

**GENERAL RULES OF CCASS**

**PART A: RULES OF GENERAL APPLICATION**

**CHAPTER 1**

**INTERPRETATION**

**101. Definitions**

“CCMS Collateral Account”	means any account established in CCMS for a Participant other than an Investor Participant for debiting and crediting collateral, as referred to in Rule 601A. For the purposes of the Rules and the Operational Procedures, unless otherwise specified, the term “CCMS Collateral Account” does not include an account established in CCMS for a Participant by another Recognized Clearing House under its rules;
“CCMS House Collateral Account”	means House Collateral Account 0001 established in CCMS for a Participant (other than an Investor Participant) or, in the case of a Clearing Agency Participant which is a China Connect Clearing House, for such Participant in respect of each Special Participant, as referred to in Rule 601A;
“China Connect Securities Trade”	means a trade in China Connect Securities (including Special China Connect Securities) executed on a China Connect Market through an SEHK Subsidiary under a Trading Link;
“Clearing Links Agreement”	means an agreement that is or may be entered into by HKSCC with a China Connect Clearing House relating to one or more Clearing Links (as may be amended, restated and/or supplemented from time to time);
“Collateral Security”	means an Eligible Security which is from time to time held by or deposited with HKSCC by a Participant for credit into the relevant CCMS Collateral Account of such Participant, in accordance with Rule 3601, 3601A, 3603 or 3608;

“Forced-Sale Notice”

means a notice which may from time to time be issued by HKSCC, the Exchange or an SEHK Subsidiary to a Participant or an NCP of the Participant, requiring the Participant or the NCP to reduce its or its clients’ relevant holdings in a China Connect Security in compliance with any foreign shareholding limit imposed under the applicable laws of Mainland China;

“Mainland Business Day”

means, in relation to a China Connect Market, a day on which the China Connect Clearing Services relating to the clearing and settlement of China Connect Securities Trades on the China Connect Market are available and CCASS is open for business to China Connect Clearing Participants (except a Saturday, Sunday or a public holiday in either Hong Kong or Mainland China);

“Securities-on-hold”

means the Eligible Securities allocated to a Stock Clearing Account of a Clearing Participant (including a Clearing Participant which is a China Connect Clearing Participant) or a Clearing Agency Participant which is a party to a Market Contract by HKSCC under the CNS System, as referred to in Rule 3604 or Rule 4107(viii);

“T-day”

means, in relation to a transaction in Eligible Securities other than China Connect Securities, the day of the transaction as reported by the Exchange, and in relation to a transaction in China Connect Securities, the day of the transaction as reported by the relevant SEHK Subsidiary, its designated person or the relevant China Connect Clearing House;

“Trading day”

means, in relation to securities and other products which are traded on the Exchange, a day on which trading is conducted on the Exchange and in relation to China Connect Securities which are traded on a China Connect Market, a day on which trading is conducted on the China Connect Market via the relevant Trading Link and the China Connect Clearing Services of CCASS in respect of the clearing and settlement of such China Connect Securities are open for use by China Connect Clearing Participants;

## CHAPTER 5

### ELIGIBLE SECURITIES AND ELIGIBLE CURRENCIES

#### **504. Acceptance of Eligible Securities as Collateral Security**

HKSCC shall have absolute discretion to accept or refuse for credit to any CCMS Collateral Account an Eligible Security from a Participant as Collateral Security (i) for the discharge and satisfaction of any Marks, Margin and Collateral obligations of such Participant, (ii) for the discharge and satisfaction of all other obligations and liabilities (actual or contingent) of such Participant to HKSCC arising directly in connection with HKSCC ensuring the settlement of Market Contracts to which such Participant is a party, (iii) for the discharge and satisfaction of all liabilities (actual or contingent) of the Participant to HKSCC arising from a loss of or defects affecting Eligible Securities pursuant to Rule 812, Rule 813, Rule 814 and Rule 815 and (iv) for the discharge and satisfaction of all other obligations (actual or contingent) of such Participant to HKSCC. For the avoidance of doubt, in the case of a Clearing Agency Participant which is a China Connect Clearing House, notwithstanding that any Collateral Security may be credited to a CCMS Collateral Account in respect of the relevant Special Participant, such Collateral Security is provided for the discharge and satisfaction of all obligations and liabilities of such Clearing Agency Participant and not only those in respect of the relevant Special Participant.

