

CCASS OPERATIONAL PROCEDURES

Definitions

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

"Board Lot"

means, in relation to a listed Eligible Security, the standard number of such Eligible Securities constituting one lot for trading purposes and in relation to an unlisted Eligible Security, the standard number of such Eligible Securities constituting one lot for transferring purposes as specified in the offering documents;

"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 ELI (as defined in the Exchange Rules);

"Structured Products"

means synthetic products, whether or not listed on the Exchange or any other exchange, whose investment returns are linked to the performance of the underlying assets and which include, but are not limited to, derivative warrants, ELI, Callable Bull/Bear Contracts (as these terms are defined in the Exchange Rules) and other equity linked investments;

The definitions of "Callable Bull/Bear Contract", "derivative warrant" and "Equity Linked Instrument" have been repealed.

Section 5

Eligible Securities

5.1 SECURITIES ACCEPTED AS ELIGIBLE SECURITIES

Securities which are listed or admitted to trading on the Exchange, as well as securities which are not listed or admitted to trading on the Exchange, may be accepted as Eligible Securities by HKSCC. These may include:

- (i) ordinary shares;
- (ii) preference shares;
- (iii) Depositary Receipts;
- (iv) registered warrants;
- (v) provisional allotment letters relating to nil paid rights;
- (vi) Debt Securities;
- (vii) Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments;
- (viii) Foreign Securities;

- (ix) Units; and
- (x) Structured Products.

However, in the case of Foreign Securities which are or will be deposited in HKSCC's account with The Depository Trust Company or its successors or assigns, only Eligible U.S. Securities are admissible as Eligible Securities in CCASS as HKSCC is only allowed to deposit Eligible U.S. Securities in its account with The Depository Trust Company or its successor or assignee.

Section 7

Depository and Related Services

7.12 STRUCTURED PRODUCTS

7.12.1 Custodian services in relation to Structured Products issued in global or scripless form

Structured Products issued in global or scripless form are held by HKSCC for the account of Participants recorded in computerized form by CCASS Depository or an Appointed Depository. No physical deposit and withdrawal services will be provided by HKSCC for Structured Products save for the physical deposit of global certificate(s) into CCASS in respect of Structured Products issued with certificate(s) in global form.

Save as otherwise provided in the Rules, Structured Products may be credited to and debited from a Participant's Stock Account as a result of (a) clearing and settlement of Exchange Trades relating to Structured Products; and (b) the provision of any other service by HKSCC in relation to Structured Products to the Participant. HKSCC shall have no obligation to enforce any rights on behalf of Participants under the terms and conditions in respect of the Structured Products. Save as otherwise provided in the Rules, HKSCC acknowledges and confirms that it has no proprietary interest in Structured Products to the extent they are credited to the Stock Account of a Participant.

Section 8

Nominee Services

8.2 GENERAL PRINCIPLES

8.2.1 Scope and procedures

Generally, the types of corporate actions or activities in respect of which nominee services are provided by HKSCC, as well as the procedures adopted by HKSCC in relation thereto, are set out in Section 8.4 to Section 8.20B. The procedures for giving Electronic Application Instructions for New Issue Shares and Tender Instructions are set out in Sections 8.18 and 8.19 respectively. If there is any change to such procedures, or if any of the foregoing services will not be provided, HKSCC will inform Participants other than Investor Participants via CCASS Terminals, Participant Gateways and/or by way of circulars and in the case of Investor Participants, by the CCASS Phone System, by the CCASS Internet System, by way of circulars and/or in the activity statement.

In respect of (a) corporate actions or activities affecting Eligible Securities and (b) matters relating to Electronic Application Instructions for New Issue Shares and other electronic applications for or in connection with securities and Tender Instructions which are not dealt with in Section 8.4 to Section 8.20B, HKSCC will usually inform Participants other than Investor Participants via CCASS Terminals, Participant Gateways and/or by way of circulars and in the case of Investor Participants, by the CCASS Phone System, by the CCASS Internet System, by way of circulars and/or in the activity statement as to whether or not nominee services will be provided and, if so, the procedures to be adopted.

