

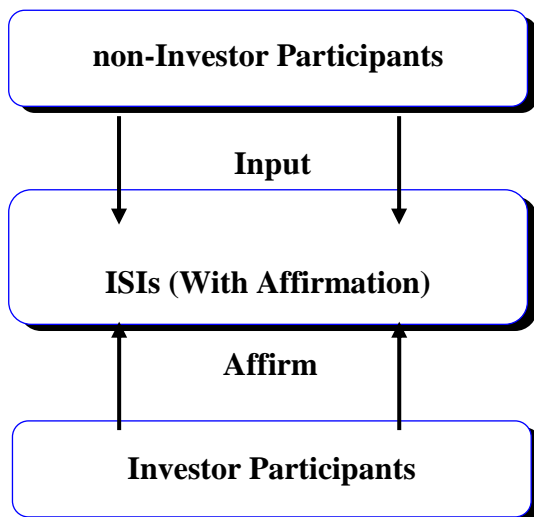
### 3. Investor Account Services

#### 3.1 Investor Settlement Instruction

Investor Settlement Instructions (ISIs) are used to initiate stock transfer and money settlement (if applicable) electronically through CCASS between Investor Participants and non-Investor Participants<sup>1</sup>. Investor Participants can input or affirm ISIs via the CCASS Phone Operations Hotline, CCASS Internet System, or by submitting ‘ISI Input/Affirmation Request Form’ to our Customer Service Centre.

##### 3.1.1 ISI Affirmation

ISI (with affirmation) must be input by non-Investor Participants, then affirm by Investor Participants. CCASS will only process ISI (with affirmation) that are affirmed / authorized.



1. ISI (with affirmation) are first input by non-Investor Participants. Investor Participants and their counterparties should agree on all the details of the ISIs at this stage. For example, the settlement date.

**Note :** Transfer of shares between two Investor Participants is not allowed.

2. Investor Participants affirm the ISIs.

<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

### 3.1 Investor Settlement Instruction

To affirm ISIs via the CCASS Phone Operations Hotline :

Select 'Investor Settlement Instruction' by Pressing '1' at the Main Menu...

Select 'Affirm ISI' by Pressing '1' at the Sub Menu...

**Input Stock Code or  
Select All Stocks**

- Example:
  - 1) for stock code 123, enter '123#'
  - 2) select all stocks, enter '#'

**Listen to the  
Details of the ISI**

- Details include:
  - Instruction Type (Deliver / Receive)
  - Stock Code and Stock Name
  - Quantity
  - Counterparty
  - Settlement Date
  - Settlement Amount (for DVP and RDP ISIs only)
  - Payment Instruction (FOP, DVP, RDP)
  - DVP On-hold (for DVP On-Hold ISIs only)
- Do not affirm the ISI and inform the counterparty immediately if the details are incorrect.