## 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**

Subject to the Rules, HKSCC shall allocate to each Participant other than an Investor Participant (i) one Stock Clearing Account; (ii) subject to its approval, such number of Stock Segregated Accounts as HKSCC may in its absolute discretion determine from time to time; and (iii) subject to HKSCC's approval, one Stock Lending Account. In the case of a Clearing Participant, HKSCC shall allocate to such Participant in addition to the abovementioned accounts one Stock Collateral Control Account.

In the case of a Clearing Participant, HKSCC shall allocate to such Participant in addition to the abovementioned accounts one Stock Collateral Control Account. In the case of a TSF CCASS Participant, HKSCC shall allocate to such Participant in addition to the abovementioned accounts one TSF Principal Account and one TSF Segregated Account. In the case of a Clearing Agency Participant, HKSCC may also allocate to such Participant for participating in CCASS as a China Connect Clearing House one set of the abovementioned accounts and one Stock Collateral Account in respect of each Special Participant for administrative and

operational convenience only in connection with the establishment and operation of one or more Clearing Links, and references in the Rules to the Stock Clearing Account, Stock Segregated Accounts, Stock Collateral Control Account or any other Stock Account of, established for, or allocated to a Participant shall, in the case of a Clearing Agency Participant participating in CCASS in its capacity as a China Connect Clearing House, be construed to mean the Stock Clearing Account, Stock Segregated Accounts, Stock Collateral Control Account or any other Stock Account allocated to it in respect of each Special Participant or the relevant Special Participant, unless the context requires otherwise. An Investor Participant shall be allocated one Stock Clearing Account only.

The operation of any Stock Account of a Participant, including but not limited to the credit or debit entries made thereto, shall be in accordance with the Rules.

**601A. CCMS Collateral Accounts**

HKSCC shall have the absolute discretion to allocate to a Participant (other than an Investor Participant) or, in the case of a Clearing Agency Participant which is a China Connect Clearing House, to such Participant in respect of each Special Participant one CCMS House Collateral Account and/or any other CCMS Collateral Accounts for administrative and operational convenience only in connection with the establishment and operation of one or more Clearing Links with or without receiving an application from the Participant.

**CHAPTER 9**

**CLEARING SERVICES**

**901. Clearance of Exchange Trades**

(i) Provision of Exchange Trades Details

HKSCC may require Clearing Participants and Clearing Agency Participants to provide, or to procure their NCPs or Special Participants to provide, details of Exchange Trades to it, such details to be in such form as may be specified by HKSCC from time to time.

**901A. Clearance of China Connect Securities Trades**

(i) Provision of China Connect Securities Trades Details

In relation to China Connect Securities Trades on each Mainland Business Day, details thereof may be reported to HKSCC by the relevant SEHK Subsidiary, its designated person or the relevant China Connect Clearing House.

HKSCC shall be entitled to rely on the accuracy of the details of the China Connect Securities Trades so reported and act on them in accordance with the Rules.

For the avoidance of doubt, HKSCC and the Exchange shall not be responsible for any delays or inaccuracies in relation to the reporting of details of China Connect Securities Trades by the relevant SEHK Subsidiary, its designated person or the relevant China Connect Clearing House to HKSCC.

## **CHAPTER 12**

### **MONEY SETTLEMENT SERVICES**

#### **1207. Set-off**

Subject to any applicable Clearing Links Agreement, where a Participant operates or is liable to HKSCC in one or more capacities (including but not limited to being a China Connect Clearing House) and under one or more arrangements (including but not limited to one or more Clearing Links) under these Rules, and HKSCC terminates the relevant arrangement(s) due to the declaration by HKSCC of an Event of Default in respect of such Participant, then upon such termination, all obligations between the Participant and HKSCC in any capacity or under any arrangement under the Rules to return any settlement guarantee fund, settlement reserve fund or other assets or amounts transferrable or transferred for risk management purposes in respect of the clearing and settlement of any Exchange Trades or China Connect Securities Trades (or the cash equivalent of such assets as determined by HKSCC) shall accelerate and become immediately due and payable, and HKSCC shall be entitled to apply any due and payable amounts owed between itself and such Participant in connection with the settlement or risk management of any Exchange Trades or China Connect Securities Trades and any sums denominated in any currency standing to the credit of any account (including but not limited to any account in Money Ledger or CCMS) with HKSCC of such Participant (in any capacity or under any arrangement) by way of set-off, such that only a net sum shall be payable by or to such Participant, provided that any paid shares held by such Participant on behalf of other persons shall not be included in such application.

