

CCASS OPERATIONAL PROCEDURES

Section 8

Nominee Services

8.9 DIVIDEND ENTITLEMENTS WITH OPTIONS

8.9.1 General

From time to time, issuers of Eligible Securities may declare dividends with an option to receive dividends in different currencies (i.e. dividend entitlements with currency option) or to receive scrip entitlements (i.e. securities) in lieu of dividend payments (i.e. dividend entitlements with scrip option).

The exact procedures to be adopted by HKSCC in relation to nominee services offered will depend on the exact circumstances in each case and Participants will be informed accordingly. For instance, the procedures to be adopted by HKSCC will vary slightly depending on whether the election of option has to be done before the relevant book-close or record dates.

8.9.2 Determination of entitlements

A Participant's entitlement to such dividend payments with options will normally be determined by reference to its holding of the relevant Eligible Securities in its Stock Account as at the date on which the entitlement of HKSCC or the Nominee is determined (normally the last day on which transfers can be submitted for registration in order to qualify for such entitlements).

8.9.3 Procedures

The following procedures will usually apply :

- (ii) if, in any given case, the election of option is required to be made on or before the relevant book-close or record date, HKSCC will generate an option election instruction advice through CCASS Terminals and Participant Gateways and via the CCASS Phone System and the CCASS Internet System following the relevant announcement to all Participants irrespective of whether or not they have holdings in the relevant Eligible Security at the time and, in the case of Investor Participants, irrespective of whether the Investor Participants have given standing option election instructions to HKSCC in accordance with Section 8.9.4(i);
- (iii) if the election of option is required to be made after the relevant book-close or record date, HKSCC will only generate an option election instruction advice through CCASS Terminals and Participant Gateways and via the CCASS Phone System and the CCASS Internet System to Participants with holdings in the relevant Eligible Security immediately after the book-close or record date including the Investor Participants with holdings that have given standing option election instructions to HKSCC in accordance with Section 8.9.4(i);

- (v) in the absence of specific instructions as to their election, Participants will be treated, subject to Section 8.9.4(ii) where it is applicable, as having chosen the “default” option specified by the issuers of the relevant Eligible Securities except where such “default” option specified by the issuer is a non-cash entitlement, in which case HKSCC shall elect the cash option or the Eligible Currency alternative, as the case may be, for such Participants. (If no “default” option is specified by the issuers of the relevant Eligible Securities, the option shall be that selected by HKSCC for such Participants);
- (vi) Participants should only input instructions in respect of Eligible Securities which they will maintain in their Stock Accounts until the relevant book-close or record date. If instructions are given in respect of more than their holdings of Eligible Securities as at the last registration day before the relevant book-close or record date, HKSCC will scale down the instructions given by Participants in proportion to the Participants' actual holdings, or in such manner as appropriate, unless the Participant specifically instructs HKSCC otherwise; and

8.9.4 Investor Participants' standing instructions to receive scrip entitlements in lieu of cash dividend

- (i) Investor Participants may give standing option election instructions to HKSCC requesting HKSCC to elect to receive scrip entitlements in lieu of dividend payments in respect of all future dividend entitlements with scrip option for election. The standing option election instructions may relate to all or any of the Eligible Securities. They shall be given by the Investor Participants by completing and signing a prescribed form and submitting the prescribed form to the Customer Service Centre for processing by HKSCC. Acceptance and maintenance of such standing option election instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify.
- (ii) Investor Participants whose standing option election instructions have been accepted by and maintained with HKSCC may still input specific option election instructions in respect of any dividend entitlement with scrip option for election in accordance with Section 8.9.3. Such specific option election instructions will be treated and processed by HKSCC as the election of the Investor Participants for that particular dividend entitlement with scrip option in place of the standing option election instructions. For the avoidance of doubt, in the absence of such specific option election instructions by the Investor Participants, the standing option election instructions accepted by and maintained with HKSCC will be the election of the Investor Participants for that particular dividend entitlement with scrip option.
- (iii) Investor Participants may cancel their standing option election instructions by completing and signing a prescribed form and submitting the prescribed form to the Customer Service Centre for processing by HKSCC. Acceptance of such cancellation of standing option election instructions by HKSCC will be at the discretion of HKSCC and subject to the requirements as HKSCC may from time to time specify.

8.9.5 Fractional entitlements

Any fractional stock dividend entitlements of Participants will be dealt with in accordance with Section 8.21.

Section 12

Non-Exchange Trades - SI Transactions, Clearing Agency Transactions, ISI Transactions and Transfer Instructions

12.1 SI TRANSACTIONS (BETWEEN PARTICIPANTS (OTHER THAN INVESTOR PARTICIPANTS))

12.1.8 Relevant CCASS Reports

(i) Reports available

Four reports relating to SI transactions are available in CCASS, namely:

- (a) the SI Activity Report;
- (b) the SI Status Report;
- (c) the Intra-day ISI/SI Full List; and
- (d) the Unmatched SI Report.

The time at which the reports are available are set forth in Section 16.6.1.

The four reports are prepared in a pre-defined format in CCASS and hard copies of such reports can be printed from CCASS Terminals and Participant Gateways of Participants via the “Report Download” function.

(iv) Intra-day ISI/SI Full List

This report shows details of due/overdue ISIs/SIs of a Participant on current Business Day with status as of the completion of each Batch-settlement-run and of the completion of each of the fourth, fifth, seventh 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.

(v) Unmatched SI Report

This report shows the details and reasons of the unmatched SIs on current Business Day as of the completion of each SI matching run. Where a Participant has specifically elected not to disclose its input data regarding an unmatched SI to the counterparty Participant via the “Hide Unmatched SI Content Counterparty List” function, only the SI Input Number and Participant ID/name of the Participant together with the unmatched reasons would be shown in the Unmatched SI Report of the counterparty Participant and the other details of the unmatched SIs will not be shown.

12.3 ISI TRANSACTIONS (INVOLVING INVESTOR PARTICIPANTS)

12.3.8 Relevant CCASS Reports

(i) Reports available

Three reports relating to ISI Transactions for Participants other than Investor Participants are available in CCASS, namely:

- (a) the ISI Activity Report;
- (b) the ISI Status Report; and
- (c) the Intra-day ISI/SI Full List.

The time at which the reports are available are set forth in Section 16.6.1.

(iv) Intra-day ISI/SI Full List

This report shows details of due/overdue ISIs/SIs of a Participant on current Business Day with status as of the completion of each Batch-settlement-run and of the completion of each of the fourth, fifth, seventh and final SI matching runs.

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	Eight times a day	around 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)
CSESP01	Settled Position Report	Daily	shortly after 6:00 p.m. (for the accumulated settlement results as of current day)
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)
CCNPT01	Nominee Functions Input Activities Report	Daily	from the time when the report retrieval function is available (for previous day's input activities of all nominee functions, Intra-day Payment Standing Instruction in relation to payments arising out of nominee services and voting instructions input by SSA Statement Recipients)
CCNPT05	Elected Quantity Exception Report for Structured Products (Before Election End)	Daily	from the time when the report retrieval function is available (for potential exceptional election instructions for payments relating to Structured Products)
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) 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 fourth, fifth, seventh and final SI matching runs)