

CCASS OPERATIONAL PROCEDURES

Definitions

(a) For the convenience of readers, the definitions contained in the Rules are repeated below.

“Delivery Instruction” or “DI”

means an instruction of a Participant in such form as HKSCC may from time to time prescribe as being valid to effect book-entry delivery of Eligible Securities in CCASS to another Participant or HKSCC in respect of transactions in Eligible Securities accepted for settlement in CCASS, as referred to in Rule 1003;

Section 6

Operational and Service Schedule

6.2 DAILY PROCESSING AND SERVICE SCHEDULE FOR PARTICIPANTS OTHER THAN INVESTOR PARTICIPANTS

6.2.2 Daily Processing and Service Schedule in relation to China Connect Securities

Time	CCASS events
7:30 a.m. (around)	First batch of scrip entitlement distribution <u>for both SSE Market and SZSE Market</u>
8:00 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable: <ul style="list-style-type: none"> (i) Mass ATI/STI maintenance function; (ii) Intra-day Payment Standing Instruction (only applicable to nominee payment), <u>Cash Prepayment Standing Instruction</u> and Nominee Payment (Evening) Standing Instruction maintenance functions; and (iii) subscription (except for the acceptance of Take-over Offer of listed securities), election, voting instructions, Shareholding Category Disclosure and Proxy instruction maintenance functions <p>Generation of CPIs by HKSCC (in respect of money obligations arising from CNS stock positions settled on previous Mainland Business Day) for same day settlement</p> <p>First STI Batch-run</p>
3:00 p.m.	Third SI matching <u>Close of Cash Prepayment Standing Instruction maintenance function</u>
4:00 p.m. (after)	Final Clearing Statement or FCS in respect of China Connect Securities Trades effected via a Trading Link available to China Connect Clearing Participants Commencement of Cash Prepayment Instruction Maintenance and DI input

	functions (for settlement of CNS stock positions only)
4:30 p.m.	Fourth SI matching
4:45 p.m.	Fourth SI matching
	First Batch-settlement-run
5:00 p.m.	Fifth SI matching
	Sixth STI Batch-run (excluding Special Segregated Accounts and only for STI Transfers on FOP basis only and excluding Special Segregated Accounts allowed for China Connect Securities)
5:30 p.m.	Sixth SI matching
	Second First SI Batch-settlement-run (for settlement of SI stock positions from Special Segregated Accounts of Custodian Participants and GCPs which are not Exchange Participants to China Connect Clearing Participants only)
	Seventh STI Batch-run (for only STI Transfers on FOP basis only and excluding allowed for China Connect Securities and for STI Transfers from a involving non-Special Segregated Accounts to a only transfers to Stock Accounts other than Special Segregated Accounts will be included)
	Deadline for inputting DI for settlement of SI stock positions in Eligible Currencies other than RMB on RDP basis
	First CNS Batch settlement run (for settlement of CNS stock positions only)
	Deadline for inputting Cash Prepayment Instructions with “CHATS” selected as the payment method
6:00 p.m.	Deadline for inputting Cash Prepayment Instructions <u>with “OTHERS” selected as the payment method</u>
6:00 p.m. (around)	Second batch of scrip entitlement distribution (applicable to for SSE Market only)
6:15 p.m. (around)	Third batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
	Seventh SI matching
	Eighth STI Batch-run (for STI Transfers on FOP basis only and excluding STI Transfers from a non-Special Segregated Account to a Special Segregated Account)
	Second SI Third Batch-settlement-run (for settlement of SI stock positions from Special Segregated Accounts of Custodian Participants and GCPs which are not Exchange Participants to China Connect Clearing Participants only)
6:30 p.m. (around)	Eighth STI Batch run (only for STI Transfers of China Connect Securities from Special Segregated Accounts to Stock Accounts other than Special Segregated Accounts on FOP basis)

7:00 p.m.	Close of Intra-day Payment Standing Instruction maintenance (only applicable to nominee payment), election, voting, Shareholding Category Disclosure and Proxy instructions maintenance functions
	Close of ATI/STI maintenance and upload functions
	Third batch of scrip entitlement distribution (applicable to <u>for</u> SSE Market only)
7:00 p.m. (around)	Eighth SI matching
	Third SI Fourth Batch-settlement-run (for settlement of SI stock positions from Special Segregated Accounts of Custodian Participants and GCPs which are not Exchange Participants to China Connect Clearing Participants only)
	Close of Deadline for inputting DI input function (for settlement of SI stock positions in RMB on RDP basis and CNS stock positions only)
	Final CNS Batch settlement run (for settlement of CNS stock positions only)
	Commencement of DI input function (for settlement of SI stock positions only) , SPSA Delivery Failure maintenance function and subscription instructions maintenance function (for all announcement types)
	Second session of ATI/STI maintenance/upload services commence
	Ninth STI Batch-run (only for STI Transfers of China Connect Securities from on FOP basis only and excluding STI Transfers from a non-Special Segregated Accounts to Stock Accounts other than a Special Segregated Accounts on FOP basis)
7:45 p.m.	Close of SI maintenance function, DI input function (for settlement of SI stock positions only), Mass ATI/STI maintenance function, SPSA Delivery Failure maintenance function and subscription instructions maintenance function
	Final SI matching
	Final SI Batch-settlement-run (for settlement of SI stock positions <u>on DVP and FOP basis</u> only)
8:00 p.m. (after)	Second batch of scrip entitlement distribution (applicable to <u>for</u> SZSE Market only)
8:30 p.m.	Close of CCMS enquiry function
	Final batch of scrip entitlement distribution (applicable to <u>for</u> SSE Market only)
	Third batch of scrip entitlement distribution (applicable to <u>for</u> SZSE Market only)
9:00 p.m.	Close of Enquire Sellable Balance Adjustment Request function
	Final batch of scrip entitlement distribution (applicable to <u>for</u> SZSE Market only)

Notes:

- (i) Report retrieval functions are available on Saturdays.
- (ii) The schedule set out above is indicative only.
- (iii) Final Clearing Statement or FCS availability to China Connect Clearing Participants is subject to HKSCC's timely receipt of clearing information from the relevant China Connect Clearing House.
- (iv) The commencement of the ~~final-fourth~~ Batch-settlement-run ~~(for settlement of CNS stock positions only)~~ is subject to HKSCC's timely receipt of settlement information from the relevant China Connect Clearing House.