## **CHAPTER 25**

### **GUARANTEE FUND**

#### **2501. Establishment of Guarantee Fund**

HKSCC may apply any amounts standing to the credit of the Guarantee Fund as a short-term source of liquid funds or otherwise to meet any immediate obligations and liabilities arising out of Market Contracts and/or pursuant to Rules 813, 814, 815 and 816, other than the following:

- (b) liabilities between HKSCC and a Clearing Agency Participant which is participating in CCASS pursuant to one or more Clearing Links as referred to in Chapter 42 for a loss of or defects affecting Eligible Securities pursuant to Rules 813, 814, 815 and/or 816.

**PART B: EXCHANGE TRADES AND TRANSACTIONS  
BETWEEN PARTICIPANTS**

**CHAPTER 33**

**CONTINUOUS NET SETTLEMENT SYSTEM**

**3301. Novation of Exchange Trades, Clearing Agency Transactions, China Connect Securities Trades and replacement by Market Contracts**

In respect of a China Connect Securities Trade with a China Connect Clearing Participant on one side or each of the two sides of the trade, there shall be created through Novation, simultaneous with the multilateral net settlement process of the relevant China Connect Clearing House, a Market Contract between HKSCC and the China Connect Clearing Participant as described in Rule 4106. The China Connect Clearing Participant and HKSCC will act as principals to such contract. To a buying China Connect Clearing Participant, HKSCC will be the seller and to a selling China Connect Clearing Participant, HKSCC will be the buyer.

**3303. Daily netting**

Immediately upon Novation, the obligations to deliver Eligible Securities between HKSCC and each Clearing Participant or Clearing Agency Participant, as the case may be, under Market Contracts in respect of the same issue of Eligible Securities and having the same settlement date (and in the case of a Clearing Agency Participant, in respect of the same Special Participant) shall be set-off against each other and settlement of the net delivery obligation of a Clearing Participant or a Clearing Agency Participant in respect of the same Special Participant, as the case may be, or HKSCC in that issue, shall take place in accordance with the Rules. For the avoidance of doubt, prior to the occurrence of an Event of Default in respect of a Clearing Agency Participant, its rights and obligations in respect of a Special Participant shall not be set off against its rights and obligations in respect of another Special Participant.

**3304. Cross-day netting**

In accordance with the Operational Procedures, the obligation to deliver Eligible Securities by a Clearing Participant or Clearing Agency Participant, as the case may be, arising out of Market Contracts in respect of an issue of Eligible Securities (and in the case of a Clearing Agency Participant, in respect of the same Special Participant) on a particular Settlement Day shall be offset against any previously unsettled obligations to deliver Eligible Securities by HKSCC to it arising out of Market Contracts in the same issue and in the case of a Clearing Agency Participant, in respect of the same Special Participant (or added to any previously unsettled obligations to deliver such Eligible Securities by it to HKSCC, as the case may be) and vice versa.

## CHAPTER 35

### LATE DELIVERY OF SECURITIES - CNS SYSTEM

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

For the purpose of paragraph (ii) of this Rule 3501A, HKSCC may on behalf of that Participant instruct its authorized brokers to assist in executing such Buy-in via the relevant Trading Link. HKSCC reserves the right to disclose the name and other details of such Participant to its authorized brokers assisting in effecting the Buy-in together with such details of the relevant Market Contract in respect of which a Buy-in is to be effected as HKSCC deems fit.

HKSCC may grant an exemption from or suspend a Buy-in on behalf of a China Connect Clearing Participant on T+1 in accordance with the Operational Procedures.

The China Connect Clearing Participant to whom an exemption from a Buy-in is granted shall be obliged to settle the overdue short positions for which exemption is granted by day-end of T+1. In the event that such Participant fails to do so for whatever reason, HKSCC may consider executing on behalf of such Participant a Buy-in on T+2 (or, if it is not practicable to do so on T+2, at any time thereafter) in its absolute discretion as it may think fit up to the outstanding quantity, rounded up to the nearest Board Lot if the quantity is not in full Board Lots.

