

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:

- “CMU Account” means a custody account within the CMU in the name of a person who is a Recognized Dealer and/or a CMU Member recording the Exchange Fund Notes, Government Bonds, Specified Instruments and/or CMU Instruments (as the case may be) for the time being held by HKMA on behalf of that person within CMU, including any sub-account under it;
- “Debt Securities” means an issue of debenture or loan stock, debentures, bonds and notes (including Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments) and other securities or instruments, either interest bearing or non-interest bearing, acknowledging, evidencing or creating indebtedness whether secured or unsecured, options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities, but excluding Equity Linked Instruments;
- “Eligible Security” means an issue of securities including but not limited to Foreign Securities, Debt Securities, Depositary Receipts, Structured Products, Exchange Fund Notes, Government Bonds, Specified Instruments, CMU Instruments and Units which is from time to time and for the time being accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with Rule 501, and (a) where the context so requires shall include any particular security or securities of such an issue and (b) unless the context will not admit, shall include, upon their issue, all New Issue Shares so accepted as eligible;
- “Government Bonds” means bonds which are (i) issued or to be issued by the Hong Kong Government acting through the HKMA under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) for the purpose of promoting the further development of the Hong Kong bond market and the proceeds of which will be credited to a special purpose fund established under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) and (ii) listed or to be listed on the Exchange;

“Specified Instruments”	means those capital market instruments (other than Exchange Fund Notes, Government Bonds and CMU Instruments) (i) which are for the time being specified as capable of being held in the EFCS, (ii) which are listed or to be listed on the Exchange and (iii) (where the issuer is a company or a non-Hong Kong company, within the meaning of those terms in the Companies Ordinance) in respect of which a prospectus has been registered with the Registrar of Companies in Hong Kong;
“Tender Instructions”	means instructions by a Participant (in such form as HKSCC may from time to time prescribe) for (i) a tender or application to be made on its behalf for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments and (ii) the payment and refund of tender moneys or application moneys (as the case may be), as referred to in Rule 1101(vii);
“Transfer Instructions” or “TIs”	means instructions by a Participant (in such form as HKSCC may from time to time prescribe) to effect a book-entry transfer of Exchange Fund Notes, Government Bonds or Specified Instruments between the Participant’s Stock Account in CCASS, and a Recognized Dealer’s CMU Account or a book entry transfer of CMU Instruments between the Participant’s Stock Account in CCASS and a CMU Member’s CMU Account, as referred to in Rule 906;

CHAPTER 8

DEPOSITORY AND CUSTODIAN SERVICES

818. Custodian services in relation to Exchange Fund Notes and Government Bonds

Exchange Fund Notes and Government Bonds are scripless. They are held in computerized form by Recognized Dealers within the EFCS and are recorded in a Recognized Dealer’s CMU Account in book-entry form. HKSCC is a Recognized Dealer and maintains a CMU Account for the purpose of holding and settling transactions in Exchange Fund Notes and Government Bonds belonging to Participants.

Physical deposit of Exchange Fund Notes and Government Bonds and physical withdrawal of Exchange Fund Notes and Government Bonds from the CCASS Depository are not available. Accordingly, Rules relating to the physical deposit and withdrawal of securities are not applicable to Exchange Fund Notes and Government Bonds.

Exchange Fund Notes may be credited to and debited from a Participant’s Stock Account as a result of (a) allocation following a tender for Exchange Fund Notes accepted by the HKMA, (b) clearing and settlement of transactions in Exchange Fund Notes effected on the Exchange, (c) clearing and settlement of Transfer Instructions, and (d) the provision of any other CCASS services in relation to Exchange Fund Notes to the Participant.

Government Bonds may be credited to and debited from a Participant's Stock Account as a result of (a) allocation following an application for Government Bonds made through HKSCC and accepted by the HKMA, (b) clearing and settlement of transactions in Government Bonds effected on the Exchange, (c) clearing and settlement of Transfer Instructions, and (d) the provision of any other CCASS services in relation to Government Bonds to the Participant.

820. Legal title to Exchange Fund Notes and Government Bonds and interests in Specified Instruments and CMU Instruments

HKSCC has the legal title to Exchange Fund Notes and Government Bonds and interest in Specified Instruments credited to its CMU Account. Save as otherwise provided in the Rules, HKSCC has no proprietary interests in those Exchange Fund Notes, Government Bonds and Specified Instruments to the extent that they are credited to the Stock Accounts of Participants.