6.3 DAILY SERVICE SCHEDULE FOR DESIGNATED BANKS

Time	CCASS events
<u>4:45 p.m. (after)</u>	<u>Electronic CHATS Payment Instruction Report available</u>
<u>5:00 p.m. (around)</u>	<u>CCASS Funding Projection Report (Night Settlement) for Designated Bank (for funding projection as of the completion of the first Batch-settlement-run for China Connect Securities) available</u>
<u>5:30 p.m. (after)</u>	<u>Electronic CHATS Payment Instruction Report available</u>
5:45 p.m. (around)	CCASS Funding Projection Report (Night Settlement) for Designated Bank (for funding projection as of the completion of the first SI <u>second</u> Batch-settlement-run for China Connect Securities) available
<u>6:15 p.m. (after)</u>	<u>Electronic CHATS Payment Instruction Report available</u>
6: 15 <u>30</u> p.m. (around)	CCASS Funding Projection Report (Night Settlement) for Designated Bank (for funding projection as of the completion of the second SI <u>third</u> Batch-settlement-run for China Connect Securities) available
<u>7:00 p.m. (after)</u>	<u>Electronic CHATS Payment Instruction Report available</u>
7:15 p.m. (around)	CCASS Funding Projection Report (Night Settlement) for Designated Bank (for funding projection as of the completion of the third SI <u>fourth</u> Batch-settlement-run for China Connect Securities) available

Section 8 Nominee Services

8.6 VOTING

8.6.8 Shareholding Category Disclosure in respect of China Connect Securities

HKSCC will from time to time specify in the CCASS Terminal User Guide for Participants such Shareholding Category Disclosure as may be required from Participants other than Investor Participants. Participants other than Investor Participants shall make such Shareholding Category Disclosure using the "Shareholding Category Disclosure Maintenance" function of their CCASS Terminal by such deadline as may be specified by HKSCC. Participants may change their disclosure instructions at any time before such stated deadline using the same function. HKSCC

will consolidate all the disclosure information from Participants and submit them to the relevant issuer or its authorized agents or representatives. Where a Participant fails to make the relevant Shareholding Category Disclosure as required by HKSCC, HKSCC shall have the authority to apply such categorization or parameter as HKSCC may consider appropriate to voting instructions submitted by the Participant.

Participants should refer to the “Participant Shareholding Category Disclosure Activity Report” which is available within the voting period as stipulated in the relevant voting announcement in CCASS. Details of invalid disclosure instructions will be shown in the “Participant Shareholding Category Disclosure Exception Report - Before Voting Deadline” which is available one day before the voting deadline date. Participants should check the invalid disclosure instructions included in this report and make any necessary amendments before the relevant voting deadline. The “Participant Shareholding Category Disclosure Exception Report- On Voting Deadline” which is available after 4:15 p.m. on the voting deadline date specified in CCASS.

Further information on Shareholding Category Disclosure is set out in the CCASS Terminal User Guide for Participants.

8.10A RIGHTS ISSUES RELATING TO CHINA CONNECT SECURITIES, OTHER SCRIPLESS SECURITIES AND NON-ELIGIBLE SECURITIES

8.10A.3 Procedures

The following procedures will usually apply to a rights issue in respect of China Connect Securities:

- (i) on the relevant date on which entitlements of Participants are determined by HKSCC, the quantity of rights that the relevant Participants are entitled to subscribe under the rights issue will be recorded as a receivable item in the “Benefit Entitlement” section of their respective Entitlement Statements;
- (ii) if the rights entitlements are unconditionally credited to HKSCC’s stock account maintained with the relevant China Connect Clearing House at or before 7:00 p.m. on a Mainland Business Day in the case of the SSE Market or at or before 8:00 p.m. in the case of the SZSE Market, HKSCC will usually cause such entitlements to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches in accordance with Section 6.2.2. Otherwise, HKSCC will credit the entitlements on the following Mainland Business Day;
- (iii) Participants other than Investor Participants wishing to subscribe for new shares under the rights issue through HKSCC must input their subscription instructions via their CCASS Terminals to HKSCC. In general, no excess applications will be available. The deadline for giving subscription instructions to HKSCC is normally 7:45 p.m. on the Mainland Business Day immediately preceding the deadline date imposed by the issuer. Upon acceptance and processing by HKSCC of the relevant instructions input by Participants other than Investor Participants, debit entries for the appropriate subscription money will be posted to the Participants’ Money Ledgers and will be automatically charged to the Participants’ Designated Bank Accounts on the same Mainland Business Day via DDIs. Participants may cancel their subscription instructions any time before such time limit;

8.12 TAKE-OVER OFFERS

8.12.3 Procedures

The following procedures will usually apply:

- (i) the relevant announcement (stating the relevant time-limit) will be contained in the "Enquire Announcement Information" function via CCASS Terminals and the "Enquire Corporate Activities" function in the CCASS Internet System and the CCASS Phone System and also in the i) Corporate Announcement Master Data File; ii) Corporate Announcement Maintenance Activities Report; and iii) "Book-Close Reminder" section of the Entitlement Statement and the "Reminder" section in the activity statement following the announcement;
- (ii) Participants other than Investor Participants wishing to accept a take-over offer must input subscription instructions via their CCASS Terminals to HKSCC. Investor Participants must give such instructions via the CCASS Phone System or the CCASS Internet System, or at the Customer Service Centre. The deadline for giving such subscription instructions to HKSCC is normally by 11:00 a.m. on the last acceptance day of the take-over offer or, in the case of China Connect Securities, 7:45 p.m. on the Mainland Business Day immediately preceding the deadline date imposed by the issuer or its authorized agent. Subscription instructions of Investor Participants received by HKSCC after 7:00 p.m. on a Business Day and before 7:00 a.m. on next Business Day, will only be processed after 7:00 a.m. on that next Business Day. Participants may cancel their subscription instructions on the same day or by such other time as HKSCC considers appropriate;