## CHAPTER 36

### RISK MANAGEMENT MEASURES - CNS SYSTEM

#### 3601A. Margin

HKSCC shall be entitled from time to time and at any time to compute Margin on all unsettled Market Contracts (whether or not due for settlement) using the formula set forth in the Operational Procedures or such other methods and assumptions as HKSCC may from time to time consider appropriate. Unless HKSCC otherwise specifies, Margin will be computed with reference to the Margining Position of a Clearing Participant or Clearing Agency Participant. For a Clearing Agency Participant which is a China Connect Clearing House, Margin will be computed with reference to the Margining Position of unsettled Market Contracts arising from Exchange Trades that are executed by each of its Special Participants separately. Such Margining Position will be determined by HKSCC in accordance with the Operational Procedures.

#### 3602. Collateral

HKSCC shall be entitled from time to time to require a Clearing Participant or a Clearing Agency Participant to provide on demand collateral (including

Concentration Collateral and Collateral required under Rule 4107(iii)) or additional collateral in such form, to such extent and in such manner as is determined by HKSCC to be appropriate by reference to, inter alia, the level of exposure of such Participant to HKSCC (including, but not limited to, the risks associated with the effecting of Closing-out Contracts pursuant to Rule 3607 or 4107(x), the risks of effecting Buy-ins pursuant to Rule 3501 or 3501A in the event of a default by the Participant, the risks associated with the clearing and settlement of China Connect Securities Trades and in the case of a Clearing Agency Participant which is a China Connect Clearing House, the risks associated with the clearing and settlement of Exchange Trades in respect of each of its Special Participants) and such other matters as HKSCC shall consider relevant, all in accordance with the Rules.

**3602A. Mainland Settlement Deposit and Mainland Security Deposit**

Each China Connect Clearing Participant shall on demand provide to HKSCC such amount of Mainland Settlement Deposit and Mainland Security Deposit for each China Connect Market 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 on that China Connect Market.

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, in respect of each China Connect Market, (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 on that China Connect Market and the sell turnover in China Connect Securities that are executed on that China Connect Market 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 on that China Connect Market under the CNS System.

**3603A. Marks, Margin and Collateral in the form of cash**

Cash in Hong Kong dollar and other currencies provided by a Clearing Participant or Clearing Agency Participant to HKSCC pursuant to Rules 3601, 3601A, 3602 and/or 3603 are amounts paid by the Participant to HKSCC. Such amounts shall be recorded as credit entries in the CCMS House Collateral Account (or any other CCMS Collateral Account as determined by HKSCC) allocated to the Participant or, in the case of a Clearing Agency Participant which is a China Connect Clearing House, to such Clearing Agency Participant in respect of the relevant Special Participant. The only obligation of HKSCC to the Participant in respect of such amounts shall be to pay the Participant an amount equal to the balance remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to HKSCC.

## CHAPTER 37

### DEFAULT RULES - CNS SYSTEM

#### **3701. Events of Default**

then on the occurrence of any one or more of such events (each an “Event of Default”), in its absolute discretion, HKSCC shall be entitled then or at any time thereafter whilst such event is, in the opinion of HKSCC, continuing unremedied, to take any one or more of the actions referred to in Rule 3702.

In the case of a China Connect Clearing Participant clearing China Connect Securities Trades for one or more China Connect Markets, if an Event of Default occurs in connection with the clearing and settlement obligations of such China Connect Clearing Participant in respect of any Eligible Securities (including but not limited to China Connect Securities), HKSCC shall be entitled to take any one or more actions referred to in Rule 3702 in respect of all of the unsettled Market Contracts to which such China Connect Clearing Participant is a party, all of the Marks, Margin, Collateral, Collateral Security, Specific Cash Collateral, Charged Property, Mainland Settlement Deposit, Mainland Security Deposit and all other security furnished by such China Connect Clearing Participant, to discharge and satisfy all obligations and liabilities of such China Connect Clearing Participant to HKSCC, whether in respect of a China Connect Market or otherwise.

In the case of a Clearing Agency Participant which is a China Connect Clearing House, if an Event of Default occurs in connection with the clearing and settlement obligations of such Clearing Agency Participant in respect of any of its designated Special Participants, HKSCC shall be entitled to take any one or more of the actions referred to in Rule 3702 in respect of all of the unsettled Market Contracts to which such Clearing Agency Participant is a party, all of the Marks, Margin, Collateral, Collateral Security, Specific Cash Collateral, Charged Property and other security furnished by such Clearing Agency Participant and all of the Stock Clearing Accounts allocated to the Clearing Agency Participant in respect of all of its designated Special Participants, to discharge and satisfy all obligations and liabilities of such Clearing Agency Participant to HKSCC in respect of all of its Special Participants.

