

## TERMS AND CONDITIONS FOR INVESTOR PARTICIPANTS

### 1. Definitions

1.1 In this document, unless the context otherwise requires, the following expressions have the following meanings:-

**"Appointed Depository"**

means a nominee of HKSCC or such other person whether appointed by HKSCC or otherwise which performs or assists in performing the depository, custodian and nominee services in respect of Eligible Securities held in CCASS, in accordance with Rule 817 or in respect of Foreign Securities;

**"Broker Participant"**

means a Participant admitted to participate in CCASS as a Broker Participant immediately before 3 December 2007 and whose Broker Partnership had not been terminated;

**"Business Day"**

means a day on which CCASS and CCASS Depository, and the Customer Service Centre are open for business to Participants (except Saturdays, Sundays and public holidays);

**"CCASS"**

means the Central Clearing and Settlement System established and operated by HKSCC;

**"CCASS Depository"**

means, one or more securities depositories for CCASS, providing safe-keeping facilities for Eligible Securities held in CCASS as well as to cater for withdrawals and deposits of Eligible Securities by Participants;

**"CCASS Internet System"**

means the website operated by HKSCC for enabling Investor Participants and, upon authorization by a Clearing Participant or a Custodian Participant, SSA Statement Recipients of that Clearing Participant or Custodian Participant to access CCASS in accordance with the Rules;

**"CCASS Phone System"**

means the interactive voice response system operated by HKSCC for enabling Investor Participants and, upon authorization by a Clearing Participant or a Custodian Participant, SSA Statement Recipients of that Clearing Participant or Custodian Participant to access CCASS in accordance with the Rules;

**"CCASS Terminal"**

means, in relation to a Participant other than an Investor Participant or a Designated Bank, a terminal which provides direct electronic linkage to the CCASS host computer of HKSCC, as referred to in Section 3.1.1 of the Operational Procedures, installed at the office premises of the Participant, its Settlement Agent or the Designated Bank;

**"CHATS"**

means Clearing House Automated Transfer System operated by Hong Kong Interbank Clearing Limited;

**"CHATS Payment Instruction" or "CPI"**

means a payment instruction generated by HKSCC and transmitted electronically (i) to a Designated Bank requesting that Designated Bank to effect a CCASS-related CHATS payment for a paying Participant or (ii) to a bank designated by HKSCC requesting that bank to effect a CCASS-related CHATS payment for HKSCC in accordance with the Rules;

**"China Connect Clearing Participant"**

means a Clearing Participant which is registered as a China Connect Clearing Participant by HKSCC;

**"China Connect Clearing Services"**

means the clearing, settlement, depository, nominee and other services that may be provided by HKSCC to Participants other than Investor Participants for the purposes of or in connection with establishing and operating a Clearing Link as referred to in Rule 4102;

**"China Connect Securities"**

has the same meaning as defined in the Exchange Rules. Unless the context otherwise requires, any reference in the Rules or these Terms and Conditions to "China Connect Securities" includes "Special China Connect Securities";

**"Clearing House of HKAB" or "Clearing House"**

means the clearing house of The Hong Kong Association of Banks managed by Hong Kong Interbank Clearing Limited for the clearance of payment transactions between its members (which include the Designated Banks);

**"Clearing Participant"**

means a Participant admitted to participate in CCASS as a Direct Clearing Participant or a General Clearing Participant. Where applicable, references in the Rules or these Terms and Conditions to "Clearing Participant" shall be construed to include the Clearing Participant in its capacity as a China Connect Clearing Participant;

**"CMU Account"**

means a custody account within the CMU in the name of a person who is a Recognized Dealer and/or a CMU Member recording the Exchange Fund Notes, Government Bonds, Specified Instruments and/or CMU Instruments (as the case may be) for the time being held by HKMA on behalf of that person within CMU, including any sub-account under it;

**"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;

**"CMU Member"**

means a person who has entered into a CMU membership agreement with HKMA regulating that person's membership of the CMU Service;