Section 9

Overview of Clearing and Settlement in CCASS

9.1 TRANSACTIONS ACCEPTED FOR SETTLEMENT IN CCASS

In brief, subject to the Rules, transactions in Eligible Securities accepted for settlement in CCASS will be (i) Exchange Trades, (ii) SI Transactions, (iii) Clearing Agency Transactions, (iv) ISI Transactions, (v) Compulsory Stock Borrowing Transactions and (vi) China Connect Securities Trades. Transfer Instructions to effect transfers of Exchange Fund Notes, Government Bonds or Specified Instruments between a Participant and a Recognized Dealer and Transfer Instructions to effect transfers of CMU Instruments between a Participant and a CMU Member are also accepted for settlement between CCASS and CMU. Cross-Border Transfer Instructions are accepted for settlement and/or clearance by HKSCC on a Free of Payment basis for the time being.

Arrangements have been made by HKSCC for details of the Exchange Trades, China Connect Securities Trades and Clearing Agency Transactions to be reported to HKSCC on a daily basis. Participants will not, therefore, generally have to input into CCASS details of Exchange Trades, China Connect Securities Trades or Clearing Agency Transactions.

SI Transactions are transactions in Eligible Securities to be settled in CCASS between Participants other than Investor Participants, other than Exchange Trades, China Connect Securities Trades, Clearing Agency Transactions and ISI Transactions. Details of SI Transactions are input into CCASS by "Settlement Instructions" or "SIs" given by the two Participants other than Investor Participants concerned to HKSCC.

ISI Transactions (see Section 12.3) are transactions in Eligible Securities other than China Connect Securities to be settled in CCASS involving Investor Participants. Details of ISI Transactions are input into CCASS by "Investor Settlement Instructions" or "ISIs" given by a Participant to HKSCC and which are, if required, affirmed by the relevant Investor Participant via the CCASS Phone System or the CCASS Internet System.

Transactions in Eligible Securities ~~other than China Connect Securities~~ can be settled in CCASS, either on a Free of Payment, or FOP, basis, or on a Delivery versus Payment, or DVP, basis or on a Realtime Delivery versus Payment, or RDP, basis. ~~SI Transactions in China Connect Securities can be settled in CCASS on an FOP or a DVP basis only.~~

Compulsory Stock Borrowing Transactions are stock borrowing transactions relating to Eligible Securities which are entered into in accordance with the Compulsory Stock Lending and Borrowing Regulations between HKSCC and a Participant other than an Investor Participant.

9.3 SI TRANSACTIONS

This Section 9.3 does not apply to Investor Participants.

SIs input into CCASS and, if required, authorised by Participants will be subject to matching before SI Transactions are accepted for settlement in CCASS.

Settlement of SI Transactions in CCASS will be effected directly between the Participants concerned and can be effected on a RDP, DVP or FOP basis, as stipulated by the Participants concerned in their SIs. ~~SI Transactions in China Connect Securities can be effected by Participants on an FOP or a DVP basis only.~~

9.8 MONEY SETTLEMENT

Each Participant must establish a General Purpose Designated Bank Account denominated in Hong Kong dollars with a Designated Bank for settlement of money obligations in respect of all its transactions in Eligible Securities in CCASS. Each Participant which wishes to settle money obligations in CCASS in an Eligible Currency other than Hong Kong dollars must maintain a Designated Bank Account in its own name and denominated in that Eligible Currency for the settlement of money obligations in CCASS. Each Participant must also authorise HKSCC to cause debits and credits to be made to its Designated Bank Account (or, if it has more than one, to each of them) for CCASS money settlement purposes.

Each China Connect Clearing Participant must maintain with a Designated Bank a Designated Bank Account in its own name and denominated in RMB for the settlement of money obligations in respect of China Connect Securities Trades to be settled via CPIs and DDIs.

Each Participant other than an Investor Participant may, at its own discretion and with the approval of HKSCC, maintain in its own name two additional Designated Bank Accounts in Hong Kong dollars:-

- (i) a Designated Bank Account for the settlement of money obligations in respect of ISI Transactions settled on a DVP or RDP basis; and/or
- (ii) a Designated Bank Account for the settlement of money obligations in respect of CCASS transactions (other than ISI Transactions) to be settled via CPIs.

In general, for transactions in Eligible Securities to be settled on a DVP basis in CCASS, payment will follow delivery of Eligible Securities in CCASS; whereas for those transactions to be settled on an RDP basis in CCASS, Eligible Securities ~~other than China Connect Securities~~ will be delivered upon receipt of confirmation of payments of such transactions from the Clearing House of HKAB.

For Exchange Trades and Clearing Agency Transactions to be settled under the CNS System, settlement between Participants and HKSCC will always be on a DVP basis. Following delivery of Eligible Securities in CCASS, HKSCC will issue IPIs, DDIs and DCIs to the Designated Banks of the Participants concerned to effect payment for value on the same day.

For China Connect Securities Trades to be settled under the CNS System, settlement between China Connect Clearing Participants and HKSCC shall be on a DVP basis only. On the Mainland Business Day following execution of China Connect Securities Trades by a China Connect Clearing Participant or its NCPs, the China Connect Clearing Participant's money positions which correspond to its CNS stock positions in such China Connect Securities will be calculated

separately for each China Connect Market and its money positions for all China Connect Markets will be set-off against each other to arrive at a total net money position in the Money Ledger of the China Connect Clearing Participant. HKSCC will issue CPIs to the Designated Bank of the paying China Connect Clearing Participant or HKSCC's banker to effect payment for value on the same day in respect of such net money position.