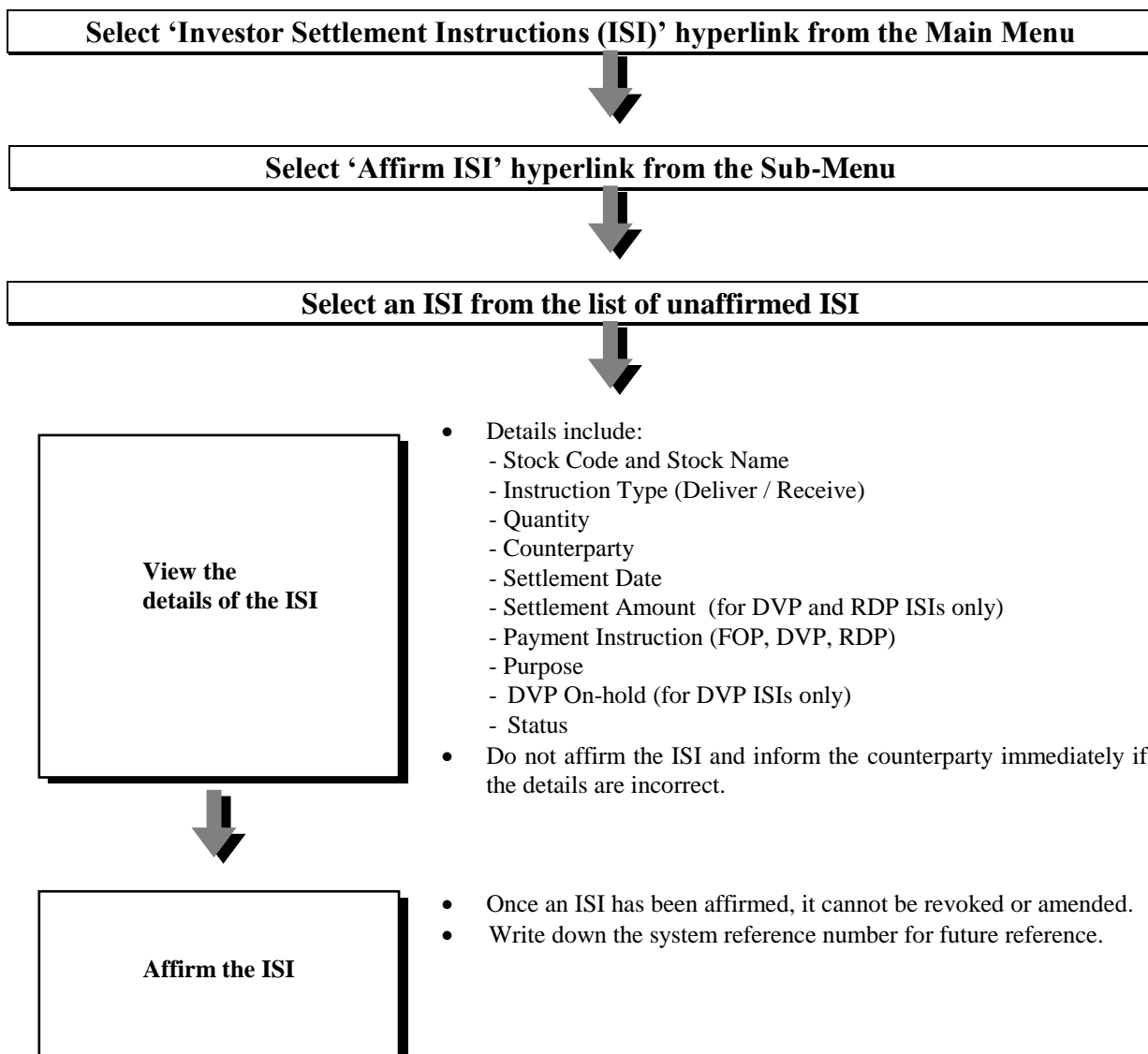
**Affirm the ISI**

- Once an ISI has been affirmed, it cannot be revoked or amended.
- Write down the system reference number for future reference.

### 3.1 Investor Settlement Instruction

To affirm ISIs via CCASS Internet System :