## CHAPTER 41

### CHINA CONNECT CLEARING SERVICES

#### **4101. Cross-boundary Clearing Links**

HKSCC and a China Connect Clearing House may enter into a Clearing Link (a) to facilitate the clearing and settlement of securities trades which are executed on a China Connect Market by or for Exchange Participants under a Trading Link, including China Connect Securities; and (b) to provide depository, nominee and other services to Participants in respect of such securities.

**4104. General Clearing Participants as China Connect Clearing Participants**

A General Clearing Participant which is a China Connect Clearing Participant and which intends to clear and settle China Connect Securities Trades for NCPs which are China Connect Exchange Participants shall:

- (i) ensure that the Clearing Agreement it enters into with each such NCP includes an obligation on its part to settle China Connect Securities Trades. Such General Clearing Participant should bring its NCPs' attention to the special features and restrictions of the China Connect Securities Trades as highlighted in paragraph (vi) below with regard to the execution of selling orders for China Connect Securities via the Trading Links, HKSCC's powers and other matters as set out in this Chapter 41;
- (vi) designate its CCASS stock accounts, which may either be its stock accounts or specific SSAs with Statement Service, to such NCPs for the purposes of maintaining their 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 an NCP on a particular Trading day. Subject to the Rules and the Exchange Rules, a General Clearing Participant shall ensure that such account designation is performed accurately and properly, and shall have measures in place to ensure that each of its NCPs will not place or execute selling orders for any China Connect Security via the relevant Trading Link such that the aggregate selling quantity of such China Connect Security on a Trading day is in excess of the aggregate holding of the China Connect Security in the CCASS stock account(s) designated to the NCP as of the end of the immediately preceding batch-settlement run of Settlement Instructions on China Connect Securities effected by HKSCC.

**4106. Clearing and settlement of China Connect Securities Trades**

- (b) In relation to any China Connect Securities Trade executed by the relevant SEHK Subsidiary for a China Connect Exchange Participant with a member of the relevant China Connect Market, HKSCC and the relevant China Connect Clearing Participant agree that:
  - (i) the rights and obligations of the parties to the China Connect Securities Trade (or of their respective participants of the relevant China Connect Clearing House, if the relevant party is not itself a participant of the China Connect Clearing House) shall be transferred to the China Connect Clearing House, which becomes substituted as the sole settlement counterparty of each of the buyer and seller of the China Connect Securities Trade, in accordance with the rules of the China Connect Clearing House;
- (c) In relation to any China Connect Securities Trade executed between an SEHK Subsidiary for a China Connect Exchange Participant on the one side and an SEHK Subsidiary for another China Connect Exchange Participant on the other side:

**4107. Risk Management Measures applicable to China Connect Securities Trades**

**i. Mainland Settlement Deposit and Mainland Security Deposit**

Each China Connect Clearing Participant shall on demand provide to HKSCC such amount of Mainland Settlement Deposit and Mainland Security Deposit for each China Connect Market 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 on that China Connect Market.

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, in respect of each China Connect Market, (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 on that China Connect Market and the sell turnover in China Connect Securities that are executed on that China Connect Market 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 on that China Connect Market under the CNS System.

**4110. Compliance with applicable laws and the Rules**

**iv. Shareholding restrictions**

In the event that HKSCC, the Exchange or an SEHK Subsidiary is notified by the relevant China Connect Market, China Connect Clearing House or governmental, regulatory or competent authority 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.

## CHAPTER 42

### CHINA CONNECT CLEARING HOUSES

#### **4201. Cross-boundary Clearing Links in relation to Exchange Trades**

HKSCC and a China Connect Clearing House may enter into a Clearing Link under which China Connect Clearing Services may be provided by HKSCC to Participants pursuant to Chapter 41 in respect of China Connect Securities Trades that are executed by an SEHK Subsidiary on a China Connect Market. HKSCC and a China Connect Clearing House may also enter into a Clearing Link to enable such China Connect Clearing House to provide clearing, settlement, depository, nominee and other services to its participants in respect of Exchange Trades in SEHK Securities that are executed by a Special Participant on the Exchange.

#### **4205. Clearance of Exchange Trades by China Connect Clearing Houses**

A China Connect Clearing House which has been approved by HKSCC under Rule 4204 may participate in CCASS as a Clearing Agency Participant and clear and settle Exchange Trades in SEHK Securities that are executed by one or more Special Participants, subject to these Rules.