As long as the CMU Instrument is in global form held within the CMU Service, HKSCC has and holds interests in the CMU Instrument through its CMU Account.

CHAPTER 9

CLEARING SERVICES

906. Clearance of other transactions : TIs

Each Participant that wishes to effect electronic transfers of Exchange Fund Notes, Government Bonds or Specified Instruments between its Stock Account and the CMU Account of a Recognized Dealer or electronic transfers of CMU Instruments between its Stock Account and the CMU Account of a CMU Member must complete and sign the appropriate instruction form (stamped with the company chop, if applicable). Such completed and signed form must be submitted to HKSCC at the CCASS Depository or the Customer Service Centre for processing by HKSCC.

Transfer Instructions submitted by Participants will be subject to clearing and settlement in accordance with the Operational Procedures.

For the avoidance of doubt, HKSCC will not be responsible in any way for the failure of a Participant, a Recognized Dealer or a CMU Member to settle a transfer of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments in accordance with Transfer Instructions. If one of the parties is in default, the other will have to pursue the party in default.

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 in a CCASS Depository or in an Appointed Depository (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 :

- (vii) the receipt of and compliance with Tender Instructions (a) to cause HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on its behalf and (b) to arrange payment and refund of the money due in respect of the tender or application (as the case may be), in each case in accordance with the Operational Procedures;

1105. Time limit for instructions etc.

In respect of any actions, transactions or other matters affecting an Eligible Security, HKSCC may assign a time-limit by which instructions, payments and/or other actions required to be taken in relation thereto by Participants (including persons acting with the authority of or on behalf of or for the account of the Participants) must be received by HKSCC. HKSCC may assign a latest time for (a) the giving of Electronic Application Instructions for New Issue Shares by Participants, which shall not be later than the latest time for lodging of application forms as described in the Prospectus and (b) the giving of Tender Instructions, which shall not be later than (in the case of Exchange Fund Notes and Specified Instruments) two Business Days before the latest time for making the relevant tender or (in the case of Government Bonds and CMU Instruments) the latest time for application on the closing date of the subscription period. Save for the giving of Electronic Application Instructions for New Issue Shares, Investor Participants will normally be subject to a different time-limit for giving of instructions to HKSCC. Instructions from Participants with respect to any actions, transactions or other matters affecting Eligible Securities, Electronic Application Instructions for New Issue Shares and Tender Instructions shall be given to HKSCC electronically via CCASS Terminals or Participant Gateways, where applicable, unless otherwise prescribed by HKSCC from time to time. Investor Participants are required to input instructions to HKSCC via the CCASS Phone System or at the Customer Service Centre or the CCASS Internet System or by such other means as considered by HKSCC in its absolute discretion to be appropriate in the circumstances. SSA Statement Recipients are required to input voting instructions to HKSCC via the CCASS Phone System or the CCASS Internet System or by such other means as considered by HKSCC in its absolute discretion to be appropriate in the circumstances.

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:-

- (ix) any acts or omissions of the HKMA or the employees or agents of the HKMA including (a) termination or suspension of HKSCC's appointment as a Recognized Dealer or HKSCC's membership of the CMU Service, (b) closure, termination, suspension or freezing of HKSCC's CMU Account or any sub-account(s) under it, (c) cancellation, freezing or suspension of trading in any Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments credited to HKSCC's CMU Account, or tendered or applied for by HKSCC in response to Tender Instructions, (d) the conduct of any issue of Exchange Fund Notes, Government Bonds,

Specified Instruments or CMU Instruments, including the tendering or application process and any suspension or cancellation of the issue or the tendering or application process or (e) suspension, failure, malfunction, overload, variation or termination of the CMU Service whether wholly or partially or in a particular case or in respect of one or more processes or transactions;

- (xi) any acts, omissions or delays of the issuer of Exchange Fund Notes, Government Bonds, any Specified Instruments or any CMU Instruments, or any arranger, promoter or co-ordinator of any such issue (or any other person involved in any such issue) or the employees or agents of any of the foregoing;

CHAPTER 28

DISCLOSURE

2802. Disclosure to Issuers or Depositaries of Eligible Securities

At the request of the HKMA or an Issuer of any Specified Instruments or an Issuer of any CMU Instruments, HKSCC may provide to the HKMA or any such Issuers or persons any information held in CCASS relating to Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments, as the case may be, including any information about Tender Instructions or Transfer Instructions given by, or made by, any Participant.