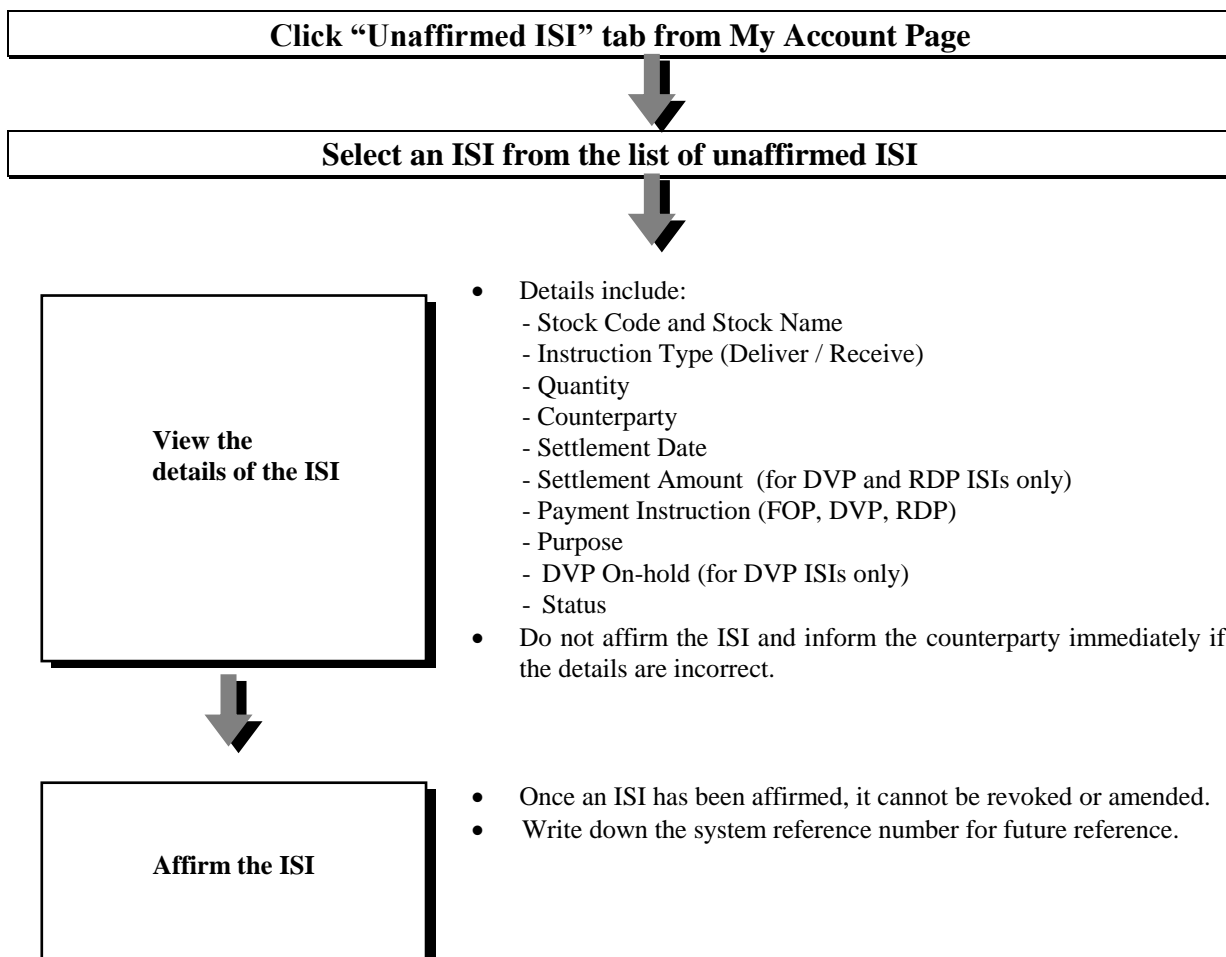
From Main Menu



<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

### 3.1 Investor Settlement Instruction

#### From My Account Page



#### Important Notes:

- For ISIs affirmed between 07:00 and 09:30, Monday to Friday (except public holiday), the stock settlement will be processed during the batch-settlement-run on the same day.
- For ISIs affirmed between 09:30 and 15:45, Monday to Friday (except public holiday), the stock settlement will be processed immediately.
- For ISIs affirmed between 15:45 and 19:00, Monday to Friday (except public holiday), the stock settlement will be processed during the batch-settlement-run on the next settlement day.
- For ISIs affirmed during the following period are only captured by system and they will be processed on next system online session (at around 07:00). Investor Participants are advised to check against the Enquire ISI (affirmed ISI) function if such ISIs are accepted by HKSCC after 07:00 on next system online session.
  - (i) 00:00 to 07:00 and 19:00 to 00:00 from Monday to Friday
  - (ii) Saturday, Sunday and public holiday
- For money settlement, please refer to Section 3.1.3 Money Settlement for ISIs for details.