For Exchange Trades and Clearing Agency Transactions to be settled under the Isolated Trades System and for ISI and SI Transactions, if settlement in CCASS is on a DVP basis, HKSCC will, following delivery of Eligible Securities in CCASS, issue EPIs to the Designated Banks of Participants concerned to effect payment for value on the same day.

For those transactions in which relevant Participants opt for settlement of those transactions in CCASS on a RDP basis, subject to the relevant Eligible Securities being put on-hold in the delivering Participant's Stock Account in CCASS, HKSCC will issue CPIs to the Designated Banks of the paying Participants to request for payment. Delivery of Eligible Securities will be effected upon receipt of confirmation of payments of such transactions from the Clearing House of HKAB to HKSCC within the predefined time schedule, i.e. on each Settlement Day, normally from 9:30 a.m. to 3:30 p.m. ~~on each Settlement Day for Eligible Securities other than China Connect Securities, from 9:30 a.m. to 6:00 p.m. for China Connect Securities the payment for which is in an Eligible Currency other than RMB and from 9:30 a.m. to 7:45 p.m. for China Connect Securities the payment for which is in RMB.~~

Section 10A

China Connect Securities Trades - CNS System

10A.6 LATE DELIVERY: BUY-IN

10A.6.2 Timing of Buy-in

Unless (i) HKSCC grants an exemption under Section 10A.6.2A or (ii) there is a risk management reason affecting HKSCC which is considered valid by the Risk Management Committee, HKSCC shall have the right, but shall not be obliged, to effect a Buy-in on behalf of the short China Connect Clearing Participant on T+1 (or if it is not practicable to do so on T+1, at any time thereafter) as HKSCC in its absolute discretion considers appropriate up to the outstanding quantity, rounded up to the nearest Board Lot if the quantity is not in full Board Lots, in respect of short stock positions in China Connect Securities of a China Connect Clearing Participant under the CNS System which are outstanding for settlement on the due date (i.e., unsettled after the ~~final-fourth~~ Batch-settlement-run for China Connect Securities Trades on T-day).

10A.6.3 Buy-in process by HKSCC on behalf of a China Connect Clearing Participant

The following explains the process of any Buy-in that may be executed by HKSCC on behalf of a short China Connect Clearing Participant in greater detail:

- (i) in respect of the short stock positions in China Connect Securities of a short China Connect Clearing Participant which remain outstanding under the CNS System after the ~~final-fourth~~ Batch-settlement-run for China Connect Securities Trades on the Settlement Day, a Buy-in Notification Report containing such outstanding short stock positions will be generated by HKSCC. Unless (i) HKSCC grants an exemption under Section 10A.6.2A or (ii) there is a risk management reason affecting HKSCC which is considered valid by the Risk Management Committee, HKSCC shall have the right, but shall not be obliged, to effect Buy-in on T+1 (or if it is not practicable to do so on T+1, at any time thereafter) as HKSCC in its absolute discretion considers appropriate, of all outstanding short stock positions stated in the Buy-in Notification Report, rounded up to the nearest Board Lot if the quantity is not in full Board Lots;

- (ii) the Buy-in Notification Report will be available to the short China Connect Clearing Participant through its CCASS Terminals and Participant Gateways after the ~~final~~fourth Batch-settlement-run for China Connect Securities Trades;

10A.14 RISK MANAGEMENT: SECURITIES-ON-HOLD OF CHINA CONNECT SECURITIES

10A.14.4 China Connect Clearing Participant may effect cash prepayment

China Connect Clearing Participants that have outstanding payment obligations to HKSCC but wish to utilize any or all of the Securities-on-hold covering such outstanding payment obligations for any purpose, including to settle SI Transactions during a Settlement Day, may pay same day available funds to HKSCC to reduce their monetary obligations and have the equivalent discounted market value of Securities-on-hold in China Connect Securities released.

A China Connect Clearing Participant may pay same day available funds to HKSCC by inputting Cash Prepayment Instructions on each Settlement Day or by inputting a Cash Prepayment Standing Instruction via the “Cash Prepayment Standing Instruction” maintenance function to authorize HKSCC to generate recurring Cash Prepayment Instructions on behalf of the China Connect Clearing Participant on each Settlement Day. The cash prepayment amount that will be generated under a Cash Prepayment Standing Instruction will depend on the payment basis of the standing instruction given by the China Connect Clearing Participant, and will be either (a) the gross amount of the unsettled money obligations on its long CNS stock positions; or (b) the net amount of the unsettled money obligations on its long and short CNS stock positions, plus a certain percentage of the net amount input by the China Connect Clearing Participant.

Any Cash Prepayment Standing Instruction remaining in the “pending status” ten calendar days after its last updated date will be automatically purged from CCASS.

10A.14.5 Procedures

The following is a brief description of the procedures relating to cash prepayment on each Settlement Day:

(a) Cash Prepayment Instructions with “CHATS” set as the payment method

- (i) China Connect Clearing Participants that wish to make prepayments by means of CPIs shall select “CHATS” as the payment method when creating a Cash Prepayment Instruction via a CCASS Terminal from 4:00 p.m. to 5:30 p.m. or such other time specified by HKSCC from time to time or when creating a Cash Prepayment Standing Instruction via a CCASS Terminal from 8:00 a.m. to 3:00 p.m. or such other time specified by HKSCC from time to time;
- (ii) To avoid undue concentration of HKSCC’s exposure to a bank appointed by HKSCC as receiving bank for cash payment, cash prepayment is subject to the concentration limit pre-determined by HKSCC in respect of each appointed receiving bank. HKSCC will only accept or generate Cash Prepayment Instructions within the predetermined concentration limit of the appointed receiving bank. In case a Cash Prepayment Standing Instruction is created and authorized by a China Connect Clearing Participant by 3:00 p.m. on a Settlement Day, Cash Prepayment Instructions will be generated by HKSCC, if applicable, at approximately 4:00 p.m. on the same Settlement Day;
- (iii) Upon the creation and authorization of Cash Prepayment Instructions by China Connect Clearing Participants or the generation of Cash Prepayment Instructions by HKSCC pursuant to Cash Prepayment Standing Instructions, CPIs will be generated to collect the cash prepayments from their Designated Bank Accounts. The CPIs information will be included in the Electronic CHATS Payment Instruction Report

