

CCASS OPERATIONAL PROCEDURES

Definitions

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

“CMU Instruments”

means those money market or capital market instruments (i) which are specified by the HKMA, and notified to CMU Members, as a CMU Instrument, (ii) which are listed or to be listed on the Exchange and (iii) (where the issuer is a company or a non-Hong Kong company, within the meaning of those terms in the Companies Ordinance) in respect of which a prospectus has been registered with the Registrar of Companies in Hong Kong;

"Specified Instruments"

means those capital market instruments (other than Exchange Fund Notes and CMU Instruments) (i) which are for the time being specified as capable of being held in the EFCS, (ii) which are listed or to be listed on the Exchange and (iii) (where the issuer is a company or a non-Hong Kong company, within the meaning of those terms in the Companies Ordinance) in respect of which a prospectus has been registered with the Registrar of Companies in Hong Kong;

Section 8 Nominee Services

8.2 GENERAL PRINCIPLES

8.2.2 HKSCC's role

(v) Electronic Applications for New Issue Shares: HKSCC's role will be to endeavour to obtain Electronic Application Instructions from Participants and (a) to cause the Nominee to apply for New Issue Shares on their behalf, (b) to arrange payment of the money due on application via Electronic Payment Instructions to be issued by HKSCC, (c) upon receipt of allotted shares and file(s) containing information as to the identity of Participants to whom New Issue Shares have been allocated and the number of New Issue Shares allocated to each of them, to cause such allotted shares to be credited to the Stock Accounts of the relevant Participants and (d) upon receipt of file(s) containing information as to the identity of Participants in respect of whom a refund is payable due to share price adjustment or the applications by the Nominee has been unsuccessful in whole or in part and the amounts of the refunds due to each of them, to generate Electronic Payment Instructions for the purpose of arranging payment of the refund money;

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 :

(xx) electronic applications for the issue and redemption of Units - Section 8.20;

- (xxi) redemption of Equity Linked Instruments at expiry – Section 8.20A; and
- (xxii) redemption of Structured Products which have a rollover mechanism – Section 8.20B.

8.18 ELECTRONIC APPLICATION INSTRUCTIONS FOR NEW ISSUE SHARES

8.18.2 Procedures

- (vi) Upon receipt of securities and file(s) containing information as to the identity of Participants to whom New Issue Shares have been allocated and the number of New Issue Shares allocated to each of them, HKSCC will cause such securities to be credited to the Stock Accounts of the CCASS applicants. Upon distribution of securities by HKSCC to them, the statement of Stock Movement Report of the relevant Participants other than Investor Participants and activity statements of the relevant Investor Participants will be updated.
- (vii) Upon receipt of file(s) containing information as to the identity of Participants whose applications have been unsuccessful in whole or in part or who are entitled to refunds due to application price adjustment and the amounts of the refunds due to each of them, HKSCC will generate EPIs to arrange for payment of refunds. A single EPI will be generated for each Participant other than Investor Participants in respect of refund application monies. The amount of refund money in respect of a Participant other than an Investor Participant will be recorded in its EIPO Entitlement Report. Investor Participants who have elected to receive the activity statement will be informed of the same by mail. Investor Participants can enquire the details of such statements via CCASS Internet System.

8.20A REDEMPTION OF EQUITY LINKED INSTRUMENTS AT EXPIRY

8.20A.2 Redemption of Equity Linked Instruments at expiry

- (iii) the redemption proceeds will either be wholly in scrip/cash or partly in scrip and partly in cash;

8.20B Redemption of Structured Products which have a rollover mechanism

8.20B.1 General

Participants recorded by CCASS as holders of the Structured Products 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 in the event the Structured Products use the rollover approach to extend the Structured Product's maturity.

The redemption of Structured Products involves debiting the relevant Structured Products from the Participants' Stock Accounts and crediting the corresponding cash amount to the Participants' Money Ledgers.

This Section is concerned with the redemption of the Structured Products in the event of a rollover and the collection, receipt and distribution of the redemption monies to Participants.

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

As stated in the listing document(s) and any declaration made by the issuers of the Structured Products, issuers of the Structured Products may specify a certain time period during which the holders of the Structured Products are given the rights to redeem the Structured Products in the event of a rollover. 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, 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;
- (ii) Participants with the Structured Products credited to their Stock Accounts may at any time during the relevant redemption periods as stipulated by the issuers of the Structured Products 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 deadlines as stipulated by the issuers of the Structured Products in the relevant announcement;
- (iii) if no redemption instruction is received by HKSCC from a Participant within the designated time period, HKSCC will not take any action in respect of the Participant's Structured Products held in CCASS;
- (iv) upon receipt of valid instructions from Participants to redeem, HKSCC will debit the relevant number of the Structured Products 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) upon receipt of the redemption monies by HKSCC from the relevant issuer of the Structured Products or its agent, HKSCC will cause such redemption monies to be paid to the Participants concerned;
- (vi) upon receipt of the redemption monies by HKSCC at or before 3:45 p.m. on a Business Day, HKSCC will usually cause the cash payments to be credited to the Money Ledgers of the relevant Participants on the same day. Otherwise, HKSCC will credit the cash payments on the following Business Day. Participants other than Investor Participants will be informed when cash payments under the redemption of the Structured Products are received by HKSCC via the Broadcast Message Service through their CCASS Terminals and Participant Gateways;
- (vii) upon distribution of the redemption monies received by HKSCC, the activity statements of Investor Participants and the Entitlement Statements of Participants other than Investor Participants will be updated; and

- (viii) any disbursement charges will be charged back to the Participants concerned on a pro-rata basis relating to the number of Structured Products each Participant has given instructions to redeem, or in such other manner as HKSCC considers fair and appropriate upon distribution of the redemption monies by HKSCC.

8.20B.3 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.

Section 15 Enquiry Services

15.2 USE OF VARIOUS ENQUIRY FUNCTIONS AVAILABLE

The various enquiry functions that are available for access and the purpose of accessing each such function are set out below :

(iv) Available to Designated Banks:

- (d) “Enquire Broadcast Message” function: to enquire about CCASS's broadcast messages which are released to all Participants and Designated Banks;
- (e) “Enquire SSA Bank Account” function: to enquire about the bank account details of SSA Statement Recipients; and
- (f) “Enquire Cash Projection” function: to enquire about the projected total money obligations of a Clearing Participant for its CNS positions on T+2 day.

Section 17 Suspension of Services

17.2 TYPHOON

17.2.6 Clearing and settlement of Exchange Trades

In relation to Exchange Trades where counterparty Exchange Participants have not had any opportunity to effect Trade Amendments, where trading resumes during the morning trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be allowed until 12:00 noon that day in accordance with Exchange Rules and FCSs (giving details of relevant Trade Amendments) will normally be issued by HKSCC at or about 2:00 p.m. on that day. Where trading resumes during the afternoon trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be allowed until 3:00 p.m. that day in accordance with Exchange Rules and FCSs will normally be issued by HKSCC two hours thereafter on that day.