<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

### 3.1 Investor Settlement Instruction

#### 3.1.2 Input ISI (Without Affirmation)

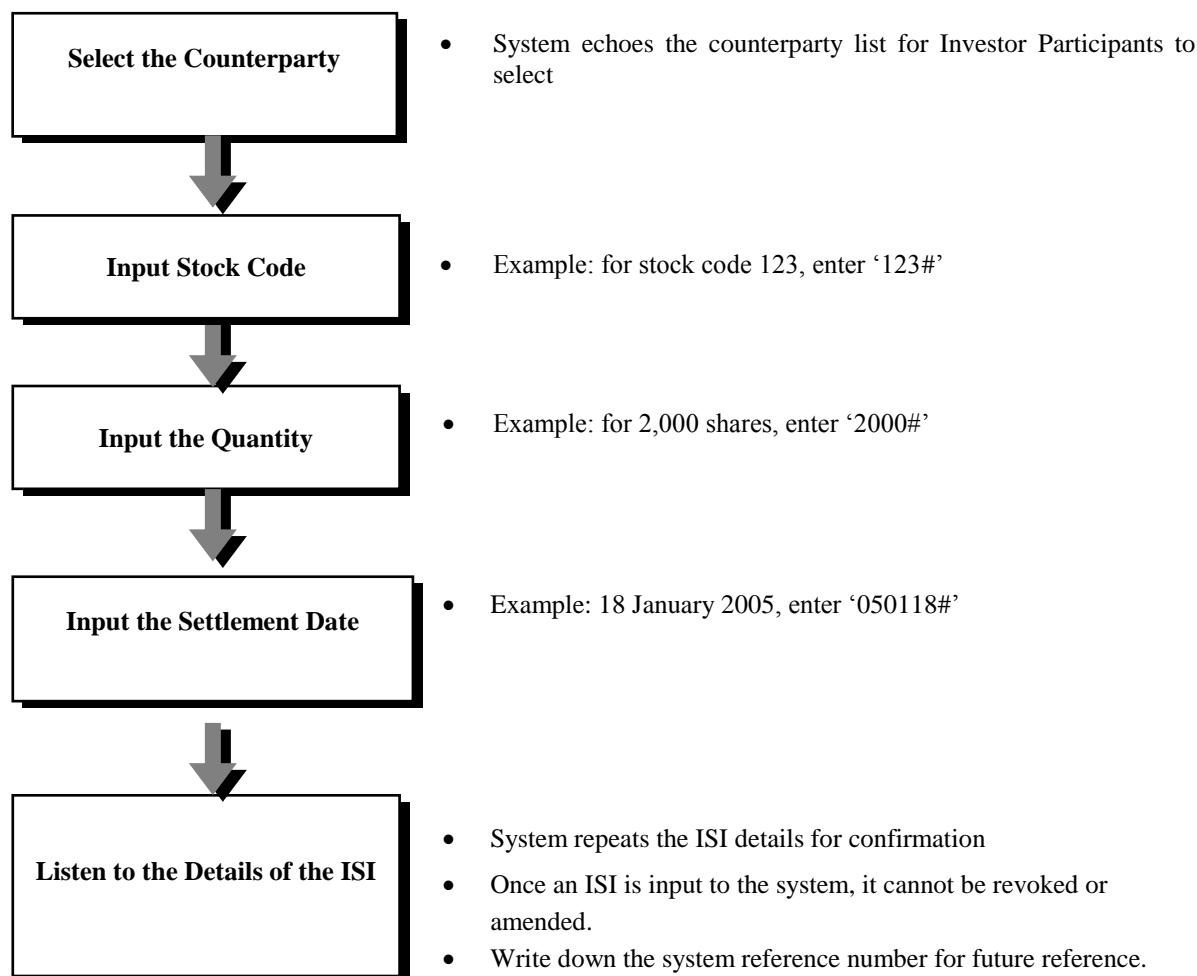
ISI (without affirmation) can be input by Investor Participants and affirmation is not required. However, this kind of ISI should meet the following criteria:

- Must be a delivery instruction
- Payment Instruction must be Free of Payment (FOP)
- Receiving counterparty is existed in the ISI (without affirmation) counterparty list. Please refer to Section 2.2.1 for procedure of maintaining an ISI (without affirmation) counterparty list.