8.2.3 Scope of nominee services provided by HKSCC

Full nominee services will normally be provided by HKSCC in respect of the following types of corporate actions or activities :

- (i) corporate announcements - Section 8.4;
- (ii) corporate communications - Section 8.5;
- (iii) voting - Section 8.6;
- (iv) cash dividend entitlements - Section 8.7;
- (v) bonus issues of securities - Section 8.8;
- (vi) dividend entitlements with options - Section 8.9;
- (vii) rights issues - Section 8.10;
- (viii) open offers - Section 8.11;
- (ix) take-over offers - Section 8.12;
- (x) conversion of warrants - Section 8.13;
- (xi) sub-divisions, consolidations etc. - Section 8.14;
- (xii) interest payments - Section 8.15;
- (xiii) conversion of bonds - Section 8.16;
- (xiv) bond, Exchange Fund Notes, Specified Instruments and CMU Instruments redemption - Section 8.17;
- (xv) redemption of shares – Section 8.17A;
- (xvi) Electronic Application Instructions for New Issue Shares - Section 8.18;
- (xvii) Tender Instructions - Section 8.19;
- (xviii) electronic applications for the issue and redemption of Units - Section 8.20;
- (xix) scrip and/or cash payment relating to Structured Products – Section 8.20A; and
- (xx) redemption of Structured Products which have a rollover mechanism – Section 8.20B.

8.3 CORPORATE ANNOUNCEMENT INFORMATION

8.3.4 Entitlement Statement and activity statement

Other than the Book-Close Reminder and Corporate Action Reminder, the Entitlement Statement of Participants other than Investor Participants will in addition contain the following information:

- (v) details of receivables with respect to take-over offers, rights subscriptions, scrip and/or cash payment of Structured Products and redemption of bonds, Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, etc; and

8.6 VOTING

8.6.2 General procedures

Normally, HKSCC will, based on the procedures described below, consolidate voting instructions from Participants and either submit one combined proxy form appointing the chairman of the relevant meeting to vote on the Nominee's behalf or send its own representatives to attend and vote at such a meeting, in each case, in accordance with the instructions of Participants concerned. Alternatively, HKSCC will, based on the procedures described below, appoint a person nominated by the Participant to attend and vote at such meeting, either as a proxy or as one of the Nominee's representatives. In determining whether a representative or a proxy will be appointed, HKSCC will refer to the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws.

Normally, for meetings held in Hong Kong and where the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws allow more than one corporate representative to be appointed by HKSCC to attend and vote at the meeting, the deadline prescribed by HKSCC on Participants for the giving of instructions is one Business Day before the relevant meeting day. Otherwise, the deadline prescribed by HKSCC on Participants for the giving of instructions will be on a day which in the opinion of HKSCC would enable it to have sufficient time to submit the proxy form or the relevant document for appointment of corporate representative, as the case may be, to the designated place by the stipulated time. For the avoidance of doubt, the deadlines prescribed by HKSCC on Participants for the giving of instructions are also applicable to the giving of instructions by SSA Statement Recipients for the account of Participants.

8.6.5 Demand poll request

In respect of the voting instructions of Participants to vote in favour of or against any stated matter or resolution (other than voting instructions to be acted upon by the persons nominated by the Participants to attend and vote at the meeting directly), HKSCC may from time to time receive requests of Participants for HKSCC to make a demand for a poll to be taken in respect of such stated matter or resolution to be voted on at the relevant meeting. In deciding whether to receive demand poll requests of Participants, HKSCC may consider the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting, the applicable laws and other relevant matters in the opinion of HKSCC. For the avoidance of doubt, HKSCC will not receive demand poll requests of Participants where the relevant meeting is to be held outside Hong Kong or at a place which in the opinion of HKSCC is not easily accessible. If HKSCC, in respect of any stated matter or resolution to be voted on at the relevant meeting, agrees to receive demand poll requests from Participants that gives voting instructions to HKSCC, the following procedures will normally apply:

8.6.6 Voting by show of hands or by way of a poll

- (iii) The voting rights of the person nominated by a Participant on a show of hands or on a poll at a meeting will be governed by the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws. Likewise, the right of the person nominated by the Participant to demand a poll at a meeting will be governed by the constitutive documents of the issuer of the Eligible Securities, the proceedings of the relevant meeting and applicable laws.

8.6.7 Others

- (iii) The provisions of this Section 8.6 shall also be applicable, mutadis mutandis, to meetings of holders of Specified Instruments, meetings of holders of Structured Products and meetings of holders of CMU Instruments.