(CSEPI03). Based on the report, Designated Banks will issue CPIs to the Clearing House of HKAB to make payment on their behalf. China Connect Clearing Participants must ensure that there are sufficient funds in their Designated Bank Accounts and that the CHATS payments are completed by their Designated Banks no later than 7:00 p.m. or such other time as may be prescribed by HKSCC from time to time;

- (iv) Upon being notified by the Clearing House of HKAB of the finality of such payment, HKSCC will update the Settlement Accounts of the relevant China Connect Clearing Participants' Money Ledger to reduce their corresponding monetary obligations due to HKSCC and as a result, release equivalent discounted market value of Securities-on-hold (see Section 10A.14.3). China Connect Clearing Participants' Statements of Money Ledger will show the relevant entries. China Connect Clearing Participants can check the status of a Cash Prepayment Instruction via the "Enquire Prepayment Instruction" function of CCASS. For the status of a Cash Prepayment Instruction, China Connect Clearing Participants can make use of the "Enquire Cash Prepayment Instruction" function;
- (v) China Connect Clearing Participants can operate ATIs to check whether the Securities-on-hold have been released and rely on DIs or Batch-settlement-runs to settle the SI Transactions;
- (vi) Since HKSCC allocates shares according to a pre-set algorithm, China Connect Clearing Participants making prepayments may not have received all allocated shares. Any surplus funds thus arising will be returned to them on the next Settlement Day via CPI. Please refer further to Section 14.7.2(iii);
- (vii) In case the relevant cash payment under a Cash Prepayment Instruction input or generated on a Settlement Day is not received by HKSCC, the Cash Prepayment Instruction will be purged from CCASS at the end of the Settlement Day.

(b) Cash Prepayment Instructions with "OTHERS" set as the payment method

- (i) China Connect Clearing Participants which wish to make prepayments **by other means must indicate must create their Cash Prepayment Instructions with "OTHERS"** as the payment method **when creating a Cash Prepayment Instruction** via a CCASS Terminal from 4:00 p.m. to 6:00 p.m. **or such other time specified by HKSCC from time to time or when creating a Cash Prepayment Standing Instruction** via a CCASS Terminal from 8:00 a.m. to 3:00 p.m. **or such other time specified by HKSCC from time to time;**
- (ii) To avoid undue concentration of HKSCC's exposure to a bank appointed by HKSCC as receiving bank for cash payment, cash prepayment is subject to the concentration limit pre-determined by HKSCC in respect of each appointed receiving bank. HKSCC will only accept or generate Cash Prepayment Instructions within the predetermined concentration limit of the appointed receiving bank. **In case a Cash Prepayment Standing Instruction is created and authorized by a China Connect Clearing Participant by 3:00 p.m., Cash Prepayment Instructions will be generated by HKSCC, if applicable, at approximately 4:00 p.m. on the same Settlement Day;**
- (iii) China Connect Clearing Participants must ensure that same day available funds are transferred to HKSCC's specified bank account no later than 6:00 p.m. or such other time prescribed by HKSCC from time to time. For China Connect Clearing Participants using the same bank as HKSCC, they can make use of the internal account transfer function of the bank or electronic banking services to transmit available funds. For others, they can instruct their banks to make payment to HKSCC

via inter-bank transfer with CHATS payment (see CCASS Terminal User Guide for Participants for details);

- (iv) Based on the details of Cash Prepayment Instructions, HKSCC will follow up the funds with its appointed receiving bank and the relevant China Connect Clearing Participants. Only when available funds are confirmed will HKSCC update the relevant China Connect Clearing Participants' Settlement Accounts of Money Ledger to reduce their corresponding monetary obligations due to HKSCC and as a result, release equivalent discounted market value of Securities-on-hold (see Section 10A.14.3). China Connect Clearing Participants' Statements of Money Ledger will show the relevant entries. China Connect Clearing Participants can check the status of a Cash Prepayment Instruction via the CCASS enquiry function of "Enquire Cash Prepayment Instruction";
- (v) China Connect Clearing Participants can operate ATIs to check whether the Securities-on-hold have been released and rely on DIs or Batch-settlement-runs to settle the SI Transactions;
- (vi) Since HKSCC allocates shares according to a pre-set algorithm, China Connect Clearing Participants making prepayments may not have received all allocated shares. Any surplus funds thus arising will be returned to them on the next Settlement Day via CPI. Please refer further to Section 14.74.2 [\(iiib\)](#);

Section 12

Non-Exchange Trades – SI Transactions, Clearing Agency Transactions, ISI Transactions, Transfer Instructions and Non-Trade Transfers in China Connect Securities

12.1 SI TRANSACTIONS (BETWEEN PARTICIPANTS OTHER THAN INVESTOR PARTICIPANTS)

12.1.2 Input SIs

(i) Details of SIs

The data input fields of an SI are:

- (a) Instruction type (D - deliver, or R - receive);
- (b) Counterparty code;
- (c) Settlement date (this must be a Settlement Day);
- (d) ISIN and/or Stock code;
- (e) Quantity of Eligible Securities;
- (f) Stock settlement account;
- (g) Payment instruction (DVP - Delivery versus payment, or FOP - free of payment, or RDP - Realtime Delivery versus Payment);

- (h) Money value (if DVP/RDP);
- (ha) Settlement currency
- (i) Client account number;
- (j) Client name;
- (k) Purpose of SI (C - broker-custodian transaction, L - new stock borrowing/lending, P - stock pledging, M - portfolio movement, R - return/recall of stock borrowing/lending transaction);
- (l) DI required to initiate settlement (Y - yes or N - no);
- (m) Internal transaction reference;
- (n) SI linkage reference;
- (o) Remarks;
- (p) Hold Matched SI required to hold settlement of a matched SI (Y – yes or N – no);
and
- (q) Processing reference.

