee shall be unable to exercise rights or entitlements (including, without limitation, voting rights) or to participate in actions, transactions or other matters affecting all or any Eligible Securities held in CCASS or by an Appointed Depositary due to:

- (i) limitations on the exercise of or participation in such rights or actions by HKSCC or its nominee imposed by law, the issuer of the Eligible Security, the Depositary, the person initiating or responsible for such actions or any other competent authority; or
- (ii) if HKSCC receives insufficient notice of such rights or actions to enable it (using its best endeavours) to take all relevant steps in time in relation to the exercise of or participation in such rights or actions as contemplated herein; or
- (iii) any act, omission, default, failure, delay or inadequacy of performance of any of the agents, representatives or intermediaries of the Issuer of the Eligible Security (including its principal or branch share registrar) or any entity it has entered into arrangement with for the purposes of provision of any services under the Rules; or
- (iv) any limitation, restriction, moratorium, suspension or deprivation of voting rights or rights to receive dividends or any other rights or entitlements under any applicable law or regulation or the constitutional documents of the Issuer of the Eligible Security or a competent regulator or authority;

HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall be under no obligation and shall be relieved from any further obligation whatsoever to provide for the exercise of or participation in such rights or actions to Participants and shall not be liable to Participants in any manner whatsoever.

## CHAPTER 19

### INDEMNITY

#### 1901. Scope of indemnity

Each Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and their respective agents, nominees, representatives, officers and employees and hold each of them harmless against all costs, fees, expenses, liabilities, taxes, assessments, losses, fines, penalties, and damages of any nature whatsoever (including the interest accrued to any such amount) suffered or incurred by any of them directly or indirectly as a result of or in connection with the following matters (except where HKSCC is guilty of anything not done or not omitted to be done in good faith on its part and is directly responsible for the losses etc.):

- (viii) anything done, omitted or suffered by HKSCC, its agents, nominees, representatives, officers and employees under, arising out of, in connection with or otherwise related to Cross-Border Transfer Instructions given by the Participant;
- (x) any action by HKSCC or its agents, nominees, representatives, officers and employees in respect of Eligible Securities held or recorded in CCASS or by an Appointed Depository, taken in good faith to comply with any law, decree, regulation or order of any government, competent authority or any court or tribunal; and

## CHAPTER 21

### DUTIES AND LIABILITIES OF HKSCC

#### 2104. HKSCC not to be liable

In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall have no liability for any losses, costs (including legal costs), charges, assessments and damages of any nature whatsoever suffered or incurred directly or indirectly as a result of or in connection with the following matters:

- (iv) any delays, acts or omissions of any Designated Bank of, or of any operator of, any clearing house for an Eligible Currency or of any institution or person providing clearing and settlement services in any Eligible Currency or the insolvency of any of the foregoing;
- (vii) any system used by HKSCC, or any third party system upon which HKSCC is reliant in the operation of CCASS or the settlement and/or clearance of transactions involving Foreign Securities or Uncertificated Eligible Securities is not millennium compliant or is otherwise unable to exchange date information, a Participant fails to conduct appropriate tests of any system on its own or with other systems to ensure it is millennium compliant, or any failure by HKSCC to obtain appropriate warranties, certificates or other commitments from any system's supplier or a failure to take any steps to enforce the same. For these purposes millennium compliant means that the system can handle date information before, during and after 1 January 2000, the advent of the year 2000 and leap years and the new century does not cause the system to cease functioning accurately or to be interrupted and the system responds to two

digit date and year input in a way that resolves any ambiguity as to century in a disclosed, defined and pre-determined manner;

- (xv) any acts, omissions, defaults or delays of the Issuer of any Eligible Securities, or any other party involved in any Eligible Securities or the employees or agents, representatives or intermediaries of any of the foregoing (including an Issuer's principal or branch share registrar), or the insolvency of any of the foregoing;
- (xvia) any acts, omissions or delays of any entity, as referred to in Rule 823, with which an Overseas Account is maintained or with which HKSCC or its nominee has entered into relevant arrangements, or the insolvency of such entity;