8.13A Repealed

8.13B Repealed

8.20A SCRIP AND/OR CASH PAYMENT RELATING TO STRUCTURED PRODUCTS

8.20A.1 General

This Section is concerned with the collection, receipt and distribution to Participants of proceeds, interest and other entitlement or payment in the form of scrip (i.e. securities) and/or cash (“scrip and/or cash payment”) accruing to a Structured Product during the term or upon expiry (either upon the lapse of the expiry or maturity date (“normal expiry”) or upon early termination triggered by the occurrence of any mandatory event (“early expiry”)) of the Structured Product as specified in or provided for under its offering documents.

8.20A.2 Procedures

The following procedures will usually apply:

- (i) a Participant's scrip and/or cash payment will normally be determined by reference to the relevant Structured Product in its Stock Account (a) where expiry is concerned, as at the end of the second Settlement Day following the relevant call event in the case of early expiry or as at the end of the first Settlement Day following the expiry day in the case of normal expiry if the Structured Product is listed on the Exchange or as at the end of the valuation day specified in its offering documents if the Structured Product is not listed on the Exchange or (b) where entitlements, including but not limited to interest payments, are concerned, as at the end of day on which the entitlement of HKSCC (or the Nominee) is determined, which is normally the last registration date set by the issuer. However, for administrative convenience or if considered appropriate by HKSCC, HKSCC may in its absolute discretion use some other date for the purpose of determining the Participant's scrip and/or cash payment;
- (ii) HKSCC will inform Participants other than Investor Participants of their scrip and/or cash payment details via the “Enquire Announcement Information” function and Broadcast Message Service available through their CCASS Terminals and Participant Gateways, and also in the Corporate Announcement Master Data File and the Corporate Announcement Maintenance Activities Report. Investor Participants will be informed of their scrip and/or cash payment details via their activity statements on the payment day;
- (iii) upon expiry of a Structured Product, HKSCC will debit all holdings of Participants in the Structured Product from their Stock Accounts at the end of the reference date specified in, or such other date as determined by HKSCC, under Section 8.20A.2(i);
- (iv) where applicable, on the relevant date on which any scrip and/or cash payments of Participants are determined by HKSCC, such scrip and/or cash payments will be recorded as receivable items in the Entitlement Statements of the relevant Participants other than Investor Participants;
- (v) if cash payment is received by HKSCC from the issuer or its agent at or before 3:45 p.m. on a Business Day, HKSCC will usually cause the cash payment to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the cash payment on the following Business Day;

- (vi) if scrip payment (being Eligible Securities) is received by HKSCC from the issuer or its agent at or before 5:00 p.m. on a Business Day or 12:00 noon on a Saturday, HKSCC will usually cause such scrip payment to be credited to the Stock Accounts of the relevant Participants on the same day in multiple batches at around i) 9:45 a.m., ii) 11:30 a.m., iii) 1:30 p.m., iv) 3:15 p.m., v) 4:15 p.m., vi) 5:15 p.m., vii) 6:00 p.m., viii) 7:00 p.m. and ix) 8:00 p.m. on a Business Day or at around i) 9:45 a.m., ii) 11:30 a.m. and iii) 1:00 p.m. on a Saturday (unless it is a public holiday). Otherwise, HKSCC will credit the scrip payment on the following Business Day (Saturday being treated as a Business Day for this purpose, unless it is a public holiday);
- (vii) upon distribution of scrip and/or cash payment by HKSCC, HKSCC will inform Participants other than Investor Participants via the Broadcast Message Service through their CCASS Terminals and Participant Gateways. The Entitlement Statements of the relevant Participants other than Investor Participants and the activity statements of the relevant Investor Participants will also be updated; and
- (viii) where applicable, the ad valorem stamp duty and/or other relevant expenses to be payable to the issuers in accordance with the terms and conditions set out in the offering documents will be charged back to the Participants concerned on a pro-rata basis according to the number of underlying securities and/or the amount of cash payment distributed to each of them, or in such other manner as HKSCC considers fair and appropriate.

8.20A.3 Option to elect form of payment

If, in any given case, holders of a Structured Product are given the option to elect whether to receive payment in the form of cash and/or scrip, HKSCC will inform Participants of the procedures and time-limit for the receipt of election instructions from Participants via the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants) and via the CCASS Internet System or their activity statements (in the case of Investor Participants) or such other means as HKSCC may consider appropriate.

In the absence of specific instructions as to their election, Participants will be treated as having chosen the “default” option specified by the issuer of the Structured Product. If no “default” option is specified by the issuer, the option shall be that selected by HKSCC for such Participants.