Items (a) to (e), item (g), item (h) and, insofar as portfolio movement transactions are concerned, item (i) are mandatory input and matching fields.

In relation to item (f), Participants may input the delivering or receiving Stock Account for settlement of a SI. If item (f) is not input by the delivering or receiving Participant, the Stock Clearing Account of the Participant will be used to make or take delivery of Eligible Securities for the purpose of settlement of the SI Transaction. If a TSF CCASS Participant inputs a TSF Account for item (f), notwithstanding the fact that the SI may be matched in accordance with Section 12.1.3, settlement of the SI Transaction will only take effect if the counterparty of the related SI has also input a TSF Account for item (f).

~~In relation to item (g), Participants may only elect “FOP” or “DVP” as the payment instruction when inputting SIs relating to China Connect Securities.~~

12.1.6 Settlement of SI Transactions

(vi) China Connect Securities

Input and matching of SIs relating to China Connect Securities will be conducted at stated times in CCASS on each Business Day in accordance with Section 6.2.2. SI Transactions in China Connect Securities inputted into CCASS on a Business Day will be settled in the **SI** Batch-settlement-runs or by the use of DI.

Notwithstanding any other provision in the Rules, the following shall apply to SIs relating to China Connect Securities:

- (a) ~~Repealed SIs relating to China Connect Securities may only be settled on an FOP or DVP basis;~~
- (b) Repealed

- (c) ~~SI~~s which involve the delivery by a China Connect Clearing Participant of a China Connect Security from its Stock Accounts will only be effected in the first to fourth Batch-settlement-runs provided that such Stock Accounts are Special Segregated Accounts or that the China Connect Clearing Participant has no outstanding short stock position in such China Connect Security under the CNS System ~~only SIs in which a Special Segregated Account of a Custodian Participant or a GCP which is not an Exchange Participant is the delivering account will be processed in the first, second and third SI Batch settlement run; and~~
- (d) ~~Repealed~~ DIs can only be effected to settle SIs relating to China Connect Securities after completion of the final CNS Batch settlement run shortly after 7:00 p.m. until 7:45 p.m.; and
- (e) in the event that a China Connect Clearing Participant has any short stock positions in a China Connect Security under the CNS System which are outstanding for settlement on the due date after the fourth Batch-settlement-run, SIs which involve the delivery by the China Connect Clearing Participant of such China Connect Security from its Stock Accounts will only be effected under the following circumstances:
 - (i) where the overdue short positions are solely due to the failure of the China Connect Clearing Participant to transfer such China Connect Securities to its Stock Clearing Account for CNS settlement, but the China Connect Clearing Participant has since transferred sufficient quantity of China Connect Securities to its Stock Clearing Account; or
 - (ii) where the overdue short positions are solely due to an SPSA Delivery Failure and a request for adjustment has been submitted to HKSCC in accordance with Section 2.3.15; or
 - (iii) where the overdue short positions are partly due to an SPSA Delivery Failure and partly due to the failure of the China Connect Clearing Participant to transfer such China Connect Securities to its Stock Clearing Account for CNS settlement, and (i) in respect of the SPSA Delivery Failure, a request for adjustment has been submitted to HKSCC in accordance with Section 2.3.15 and (ii) in respect of the overdue short position which are not due to SPSA Delivery Failure, the China Connect Clearing Participant has since transferred sufficient quantity of China Connect Securities to its Stock Clearing Account.

12.1.8 Relevant CCASS Reports

iv) Intra-day ISI/SI Full List

In relation to Eligible Securities other than China Connect Securities, the report shows details of due/overdue ISIs/SIs in such Eligible Securities of a Participant on the current Business Day with status as of the completion of each Batch-settlement-run and of the completion of each of the fifth, sixth, eighth and final SI matching runs. Details of SIs that are due on a future day are also included in the reports generated after the final Batch-settlement-run.

In relation to China Connect Securities, the report shows details of due/overdue SIs in China Connect Securities of the Participant on the current Mainland Business Day with status as of the completion of each of the Batch-settlement-runs ~~(for settlement of SI stock positions only)~~ and of the completion of each of the SI matching runs for China Connect Securities. Details of SIs that are due on a future day are also included in the reports generated after the final Batch-settlement-run for settlement of SI stock positions only.

Section 13 Securities Settlement

13.1 GENERAL

13.1.4 Money settlement

Settlement of CNS stock positions of Clearing Participants and Clearing Agency Participants will always be on a DVP basis.

Settlement of Isolated Trades (including Clearing Agency Transactions) may be on a DVP or FOP basis, as stipulated by the Participants concerned.

Settlement of ISI or SI Transactions may be on a RDP, DVP or FOP basis, stipulated by the Participants concerned, ~~except that SI Transactions for China Connect Securities can only be settled on an FOP or a DVP basis.~~

13.2 SETTLEMENT BY DIs

13.2.1 Transactions which may be settled by DIs

All transactions other than Compulsory Stock Borrowing Transactions in CCASS may be settled by the delivering Participants other than Investor Participants by the input of DIs on or after the due settlement dates of such transactions.

Participants other than Investor Participants can monitor their settlement positions and can input DIs at any time during the operational hours of CCASS to effect settlement.