A China Connect Clearing House may clear and settle Exchange Trades in SEHK Securities in respect of designated Special Participants only. It shall not clear and settle Exchange Trades in non-SEHK Securities or in respect of a participant of the Exchange other than a Special Participant designated by the China Connect Clearing House and with whom it has entered into a Clearing Agreement. The China Connect Clearing House shall ensure that any such Clearing Agreement to which it is a party, and all subsequent agreements to amend the Clearing Agreement do not contain any provision which is inconsistent with the Rules. The China Connect Clearing House shall, at the request of HKSCC, supply it with a certified copy of each executed Clearing Agreement.

A China Connect Clearing House shall not be entitled to decline to settle and clear any Exchange Trades in SEHK Securities that are executed by any of its designated Special Participants.

Clearance of Exchange Trades by a China Connect Clearing House in respect of its designated Special Participants shall be in accordance with the Rules, including Rule 901. A China Connect Clearing House may, subject to HKSCC's approval, have one separate set of Stock Accounts (including a separate Stock Clearing Account, Stock Collateral Control Account and separate Stock Segregated Accounts) in respect of each designated Special Participant. Subject to the Rules, Exchange Trades cleared by a China Connect Clearing House in respect of its designated Special Participants are to be cleared and settled in CCASS under the CNS System and novated in accordance with Rule 3301.

**4206. Restrictions applicable to a China Connect Clearing House relating to the clearance of Exchange Trades and other transfers**

Notwithstanding any other provision in the Rules to the contrary, the following restrictions shall apply to a China Connect Clearing House:

- (2) no transactions arising out of any Settlement Instructions or (for the avoidance of doubt) any Investor Settlement Instructions, Transfer Instructions or Cross-Border Transfer Instructions shall be accepted for settlement and/or clearance by HKSCC, except as mentioned in Rule 4206(3) below or as authorized by HKSCC;
- (3) the China Connect Clearing House and its participants shall not effect any non-trade transfer or settlement of transactions in Eligible Securities outside of the relevant Trading Link, other than (i) any non-trade transfer or settlement of Eligible Securities as a result of succession, divorce, loss of legal person status, donation to a charitable foundation or approval by any relevant state authority in Mainland China (ii) any matter relating to the creation or enforcement of pledge, (iii) any assistance in judicial enforcement or (iv) any other transfer as may be permitted by the China Securities Regulatory Commission; and
- (4) no transactions arising out of any instructions to transfer between Stock Accounts or CCMS Collateral Accounts allocated to the China Connect Clearing House in respect of different Special Participants shall be accepted for settlement and/or clearance by HKSCC (including for the avoidance of doubt, any transfers otherwise permitted under Rule 4206(3) but for this Rule) unless authorised by HKSCC.

**4207. Nominee and depository services provided to China Connect Clearing Houses in respect of SEHK Securities**

HKSCC shall provide nominee and depository and other services in respect of SEHK Securities to any China Connect Clearing House which has been approved by HKSCC under Rule 4204 on the same basis as for other Participants as set out in these Rules, provided that:

- (4) HKSCC will not be obliged to provide or arrange to provide copies of corporate communications for corporate communications events to participants of the China Connect Clearing House or any of their clients;
- (5) where the entitlements or securities being granted or offered by an issuer under any corporate action do not constitute Eligible Securities, HKSCC may, at the cost of the China Connect Clearing House, make such arrangement with or for the China Connect Clearing House regarding the disposal or realization of such securities as HKSCC may consider appropriate; and

- (6) where the China Connect Clearing House clears in respect of more than one Special Participant, nominee, depository and other services shall be provided separately in respect of SEHK Securities that are held by the China Connect Clearing House in respect of each of its designated Special Participants.

**4208. Continuing obligations of China Connect Clearing House**

A China Connect Clearing House which has been approved by HKSCC under Rule 4204 shall at all times:

- (3) provide, within such period as HKSCC may specify, such information in its possession as HKSCC may request about a Special Participant with whom it has entered into a Clearing Agreement for the clearing and settlement of Exchange Trades in SEHK Securities, including but not limited to information relating to a Special Participant's financial position, its underlying members or clients, and any other information or documents as HKSCC may from time to time demand; and
- (4) provide such amount of SEHK Securities as shall represent its short CNS stock positions in Exchange Trades executed by each of its designated Special Participants in such SEHK Securities to HKSCC as Collateral Securities and ensure that it is authorized to provide such Collateral Securities to HKSCC.