Participants should only input instructions in respect of the quantity of the Structured Product which they will maintain in their Stock Accounts until the relevant deadline as prescribed by HKSCC. If the total quantity in respect of any election instruction given by a Participant to HKSCC is more than the holding of the Participant as at the relevant deadline, HKSCC will scale down the instruction given by the Participant by reference to the actual holding of the Participant or in such manner as HKSCC may consider appropriate, unless the Participant specifically instructs HKSCC otherwise.

8.20A.4 Notices

Upon receipt of any notice from the issuer or its agent in accordance with the terms and conditions of the Structured Product, HKSCC will inform Participants of the relevant details via facsimile, electronic transmission and/or the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants), and via the CCASS Internet System and/or in their activity statements (in the case of Investor Participants), or via such other means as HKSCC may consider appropriate.

8.20A.5 Other procedures

Participants will be advised of other relevant procedures to be followed/observed with respect to Structured Products on a case by case basis.

8.20B REDEMPTION OF STRUCTURED PRODUCTS WHICH HAVE A ROLLOVER MECHANISM**8.20B.1 General**

In the event that a Structured Product uses the rollover approach to extend its maturity, Participants recorded by CCASS as holders of the Structured Product within the period specified in Section 8.20B.2(ii) will have the right to redeem their Structured Products at a pre-determined settlement formula and within a pre-determined time period specified by the issuer.

This Section is concerned with the procedures applicable to the redemption of Structured Products in the event of a rollover.

8.20B.2 Redemption of Structured Products which have a rollover mechanism

As stated in the offering document(s) or any declaration or announcement made by the issuer of a Structured Product which uses a rollover approach to extend its maturity, the issuer of the Structured Product may specify a certain time period during which the holders of the Structured Product are given the rights to redeem the Structured Product. In such event, the following procedures will usually apply:

- (i) HKSCC will via the “Enquire Announcement Information” function and Broadcast Message Service, and also via the Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report or such other means as HKSCC may consider appropriate, inform Participants other than Investor Participants through their CCASS Terminals and Participant Gateways of detailed information in relation to the redemption of the Structured Products upon the release of the announcement of the rollover for the Structured Products. Investor Participants will be informed of the details of the redemption via their activity statements or such other means as HKSCC may consider appropriate;
- (ii) Participants with the Structured Product credited to their Stock Accounts may at any time during the relevant redemption period as stipulated by the issuer of the Structured Product input redemption instructions to HKSCC via their CCASS Terminals or Participant Gateways in the case of Participants other than Investor Participants, or via the CCASS Phone System, the CCASS Internet System or the Customer Service Centre in the case of Investor Participants. Participants may cancel their redemption instructions before the redemption deadline as stipulated by the issuer in the relevant announcement;
- (iii) in the absence of specific redemption instructions from Participants within the designated time period, HKSCC will not take any action in respect of the Participants’ holdings of the Structured Product held in CCASS;
- (iv) upon receipt of valid instructions from Participants to redeem, HKSCC will debit the relevant quantity of the Structured Product from the relevant Stock Accounts of the Participants and, in the case of Participants other than Investor Participants, the relevant redemption monies will be recorded as receivable items in their respective Entitlement Statements;
- (v) any payment arising from the redemption of Structured Products will be distributed by HKSCC to Participants in accordance with the procedures set forth in Section 8.20A.2; and
- (vi) any disbursement charges will be charged back to the Participants concerned on a pro-rata basis according to the number of Structured Products each Participant has given instructions to redeem, or in such other manner as HKSCC considers fair and appropriate.

8.20B.3 Notices

Upon receipt of any notice from the issuer or its agent in accordance with the terms and conditions of the Structured Product, HKSCC will inform Participants of the relevant details via facsimile, electronic transmission and/or the Broadcast Message Service through their CCASS Terminals and Participant Gateways (in the case of Participants other than Investor Participants), and via the CCASS Internet System and/or in their activity statements (in the case of Investor Participants), or via such other means as HKSCC may consider appropriate.

8.20B.4 Other procedures

Participants will be advised of other relevant procedures to be followed/observed with respect to redemption of Structured Products which have a rollover mechanism on a case by case basis.