DIs for the settlement of Eligible Securities must be input into CCASS before the commencement of each Batch-settlement-run on each Settlement Day. ~~DIs for the settlement of SI Transactions in China Connect Securities inputted on a Settlement Day will only be allowed after completion of the final Batch settlement run for CNS stock positions and before the final SI Batch settlement run on that Settlement Day.~~

13.2.6 DIs not accepted

Settlement of a transaction by a DI input by a Participant other than an Investor Participant will not be given effect to in CCASS in the following cases:

- (i) where the transaction to be settled as stated by the DI is not yet due for settlement;
- (ii) where the Stock Account stipulated by the Participant to be used has an insufficient available balance of relevant Eligible Securities for the purpose of the DI;
- (iii) where the transaction identified by the DI has already been settled;
- (iv) where a DI attempts to effect partial delivery in respect of an Isolated Trade (including a Clearing Agency Transaction) to be settled on a DVP basis;
- (v) where a DI attempts to effect partial delivery in respect of an ISI Transaction or SI Transaction;
- (vi) where a DI attempts to effect settlement of an SI Transaction, whose settlement has been put on hold by either or both of the delivering and receiving Participants;
- (vii) where a DI attempts to effect settlement of an ISI Transaction, whose settlement has been put on hold by the Participant; ~~and~~

(viii) where a DI attempts to effect settlement of an SI Transaction in a China Connect Security which has (i) an outstanding short CNS position in such China Connect Security before the completion of the fourth Batch-settlement-run unless the delivering account of such SI Transaction is a Special Segregated Account or (ii) an overdue short CNS position in such China Connect Security after the final-fourth Batch-Settlement-Run for CNS stock positions, unless any of the circumstances as referred to in Section 12.1.6 (vi)(e) to effect an SI Transaction is met; and

(ix) where a DI attempts to effect settlement of an SI transaction in a China Connect Security on a RDP basis after the specified input deadline.

13.3 SETTLEMENT BY BATCH-SETTLEMENT-RUNS

13.3.3 Frequency of Batch-settlement-runs

For Eligible Securities other than China Connect Securities, four Batch-settlement-runs are carried out every Settlement Day, at 10:30 a.m., 12:00 noon, 2:00 p.m. and 3:45 p.m..

For China Connect Securities, ~~five~~ six Batch-settlement-runs are carried out every Settlement Day, ~~two~~ at 4:45 p.m., 5:30 p.m., 6:15 p.m., and 7:00 p.m. ~~and 7:45 p.m. designated for the settlement of CNS stock positions; and four at 5:30 p.m., 6:15 p.m., 7:00 p.m. and~~ For the final Batch-settlement-run at 7:45 p.m., ~~designated for the settlement of only~~ SI stock positions on a DVP or FOP basis will be settled.

Section 14 Money Settlement

14.7 CHATS PAYMENT INSTRUCTIONS

14.7.2 Procedures

- (iiib) on each Settlement Day, in relation to CNS money obligations of each China Connect Clearing Participant for China Connect Securities Trades and/or surplus cash arising from overpaid cash prepayment on the previous Settlement Day, HKSCC will generate CPI(s) to be issued to the Designated Bank of the China Connect Clearing Participant or a bank designated by HKSCC. The CPI(s) will include, among others, the money value concerned and the bank account information of the China Connect Clearing Participant;
- (iv) the CPIs so generated by HKSCC are transmitted via CCASS Terminals to the Designated Banks of the paying Participants. The Designated Banks of the paying Participants may retrieve the “Electronic CHATS Payment Instruction Report” via CCASS Terminals or Participant Gateways at ~~five~~ nine designated times on each Business Day and effect CHATS payments according to the deadline for each type of CCASS payment on the same day on a best effort basis, subject to the close of processing window of CCASS-related CHATS (normally at ~~3:30~~ 7:45 p.m. for RMB and 6:00 p.m. for Eligible Currencies other than RMB);
- (v) the CCASS-related CHATS messages so constructed by Designated Banks will be transmitted online to the clearing house for the relevant Eligible Currency for processing. Special arrangements have been made by HKSCC with the Clearing House of HKAB for each relevant Eligible Currency pursuant to which each CCASS-related CHATS message will be transmitted by the Clearing House of HKAB for that Eligible Currency to HKSCC for validation before settlement in that Clearing House of HKAB for the relevant Eligible Currency;

- (vi) upon receipt of confirmation of payment in respect of the CPIs from the Clearing House of HKAB for the relevant Eligible Currency, HKSCC will i) update the Money Ledgers of the Participants concerned, if applicable, and the status of the respective CCASS transactions, including, in the case of Securities-on-hold China Connect Securities, the extent the Participants will be allowed to use such China Connect Securities; or ii) for SI / ISI Transactions, effect on-line delivery of the on-hold shares to the relevant receiving Participant's Stock Account. No DDI or EPI will be generated after such settlement;
- (vii) if the relevant payment is not confirmed settled by the Clearing House of HKAB for the relevant Eligible Currency before the specified CCASS cut-off time for real time money settlement (normally at 12:00 noon for payments of CNS money obligations of China Connect Clearing Participants for China Connect Securities Trades, 1:00 p.m. for payments for nominee-related services, 3:00 p.m. for payments relating to TSF FX Transactions and Stock Release FX Transactions ~~and~~, 3:30 p.m. for payments relating to SI / ISI Transactions and other CCASS payments for Eligible Securities other than China Connect Securities, 6:00 p.m. for payments in Eligible Currencies other than RMB relating to SI Transactions in China Connect Securities, 7:45 p.m. for payments in RMB relating to SI Transactions in China Connect Securities) on each Business Day, HKSCC will i) not give effect to or process or settle the relevant CCASS transaction, ia) not allow China Connect Clearing Participants to use the Securities-on-hold China Connect Securities, ii) for TSF FX Transactions or Stock Release FX Transactions, take such action as it considers necessary to adjust, amend or reverse the FX transactions pursuant to Sections 12A.6 and 12A.8 or, iii) for SI/ISI Transactions, release the on-hold shares to the delivering Participant for other settlement purposes, as appropriate;

14.7.4 Hours of CPI services

The facility of CPI service is available for use on each Business Day ~~starting from~~between the hours of 9:30 a.m. ~~until and 3:30~~ 6:00 p.m. for Eligible Currencies other than RMB and until 7:45 p.m. for RMB. HKSCC will periodically generate the “Electronic CHATS Payment Instruction Report” via the CCASS Terminals or Participant Gateways to Designated Banks of paying Participants at the following time schedule: 9:30 a.m. (after), 10:30 a.m. (after), 11:00 a.m. (after), 12:00 noon (after), ~~and~~ 2:00 p.m. (after), 4:45 p.m. (after), 5:30 p.m. (after), 6:15 p.m. (after) and 7:00 p.m. (after).