**To input ISIs via the CCASS Phone Operations Hotline :**

**Select 'Investor Settlement Instruction' by Pressing '1' at the Main Menu...**

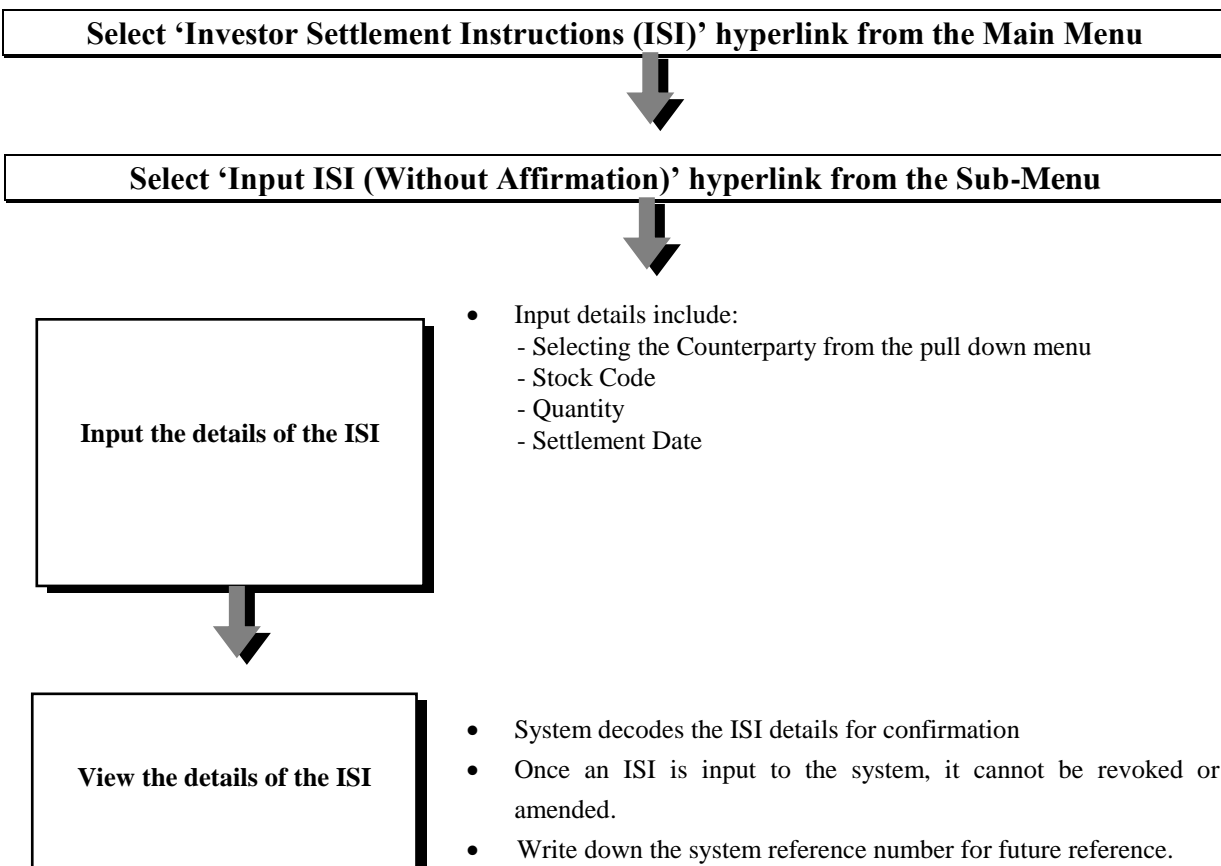
**Select 'Input ISI' by Pressing '2' at the Sub Menu...**



<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

### 3.1 Investor Settlement Instruction

To input ISIs via CCASS Internet System :



#### Important Notes:

- For ISIs input between 07:00 and 09:30, Monday to Friday (except public holiday), the stock settlement will be processed during the batch-settlement-run on the same day.
- For ISIs input between 09:30 and 15:45, Monday to Friday (except public holiday), the stock settlement will be processed immediately.
- For ISIs input between 15:45 and 19:00, Monday to Friday (except public holiday), the stock settlement will be processed during the batch-settlement-run on the next settlement day.
- For ISIs input during the following period are only captured by system and they will be processed on next system online session (at around 07:00). Investor Participants are advised to check against the Enquire ISI (self input ISI) function if such ISIs are accepted by HKSCC after 07:00 on next system online session.
  - (i) 00:00 to 07:00 and 19:00 to 00:00 from Monday to Friday
  - (ii) Saturday, Sunday and public holiday
- For money settlement, please refer to Section 3.1.3 Money Settlement for ISIs for details.

<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

## **3.1 Investor Settlement Instruction**

### **3.1.3 Money Settlement for ISIs**

Investor Participants can select one of the following three payment methods for money settlement of ISI (With Affirmation). For ISI (Without Affirmation) initiated by Investor Participants, it must be settled on a Free of Payment (FOP) basis.

- A. Free of Payment (FOP) - Money Settlement to Take Place Outside CCASS
- B. Delivery versus Payment (DVP) with Option of DVP On-hold
- C. Realtime Delivery versus Payment (RDP)

#### *A. Free of Payment (FOP) – Money Settlement to Take Place Outside CCASS*

- Money settlement is to take place outside CCASS and HKSCC is not involved.
- Investor Participants should arrange with their counterparties if money settlement is required outside CCASS.