8.25.1 Cash payments arising out of nominee services

Participants other than Investor Participants may request HKSCC to effect intra-day payment to the Participants of the following types of cash payments in an Eligible Currency arising out of nominee services on each Business Day:

- (v) repealed
- (ix) cash payment relating to Structured Products; and

Section 10**Exchange Trades – CNS System****10.9 LATE DELIVERY: ADJUSTMENTS FOR ENTITLEMENTS****10.9.3 Different categories of corporate actions**

Corporate actions affecting Eligible Securities can be broadly divided into four categories. The extent of procedures and facilities available in CCASS in relation to adjustments for entitlements in respect of the four categories of corporate actions can be summarized as follows:

- (iii) Entitlements/actions (not requiring the exercise of discretion): in relation to corporate actions such as dividend payments or bonus issues of securities, where no decision is required to be made by Participants, HKSCC will normally establish procedures in CCASS whereby relevant entitlements (money or securities) will be collected by it from the Short Clearing Participants and then distributed to Long Clearing Participants (see Section 10.9.5, Section 10.9.6, Section 10.9.11A and Section 10.9.12); and

10.9.11A Automatic exercise / Redemption of listed Structured Products at expiry

Structured Products listed on the Exchange which are in-the-money will be exercised automatically at expiry upon the lapse of the date of expiry specified in the relevant listing document (“normal expiry”) or upon the Structured Products being early terminated as a result of the occurrence of the relevant call event (“early expiry”). In relation to the cash payments to which Participants are entitled upon the automatic exercise of such Structured Products at expiry, the following procedures will usually apply:

- (i) on the Business Day following the second Settlement Day in the case of early expiry or the second Business Day following the expiry day in the case of normal expiry, HKSCC will debit the Entitlements Account (a sub-account of the Money Ledger) of each Short Clearing Participant to collect from it an amount representing the cash payment accruing to its outstanding short CNS stock positions in the Structured

Products. For administrative convenience or if the expiry day does not fall on a Settlement Day or if considered appropriate by HKSCC, HKSCC may in its absolute discretion collect the cash payment from each Short Clearing Participant on some other date; and

- (ii) on the payment day or such other date as HKSCC shall consider fair and appropriate, HKSCC will credit the Entitlements Account of each Long Clearing Participant with an amount representing the cash payment accruing to its outstanding long CNS stock positions in the Structured Products.

HKSCC will be responsible, following the payment day, to pay the Long Clearing Participants the cash payments accruing to their outstanding CNS long stock positions in the Structured Products irrespective of whether or not HKSCC is able to collect such amounts from the Short Clearing Participants.

In relation to the redemption of Structured Products listed on the Exchange at expiry, the following procedures will usually apply:

- (i) in respect of redemption proceeds in the form of cash payment in an Eligible Currency:
 - (a) on the first Business Day immediately after the expiry day, HKSCC will debit the Entitlements Account (a sub-account of the Money Ledger) of each Short Clearing Participant to collect from it the cash payment accruing to its outstanding short CNS stock positions in the Structured Products; and
 - (b) on the payment day or such other date as HKSCC shall consider fair and appropriate, HKSCC will credit the Entitlements Account of each Long Clearing Participant with the cash payment accruing to its outstanding long CNS stock positions in the Structured Products.

HKSCC will be responsible, following the payment day, to pay the Long Clearing Participants the cash payments accruing to their outstanding CNS long stock positions in the Structured Products irrespective of whether or not HKSCC is able to collect such cash payments from the Short Clearing Participants.

- (ii) in respect of redemption proceeds in the form of underlying securities (being Eligible Securities):
 - (a) on the second Business Day immediately after the expiry day, Short Clearing Participants will normally be required by HKSCC to provide Collateral in the form of cash;
 - (b) on or before the distribution day, Short Clearing Participants are required to have in their Entitlement Accounts (their Stock Segregated Account 02) the relevant quantities of underlying securities accruing to their outstanding short CNS stock positions in the Structured Products;
 - (c) in the event that a Short Clearing Participant fails to have the relevant quantities of underlying securities in its Entitlement Account at the close of business on the distribution day, HKSCC will normally require such Short Clearing Participant to purchase such quantities of underlying securities for delivery to HKSCC and the purchase will have to be effected on the Business Day following the distribution day;
 - (d) in the event that a Short Clearing Participant fails to purchase the relevant quantities of underlying securities as required by HKSCC, HKSCC may itself purchase such quantities of underlying securities for the account of that Short Clearing Participant; and

- (e) upon receipt or purchase of the relevant quantities of underlying securities from or for the account of the Short Clearing Participants, HKSCC will credit such quantities of underlying securities to the Entitlement Accounts of the Long Clearing Participants on the distribution day or such other date as HKSCC shall consider fair and appropriate.