Section 16 Statements and Reports

16.6 REPORTS AND STATEMENTS FOR PARTICIPANTS

16.6.1 Reports and Statements for Participants other than Investor Participants

Report ID	Report name	Frequency	Time available
CCLUS01	Unmatched SI Report	Nine times a day	around 9:45 a.m., 10:30 a.m., 12:00 noon, 2:00 p.m., 3:00 p.m., 3:30 p.m., 4:15 p.m., 5:30 p.m. and 6:30 p.m. (for unmatched SI results as of the completion of each SI matching run for Eligible Securities other than China Connect Securities)
		Nine times a day	around 12:00 noon, 2:00 p.m., 3:15 p.m., 4:45 <u>5:00</u> p.m., 5:15 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for unmatched SI results as of the completion of each SI

			matching run for China Connect Securities)
CSESP04	Intra-day Settled Position Report	Three times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for settlement results as of the completion of first, second and third Batch-settlement-runs for Eligible Securities other than China Connect Securities)
		Three-Four times a day	around <u>5:15 p.m.</u> , 6:00 p.m., 6:45 p.m. and 7:30 p.m. (for <u>CNS stock positions and SIs</u> settlement results as of the completion of the first <u>and final to fourth</u> Batch-settlement-runs for settlement of CNS stock positions and the second Batch settlement run for settlement of SIs in <u>for</u> China Connect Securities)
CSESI02	Intra-day ISI/SI Full List	Eight times a day	around 11:30 a.m., 12:30 p.m., 2:30 p.m. and 4:15 p.m. (for settlement results as of the completion of each Batch-settlement-run for Eligible Securities other than China Connect Securities) and around 3:00 p.m., 3:30 p.m., 5:30 p.m. and 6:30 p.m. (for matched SI results as of the completion of the fifth, sixth, eighth and final SI matching runs for Eligible Securities other than China Connect Securities)
		Nine times a day	around <u>5:00 p.m.</u> , 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for settlement results as of the completion of each Batch-settlement-run for settlement of SI stock positions in China Connect Securities) and around 12:00 noon, 2:00 p.m., 3:15 p.m., 4:45 p.m. and 5:15 p.m. (for matched SI results as of the completion of the first, second, third, fourth and fifth SI matching runs for China Connect Securities)
CSEMP04	CCASS Funding Projection Report (Night Settlement) for Participant	Four-Five times a day	around <u>5:00 p.m.</u> , 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for funding projection as of the completion of each SI Batch-settlement-run for China Connect Securities)
CCNPT04	Participant Voted Quantity Exception Report - Before Voting Deadline	Daily	normally around 8:45 p.m. from the time when the report retrieval function is available (for potential exceptional voting instructions <u>of Eligible Securities other than China Connect Securities</u>)
		<u>Daily</u>	<u>normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for potential exceptional voting instructions of China Connect Securities)</u>
CSEAT02	STI Activity Report	Six times a day	shortly after completion of each STI batch transfer run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m.

		Eleven times a day	and 8:00 p.m. (for accumulated STI activities as of the report generation time for Eligible Securities other than China Connect Securities)
CCNPT08	Participant Shareholding Category Disclosure Exception Report - <u>On Voting Deadline</u>	Daily	shortly after completion of each STI batch transfer run scheduled at around 8:00 a.m., 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 6:30-15 p.m., 7:00 p.m., 7:30 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for China Connect Securities)
<u>CCNPT09</u>	<u>Participant Shareholding Category Disclosure Exception Report - Before Voting Deadline</u>	<u>Daily</u>	<u>normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for Shareholding Category Disclosure instructions to be cancelled)</u>
CCMIA03	Interest & Accommodation Fee Report - Summary (Account Deletion)	After account deletion activities	from the time when the report retrieval function is available on the day following the day of collateral account deletion (for interest and accommodation fee of the current month)
CCMIA04	Interest & Accommodation Fee Report - Detail (Account Deletion)	After account deletion activities	from the time when the report retrieval function is available on the day following the day of collateral account deletion (for interest and accommodation fee of the current month)

16.7 REPORTS AND STATEMENTS FOR DESIGNATED BANKS

Report ID	Report name	Frequency	Time available
CSEMP03	CCASS Funding Projection Report (Night Settlement) for Designated Bank	Four <u>Five</u> times a day	around <u>5:00 p.m.</u> , 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for funding projection as of the completion of each Batch-settlement-run for China Connect Securities)
CSEPI03	Electronic CHATS Payment Instruction Report	Five <u>Nine</u> times a day	after 9:30 a.m. (for CPIs generated, including CPIs for money settlement between HKSCC and Participants which shall be settled by a specified time on the current day), after 10:30 a.m. (for CPIs generated after the completion of the first Batch-settlement-run), 11:00 a.m. (for CPIs

generated upon report generation), after 12:00 noon and 2:00 p.m. (for CPIs generated after the completion of the second and third Batch-settlement-runs for Eligible Securities other than China Connect Securities), after 4:45 p.m., 5:30 p.m., 6:15 p.m. and 7:00 p.m. (for CPIs generated after the completion of the first, second, third and fourth Batch-settlement-runs for China Connect Securities)

Section 21 Costs and Expenses

21.1A CLEARING AND SETTLEMENT OF CHINA CONNECT SECURITIES TRADES

- Cash Prepayment service fee for releasing Securities-on-hold at the request of a China Connect Clearing Participant. HK\$100 per remittance by a China Connect Clearing Participant.

Notes:

Fee debited on the day of remittance. No such fee will be payable by the China Connect Clearing Participant for Cash Prepayment Instructions with “CHATS” set as the payment method.

Use of this service is at the option of a China Connect Clearing Participant.

Refund on the following settlement day of remittance received after the time limit prescribed by HKSCC is also subject to the said cash prepayment service fee.