

## CCASS OPERATIONAL PROCEDURES

### Definitions

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

**"Depository Receipts"**

has the same meaning as "depository receipts" in the Exchange's Listing Rules;

**"Depository"**

has the same meaning as "depository" in the Exchange's Listing Rules;

**"Eligible Security"**

means an issue of securities including but not limited to Foreign Securities, Debt Securities, Depository Receipts, Structured Products, Exchange Fund Notes, Specified Instruments, CMU Instruments and Units which is from time to time and for the time being accepted as eligible by HKSCC for deposit, clearance and settlement in CCASS, in accordance with Rule 501, and (a) where the context so requires shall include any particular security or securities of such an issue and (b) unless the context will not admit, shall include, upon their issue, all New Issue Shares so accepted as eligible;

**"Issuer"**

means any company or other legal person (i) any of whose shares, warrants, Structured Products or Debt Securities, or (ii) whose shares are represented by Depository Receipts of which or (iii) which is the trustee or manager of any Units and the Units in which, are the subject of an application for listing on the Exchange in connection with an initial public offering of those shares, warrants, Depository Receipts, Structured Products, Debt Securities or Units or are listed on the Exchange;

**"New Issue"**

means, in relation to any Issuer falling within paragraphs (i) and (ii) of the definition of that term in the Rules, the issue or sale of shares in the capital, warrants, Depository Receipts, Structured Products or Debt Securities of that Issuer and in relation to any Issuer falling within paragraph (iii) of that definition, the first issue or sale of Units on the Unit Trust of which the Issuer is the manager or trustee, in each case in accordance with the terms and conditions of a Prospectus;

**"Prospectus"**

means any prospectus, notice, circular or other document offering or calculated to invite offers by the public to subscribe for or purchase securities (including shares, warrants, Depository Receipts, Debt Securities and Units) and includes, unless inconsistent with the context, its associated application form or forms;

### Section 5 Eligible Securities

#### 5.1 SECURITIES ACCEPTED AS ELIGIBLE SECURITIES

Eligible Securities include securities listed or admitted to trading on the Exchange. These may include :

- (i) ordinary shares;
- (ii) preference shares;
- (iii) Depository Receipts;
- (iv) registered warrants;
- (v) provisional allotment letters relating to nil paid rights;

- (vi) Debt Securities;
- (vii) Exchange Fund Notes, Specified Instruments and CMU Instruments;
- (viii) Foreign Securities;
- (ix) Units; and
- (x) Structured Products.

## **Section 8**

### **Nominee Services**

#### **8.2 GENERAL PRINCIPLES**

##### **8.2.2 HKSCC's role**

HKSCC's role as provider of nominee services in relation to the four broad categories of corporate actions or activities affecting Eligible Securities and in relation to (a) Electronic Application Instructions for New Issue Shares, (b) Tender Instructions and (c) electronic applications for issue and redemption of Units can be summarised as follows:

- (i) **Announcement/communication** : this refers to announcements by issuers or Depositaries of Eligible Securities (eg. declarations of dividends or announcements of notifiable transactions) or announcements by third parties affecting holders of Eligible Securities (eg. announcements of take-over offers) as well as the distribution of corporate communications by the issuers of Eligible Securities to holders of those Eligible Securities and by Depositaries (eg. release of annual reports, circulars to shareholders containing details of notifiable transactions etc.). Here, the role of HKSCC as provider of nominee services to Participants will be to endeavour to bring the relevant matters to the attention of the Participants concerned or to arrange for the distribution of copies of relevant corporate communications to Participants;

#### **8.5 CORPORATE COMMUNICATIONS**

##### **8.5.1 General**

From time to time, issuers and Depositaries of Eligible Securities will send out reports or circulars to holders of Eligible Securities (eg. annual reports, circulars to shareholders etc.). Save in the case of Foreign Securities in respect of which Participants will be notified of important notices and record date notices pertaining to Foreign Securities by HKSCC if such information is provided to HKSCC by the appropriate Appointed Depositary, HKSCC aims to ensure that Participants receive copies of such reports or circulars by providing to issuers of Eligible Securities the names and addresses of Participants to enable the issuers to send copies of corporate communications direct to Participants. This Section 8.5 does not apply to Foreign Securities.

#### **8.7 CASH DIVIDEND ENTITLEMENTS**

##### **8.7.1 Determination of entitlements**

A Participant's entitlement to cash dividends accruing to Eligible Securities will be determined by reference to its holding of such Eligible Securities in CCASS or by an Appointed Depositary at the date on which the entitlement of HKSCC (i.e. the Nominee) is determined (normally the last day on which transfers can be submitted for registration in order to qualify for entitlement to dividends).

Dividend entitlements of Participants will normally be calculated down to two decimal places for most currencies (see Section 8.23 which sets out the number of decimal places for calculation purposes in respect of different currencies.)

In the case of Foreign Securities and Depositary Receipts, dividend entitlements will normally be distributed to HKSCC and the relevant Participants after deduction of any withholding taxes applicable to HKSCC.