HKSCC will be responsible, following the distribution day, to deliver to the Long Clearing Participants the relevant quantities of underlying securities accruing to their outstanding CNS long stock positions (or if that is not possible or reasonably practicable as determined by HKSCC, HKSCC shall provide money compensation to the Long Clearing Participants by reference to the value of such quantities of underlying securities as determined by HKSCC), irrespective of whether or not HKSCC receives such quantities of underlying securities from the Short Clearing Participants.

10.9.11B Repealed

10.9.11C Repealed

Section 11

Exchange Trades – Isolated Trades Exchange Trades

11.9 LATE DELIVERY : ADJUSTMENTS FOR ENTITLEMENTS

11.9.8A Automatic exercise / Redemption of listed Structured Products at expiry

Structured Products listed on the Exchange which are in-the-money will be exercised automatically at expiry upon the lapse of the date of expiry specified in the relevant listing document (“normal expiry”) or upon the Structured Products being early terminated as a result of the occurrence of the relevant call event (“early expiry”). In relation to the cash payments to which Participants are entitled upon the automatic exercise of such Structured Products at expiry, the Short Clearing Participants are obliged to deliver to the relevant counterparty Long Clearing Participants cheques for the relevant amounts representing the cash payments due to such Long Clearing Participants (or by foreign currency bank drafts in relation to cash payments in a foreign currency) on or before the relevant payment day.

In relation to redemption proceeds in the form of cash payment in an Eligible Currency, the Short Clearing Participants are obliged to deliver to the relevant counterparty Long Clearing Participants cheques for the relevant amounts representing the cash payments due to such Long Clearing Participants (or by foreign currency bank drafts in relation to cash payments in a foreign currency) on or before the relevant payment day.

In relation to redemption proceeds in the form of underlying securities, the Short Clearing Participants are obliged to deliver to the relevant counterparty Long Clearing Participants the relevant quantities of underlying securities accruing to their unsettled stock positions under the Isolated Trades System on or before the relevant distribution day.

HKSCC will not be responsible for paying/delivering to the Long Clearing Participants the cash payments/underlying securities accruing to their unsettled stock positions under the Isolated Trades System. If the Long Clearing Participants do not receive such cash payments/underlying securities from the relevant counterparty Short Clearing Participants, the Long Clearing Participants will have to pursue their own claims against the relevant counterparty Short Clearing Participants.

11.9.8B Repealed

11.9.8C Repealed

Section 14

Money Settlement

14.3 INSTRUCTIONS BY HKSCC TO DESIGNATED BANKS

14.3.4 Amounts arising out of nominee services

The amounts to be debited or credited to Designated Bank Accounts of Participants in relation to nominee and similar transactions effected by HKSCC have been explained elsewhere (see Sections 8.7 to 8.21 and Section 8.25). In brief, they arise from the following types of corporate actions:

- (i) for payments of dividends in an Eligible Currency, HKSCC will normally issue credit entries to the Participants' Money Ledgers to be settled against the Designated Bank Accounts of the Participants entitled to such dividends on the same day depending on the time of payment received by HKSCC;
- (ii) for subscription of rights shares and excess shares in relation to PALs where the subscription monies are payable in an Eligible Currency, HKSCC will issue debit entries to the Participants' Money Ledgers in respect of the appropriate subscription monies upon receipt of the rights subscription and/or excess shares application instructions via CCASS Terminals or Participant Gateways or via the CCASS Phone System or the CCASS Internet System for settlement via the relevant Participants' Designated Bank Accounts on the same day via DDIs or CPIs;
- (iii) for subscription of new shares and excess shares under open offers where the subscription monies are payable in an Eligible Currency, HKSCC will issue debit entries to the Participants' Money Ledgers concerned in respect of the appropriate subscription monies together with subscription charges such as brokerage, transaction levy and the Exchange's trading fee upon receipt of the subscription of open offers and excess shares application instructions via CCASS Terminals or Participant Gateways or the CCASS Phone System or the CCASS Internet System as appropriate for settlement via the relevant Participants' Designated Bank Accounts on the same day via DDIs or CPIs;
- (iv) for subscription of shares on exercise of warrants where the subscription monies are payable in an Eligible Currency, HKSCC will issue debit entries to the Participants' Money Ledgers concerned in respect of the appropriate subscription monies and conversion charges upon receipt of the warrant conversion instructions via CCASS Terminals or Participant Gateways or the CCASS Phone System or the CCASS Internet System as appropriate for settlement via the relevant Participants' Designated Bank Accounts on the same day via DDIs or CPIs. HKSCC will issue debit entries regarding the ad valorem stamp duty payable on the conversion of the warrants upon notification from the Issuer or its agent or representative of the amount of ad valorem stamp duty levied;
- (v) for payments of cash consideration in an Eligible Currency to Participants that accept a take-over offer which is successful, HKSCC will issue credit entries to the Participants' Money Ledgers on the same day if payments are received by HKSCC at or before 3:45 p.m. on that day;
- (vi) for refund of surplus subscription monies in an Eligible Currency received by HKSCC from the issuers of the relevant Eligible Securities in respect of unsuccessful open offers, excess shares applications under rights issues and/or open offers, HKSCC will issue credit entries to the Participants' Money Ledgers on the same day or the next Business Day depending on the time of receipt of payment by HKSCC;

