

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:

“Non-Clearing Participant” or “NCP” means: (i) an Exchange Participant; or (ii) a registered institution registered to carry on Type 1 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) registered as a general clearing participant of The SEHK Options Clearing House Limited, which, in either case, is not a Clearing Participant;

CHAPTER 17

CONTINUING OBLIGATIONS OF PARTICIPANTS

1703. Other responsibilities

Each Participant undertakes that:-

- (vi) it (which does not include an Investor Participant) will provide HKSCC with any information requested by an exchange, clearing house, regulatory authority or an organization (whether within or outside Hong Kong) with which HKEX, HKSCC or the Exchange has entered into an information sharing arrangement or agreement;
- (vii) it will provide HKSCC with sufficient information so as to enable HKSCC to determine whether any payments to be made by HKSCC under these Rules are withholdable payments pursuant to the Tax Information Exchange Framework and to enable HKSCC to meet any applicable obligations relating to the Tax Information Exchange Framework; and

- (viii) it (which does not include an Investor Participant) will provide to HKSCC:
- (a) as soon as reasonably practicable subsequent to any reorganisation of its corporate group, an updated group organisation chart;
 - (b) on an annual basis, a list of each of its direct and indirect shareholders holding 10% or more of the share capital or voting rights of the Participant;
 - (c) as soon as reasonably practicable following a change (direct or indirect) of 10% or more in the share capital or voting rights of the Participant (including any change in the interest of an existing shareholder who holds an interest (direct or indirect) of 10% or more in the share capital or voting rights of the Participant and any new shareholder acquiring an interest (direct or indirect) of 10% or more in the share capital or voting rights of the Participant), the relevant information setting out such change; and
 - (d) within the time frame specified by HKSCC, such information as HKSCC may request from time to time including changes to its financial condition.

1704. GCPs which are registered institutions

Each GCP which is a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) shall notify HKSCC in writing without delay providing full particulars known to it of:

- (i) any failure to maintain Tier 1 capital in an amount not less than that set out in Rule 303;
- (ii) a decrease in Tier 1 capital by more than 10% from the amount of Tier 1 capital shown on its most recent financial information as provided to HKSCC pursuant to Section 19.2.3 of the Operational Procedures;
- (iii) any events or matters which relate to its clearing activities and exposure to general and financial risks as from time to time specified in these Rules or as HKSCC may from time to time specify or notify to GCPs;
- (iv) any material breach, infringement of or non-compliance with any provisions of these Rules, or where it has reason to suspect any such breach, infringement or non-compliance whether by itself, or any other persons acting on its behalf; and
- (v) within the time frame specified by HKSCC, submit to HKSCC such statements, books, records, accounts, other documents or information which

relate to its clearing activities or its exposure to general and financial risks as HKSCC may reasonably demand, and shall promptly respond to all queries from HKSCC.

CHAPTER 37

DEFAULT RULES - CNS SYSTEM

3701. Events of Default

In the event that:-

- (iia) failure by a GCP which is a registered institution under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to demonstrate to the satisfaction of HKSCC its capability to manage the portfolio of a defaulting NCP for which it clears. Such capability might include, for example, having a valid, binding and effective Clearing Agreement with more than one NCP for which it provides clearing services which permits such GCP to close out positions of the NCP in the event of a default by such NCP under the Exchange Rules;
- (iv) a Clearing Participant or Clearing Agency Participant defaults in payment of any sum payable to HKSCC; or, in respect of a Clearing Participant which is also a participant or member of any clearing and settlement system operated by HKEX or its affiliates:
 - (a) it fails to meet any obligation owed by it to the central counterparty or operator of such system; or
 - (b) it breaches the rules or terms of participation or membership of such system; or
 - (c) a declaration of default by, or suspension or expulsion from participation or membership of such system by the central counterparty occurs;
- (xii) in respect of a Clearing Agency Participant that is a “recognized clearing house” under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as the term is defined therein, if it ceases to be so recognized;
- (xiii) HKSCC becomes aware of circumstances affecting a client, associate or affiliate of a Clearing Participant which might, in the opinion of HKSCC, result in that Clearing Participant being unable to meet any of its obligations under the Rules or any Market Contract to which it is a party; or