#### *B. Delivery versus Payment (DVP)*

##### DVP On-hold **Not** Required

- Shares will be delivered to the receiving Participant before money settlement.
- Funds will then be debited from or credited to the Investor Participant's designated bank account through the overnight interbank clearing process.
- As Electronic Payment Instructions (EPIs) are generated after the shares are settled, Investor Participants must monitor the receipt of payment when they are the delivering parties in the ISI transactions.

##### DVP On-hold Required – Only Available When Investor Participants are the **Receiving Parties**

- Shares will be put on-hold in the Investor Participant's stock account.
- EPIs will be generated at day end of the settlement date to effect payment.
- Payment will be confirmed by bank at 2:30 pm on the following business day. Once the payment is confirmed good, the on-hold shares will be released to Investor Participant at around 3:00 pm.
- If the payment is rejected, the on-hold shares will be released back to Investor Participant's counterparty and the relevant ISI will be purged.
- Investor Participant should enquire the stock balance on the next business day after the settlement date specified in the ISI to make sure that the ISI is settled.
- The on-hold shares are not available for settlement, withdrawal and nominee activities until they are released.

#### *C. Realtime Delivery versus Payment (RDP)*

- Shares will be put on-hold in the delivering Participant's stock account upon affirmation.
- CCASS will then generate a CHATS payment instruction at around 9:30 am, 10:30 am, 11:00 am, 12:00 noon and 2:00 pm to the receiving Participant's designated bank to effect payment.
- If the payment confirmation is not completed before 3:30 pm, the on-hold shares will be released back to the delivering Participant.
- If the payment is not completed at day end, CCASS will continue the process on the next settlement day until the ISI is settled. The unsettled ISIs will be purged 14 calendar days (or if such day falls on a day which is not a Business Day, the immediately preceding Business Day) after the settlement date specified in the ISI.
- ISI using RDP payment method should be affirmed no later than 2:00 pm on the settlement date.

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<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

## **3.1 Investor Settlement Instruction**

### **Important Notes :**

- Investor Participants can choose different payment methods for different ISIs.
- Investor Participants must agree upon the payment method with their counterparties in advance.
- Investor Participants must ensure that they have sufficient shares in their stock accounts in CCASS if they are the delivering parties.
- Investor Participants must ensure that they have adequate funds in their designated bank accounts if they are the receiving parties of DVP / RDP ISIs.
- Money settlement can only be done together with stock transfer.

### **3.1.4 Purpose of ISIs**

The purpose of ISI is a reference field for input by non-Investor Participants. Below are the 6 purposes of ISI available :

- A. Investor-intermediary Transaction
- B. New Borrowing or Lending
- C. Portfolio Movement
- D. Stock Pledging
- E. Return or Recall
- F. Not Specified

### **3.1.5 Conditions for Fee Concession**

Investor Participants are entitled to Settlement Fee and Registration & Transfer Fee Concessions for stock transfers made shortly after the opening of an Investor Account. However, the relevant ISIs must fulfil all the following 3 conditions :

1. The delivering party must be a non-Investor Participant and the receiving party must be an Investor Participant.
2. The ISI must be input and settled within the first 10 settlement days from the account opening date of the Investor Account, as shown on the Investor Account Information Card issued by HKSCC.
3. The 'Payment Instruction' must be 'FOP'.

### **Important Notes :**

- Investor Participants are suggested to listen to the details carefully when they are affirming the ISIs in order to comply with all the above conditions. HKSCC will not entertain any subsequent change and refund requests due to the erroneous input of ISI by the non-Investor Participants.



### 3.1 Investor Settlement Instruction

#### 3.1.6 Status of ISIs

ISIs can be in various statuses depending on which stage of the settlement process they are up to. This is very important as the status indicates whether the shares have been transferred or not.