- (vii) for payments of principal or interest accruing to eligible Debt Securities in an Eligible Currency, HKSCC will normally issue credit entries to the Participants' Money Ledgers to be settled against the Designated Bank Accounts of the Participants entitled to such interests payments on the same day depending on the time of payment received by HKSCC;
- (viii) for subscription of shares in relation to eligible convertible Debt Securities where subscription monies are payable in an Eligible Currency, HKSCC will issue debit entries to the Participants' Money Ledgers concerned in respect of the appropriate subscription monies and conversion charges, if applicable, upon receipt of the Debt Securities conversion instructions via CCASS Terminals and Participant Gateways for settlement via the relevant Participants' Designated Bank Accounts on the same day via DDIs or CPIs;
- (ix) for disbursement charges in an Eligible Currency resulting from corporate activities in relation to eligible Debt Securities, HKSCC will issue debit entries to the Participants' Money Ledgers upon distribution of the share/cash entitlements by HKSCC;
- (x) for payment or refund of application money in an Eligible Currency in respect of Electronic Application Instructions for New Issue Shares, HKSCC will effect debit payments from the Participants' Designated Bank Accounts on the last application day for New Issue Shares and will effect credit payments to the Participants' Designated Bank Accounts on the refund date as specified in the Prospectus and/or any subsequent refund date;
- (xi) for payment of tender monies or application monies in an Eligible Currency in respect of Tender Instructions, HKSCC will effect debit payments from the Participants' Designated Bank Accounts on the day which is two Business Days before the tender day of the relevant Exchange Fund Notes or Specified Instruments or on the closing date of the subscription period of relevant Government Bonds or CMU Instruments. Where the bids for Exchange Fund Notes or Specified Instruments are non-competitive and the initial bid price is lower than the final accepted price, HKSCC will effect debit payments for any shortfall of tender moneys from the relevant Participants' Designated Bank Accounts on the tender day. Where the application price is lower than the subscription price, HKSCC will effect debit payments for any shortfall of application moneys from the relevant Participants' Designated Bank Accounts on the date upon receipt of the allotment results. For refund of tender monies in respect of Tender Instructions for Exchange Fund Notes or Specified Instruments, HKSCC will effect credit payments to the Participants' Designated Bank Accounts on the day which is either one Business Day before the tender day if the HKMA or the relevant Issuer withdraws the tender invitation or if excess monies are to be refunded in respect of cancelled Tender Instructions and, in other cases, on the tender day or as soon as practicable. For refund of application monies in respect of Tender Instructions for Government Bonds or CMU Instruments, HKSCC will effect credit payments to the Participants' Designated Bank Accounts on the day the allotment result is received from the Issuer or its agent or arranger or one Business Day before the closing date if the relevant Issuer withdraws the offer or as soon as practicable;
- (xii) for payments or refunds in an Eligible Currency in respect of the issue and redemption of Units, HKSCC will follow the procedures set out in the applicable sections of these Operational Procedures; and

- (xiii) for cash payments relating to Structured Products payable in an Eligible Currency, HKSCC will normally issue credit entries to the Participants' Money Ledgers to be settled against the Designated Bank Accounts of the Participants entitled to such cash payments on the same day depending on the time of receipt of payments by HKSCC. Where applicable, HKSCC will issue debit entries regarding the ad valorem stamp duty payable on the underlying securities of the Structured Products and any other expenses payable in connection with any scrip and/or cash payment distributed in respect of the Structured Products upon notification from the issuer or its agent of the amount of ad valorem stamp duty levied and/or any other relevant expenses charged.

The debit or credit entries, except payments in respect of Electronic Application Instructions for New Issue Shares and Tender Instructions referred to in Sections 14.3.4(x) and (xi) above, are posted to the Entitlements Accounts of the Participants' Money Ledgers. For any accepted Intra-day Payment Standing Instruction covering intra-day payment to a Participant other than Investor Participant of cash payments arising out of nominee services on a Business Day, HKSCC will issue an Intra-day Payment Instruction covering the amount (as stated in the "Enquire Intra-Day Payment Summary" in CCASS Terminal or Participant Gateway) of the cash payments included in the Intra-day Payment to the Designated Bank of the Participant to effect intra-day payment of the amount to the Designated Bank Account of the Participant on each Business Day (See Section 14.8). Subject as aforesaid, HKSCC will, on each Business Day, on the basis of the account balance, generate DDIs/DCIs/EPIs for settlement via Participants' Designated Bank Accounts (see Sections 14.4 and 14.5). For subscription instructions which involve the collection of subscription monies via CPIs, HKSCC will, on the basis of such instructions, generate CPIs for settlement via Participants' Designated Bank Accounts during the day (see Section 14.7).

In relation to entitlement payments for which HKSCC has credited the relevant Participants' Money Ledgers before receipt of payment and if, for whatever reason, the relevant entitlement payments are not received by HKSCC, HKSCC shall have the right either to arrange for an amount equivalent to that credited by HKSCC to be debited from the relevant Participants' Money Ledger or require the relevant Participants to immediately refund the amount to HKSCC either by bank draft, cheque or telegraphic transfer or in such other manner as HKSCC deems appropriate.

Section 21

Costs and Expenses

21.6 NOMINEE SERVICES

- Corporate actions service fee for registered non-Debt Securities.

Notes:

Fee applicable to all corporate actions other than collection of cash dividends, cash distribution and bonuses, bonus shares, stock dividends, corporate voting, stock splitting, or stock consolidation.

Fee calculated on stock quantity balances on which the corporate actions are to be taken.

Fee debited on input dates or event dates of corporate actions.

Fee also applicable to automatic exercise of Structured Products at expiry.

Fee also applicable to applications for issue and redemption of Units.

Fee also applicable to Foreign Securities.

HK\$0.80 per Board Lot subject to a maximum of HK\$10,000 per instruction or (if no instruction is required for a corporate action) per corporate action per account. Odd lots also charged at HK\$0.80 each. Where the amount calculated as aforesaid exceeds the corresponding amount of cash payment entitlement collected in respect of the corporate action and such cash payment is the only form of entitlement collected in respect of that corporate action (for the avoidance of doubt, this does not apply where there is no cash payment entitlement in respect of a corporate action), the amount of the cash payment.

Section 22

Tariff for Investor Participants

22.3 NOMINEE SERVICES

- Corporate actions service fee for registered non-Debt Securities payable by Investor Participant.

Notes:

Fee applicable to all corporate actions other than collection of cash dividends, cash distribution and bonuses, bonus shares, stock dividends, corporate voting, stock splitting or stock consolidation.

Fee calculated on stock quantity balances on which the corporate actions are to be taken.

Fee debited on input dates or event dates of corporate actions.

Fee also applicable to automatic exercise of Structured Products at expiry.

Fee also applicable to Foreign Securities.

HK\$0.80 per Board Lot subject to a minimum fee of HK\$30 per instruction or (if no instruction is required for a corporate action) per corporate action and a maximum fee of HK\$500 per instruction or (if no instruction is required for a corporate action) per corporate action. Odd lots also charged at HK\$0.80 each. Where the amount calculated as aforesaid exceeds the corresponding amount of cash payment entitlement collected in respect of the corporate action and such cash payment is the only form of entitlement collected in respect of that corporate action (for the avoidance of doubt, this does not apply where there is no cash payment entitlement in respect of a corporate action), the amount of the cash payment.

Section 23

Tariff for Issuers

23.1 ADMISSION OF STRUCTURED PRODUCTS

- Application fee for admission of unlisted Structured Products in CCASS as Eligible Securities.

Note:

Fee is payable by issuers of Structured Products which are not listed on the Exchange.

0.02% of the nominal value of the issue size, subject to a minimum fee of HK\$600 (for each new or further issue within 12 months from the date of issue of the first CCASS admitted unlisted Structured Product by the issuer) or HK\$800 (for each subsequent issue), and a maximum fee of HK\$5,000 per new or further issue at any time.