<b>Status</b>	<b>Meaning</b>
<b>Unaffirmed</b>	The ISI is input by non-Investor Participant and has not been affirmed by the Investor Participant.
<b>Pending for Authorization</b> (Applies only to Corporate Investor Participants with Maker-Checker Facility)	The ISI is input/affirmed by a Maker with insufficient transaction limit.
<b>Pending for Settlement</b>	<p>The ISI is input/affirmed successfully by the Investor Participant but is not yet settled either because :</p> <ol style="list-style-type: none"> <li>1. the delivering party does not have sufficient shares; or</li> <li>2. the date of input/affirmation is earlier than the settlement date; or</li> <li>3. the ISI is input/affirmed between 07:00 and 09:30 or</li> <li>4. the ISI is input/affirmed between 15:45 and 19:00 or</li> <li>5. the ISI settlement is on-hold by non-Investor Participant</li> </ol> <p>In the first case, CCASS will repeat the settlement process during the four batch-settlement-runs until the ISI is settled. The batch-settlement-run times are 10:30, 12:00, 14:00 and 15:45 on every settlement day.</p> <p>In the second case, CCASS will process the ISI as above on settlement date.</p> <p>In the third case, CCASS will process the stock and money settlement during the batch-settlement-run on the same day.</p> <p>In the fourth case, CCASS will process the stock and money settlement during the batch-settlement-run on the next settlement day.</p> <p>In the fifth case, CCASS will process the stock and money settlement after the non-Investor Participant releases the ISI settlement on-hold.</p> <p>The unsettled ISI will be purged 14 calendar days (or if such day falls on a day which is not a Business Day, the immediately preceding Business Day) after the settlement date as specified in the ISI.</p>

<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants

### 3.1 Investor Settlement Instruction

Status	Meaning
<b>Pending for Processing</b>	<p>The ISI is input/affirmed by the Investor Participant during the following period:</p> <ol style="list-style-type: none"> <li>1. 00:00 to 07:00 and 19:00 to 00:00 from Monday to Friday</li> <li>2. Saturday, Sunday and public holiday</li> </ol> <p>The ISI input during the above period is only captured by the system and it will be processed on next system online session (at around 07:00). Investor Participants are advised to check against the Enquire ISI function if such ISI is accepted by HKSCC after 07:00 on next system online session.</p> <p>Upon ISI is processed on next system online session (at around 07:00), the ISI status will be changed to “Pending for Settlement”. CCASS will process the stock and money settlement during the batch-settlement-run on the same day.</p>
<b>DVP On-hold</b> (Applies only to ISIs using DVP On-hold as payment method)	The ISI is affirmed, and the shares are put on-hold at the Investor Participant’s stock account pending for payment confirmation.
<b>Unwinded</b> (Applies only to ISIs using DVP On-hold as payment method)	The relevant EPI is rejected and the shares are released back to the Delivering Participant’s stock account. This ISI will be purged.
<b>RDP On-hold</b> (Applies only to ISIs using RDP as payment method)	The ISI is affirmed, and the shares are put on-hold at the delivering Participant’s stock account pending for payment confirmation.
<b>Settled</b>	The ISI has been settled successfully.

#### Important Notes :

- Investor Participants should check the status of the ISIs after input/affirmation through the Online Enquiry function.
- Investor Participants should also check their stock balance to ensure successful settlement through the Online Enquiry function.
- ISIs that are not affirmed or settled within 14 calendar days (or if such day falls on a day which is not a Business Day, the immediately preceding Business Day) will be purged by the system.
- ISIs (With Affirmation) will be settled *immediately* upon affirmation if *all* of the following conditions are fulfilled:
  1. the ISI is input/affirmed between 09:30 and 15:45 on or after the settlement date
  2. the delivering party has sufficient shares
  3. the payment method is either FOP or DVP (except DVP On-hold)
  4. the ISI settlement is not on-hold by non-Investor Participant
- ISIs (Without Affirmation) will be settled *immediately* upon input if *all* of the following conditions are fulfilled:
  1. the ISI is input/affirmed between 09:30 and 15:45 on or after the settlement date
  2. the delivering party has sufficient shares
  3. the payment method is FOP
- Non-Investor Participant is allowed to on-hold the ISI before settlement. When the ISI is on-hold, the stock and money settlement will not be processed during the input/affirmation of an ISI or batch-settlement-run. Upon the ISI on-hold is released by non-Investor Participant, CCASS will process the stock and money settlement in the next batch-settlement-run.

<sup>1</sup> Non-Investor Participants means Clearing, Custodian, Stock Lender or Stock Pledgee Participants