**"CMU Service"**

means the service which HKMA offers through CMU providing a central depository for the custody of CMU Instruments, an electronic system for the recording of the transfer of CMU Instruments by book entry between CMU Members;

**"Code"**

means the United States Internal Revenue Code of 1986, as amended;

**"Controller"**

has the meaning assigned to it by section 18(1) of the Securities and Futures Ordinance;

**"Corporate Investor Participant"**

means an Investor Participant which is a corporation as referred to in Rule 302;

**“Cross-Border Transfer Instructions”**

means instructions given by a Participant to HKSCC (in such form as HKSCC may prescribe from time to time) in relation to the transfer of (i) Foreign Securities; or (ii) Uncertificated Eligible Securities, as referred to in Rule 907;

**“Custodian Participant”**

means a Participant admitted to participate in CCASS as a Custodian Participant;

**"Customer Service Centre"**

means the location specified by HKSCC from time to time at which Investor Participants may give instructions (in such form as HKSCC may require) in connection with the CCASS services available to them to HKSCC;

**"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);

**"Defective Securities"**

means any Eligible Securities, which are not freely transferable or deliverable or where registration of such Eligible Securities is refused at any time for any reason by the registrar or transfer agent for such Eligible Securities;

**"Delivery versus Payment" or "DVP"**

means in relation to settlement of a stock position in CCASS by a Participant, the settlement of such a stock position in CCASS on the basis that settlement of the corresponding money position of such position will follow as part of the CCASS money settlement process;

**"Depository"**

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

**"Depository Receipts"**

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

**"Designated Bank"**

means in relation to each Participant, any bank in Hong Kong designated by it and approved by HKSCC for money settlement purposes in CCASS;

**"Designated Bank Account"**

means, in relation to each Participant, the account or accounts maintained with its Designated Bank(s) and approved by HKSCC for money settlement purposes in CCASS;

**"Electronic Application Instruction for New Issue Shares"**

means instructions by a Participant for an application to be made on its behalf for New Issue Shares and for the payment and refund of application money, as referred to in Rule 1101(vi);

**"Electronic Payment Instruction" or "EPI"**

means a payment instruction generated by HKSCC and forwarded for processing to the Designated Bank of a Participant via the Clearing House of HKAB, to effect (i) money settlement between two Participants in relation to Isolated Trades or SI or ISI Transactions in CCASS on a

DVP basis; (ii) payment of application monies to Issuers and refund monies to Participants; or (iii) payment of money by Clearing Participants or Custodian Participants to their SSA Statement Recipients in respect of STI Transfers on a DVP basis;

**"Eligible Currency"**

means a currency which is from time to time and for the time being accepted by HKSCC as being a currency in which an Eligible Security may be traded and settled;

**"Eligible Security"**

means an issue of securities including but not limited to Foreign Securities, Debt Securities, Depositary Receipts, Structured Products, Exchange Fund Notes, Government Bonds, 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;

**"Exchange"**

means The Stock Exchange of Hong Kong Limited;

**"Exchange Fund Notes"**

means notes which are (i) issued or to be issued by the HKMA on behalf of the Hong Kong Government under the Exchange Fund Ordinance (Cap.66) for the account of the Exchange Fund established under that Ordinance and (ii) listed or to be listed on the Exchange;

**"Exchange Fund Bills and Notes Clearing and Settlement System" or "EFCS"**

means the Exchange Fund Bills and Notes Clearing and Settlement System established and operated by the HKMA;

**"Exchange Rules"**

means the Rules of the Exchange as from time to time in force;

**"Exchange's Listing Rules"**

means the "Rules governing the listing of securities on The Stock Exchange of Hong Kong Limited", as from time to time in force;

**"Free of Payment" or "FOP"**

means, in relation to the settlement of a stock position in CCASS by a Participant, the settlement of such a stock position in CCASS which does not require the settlement of the corresponding money position of such stock position to be effected as part of the CCASS money settlement process (noting that money settlement may still take place outside CCASS);

**"Foreign Securities"**

means the securities which are either listed both on the Exchange and on an overseas exchange (including NASDAQ or AMEX) or listed on an overseas exchange and admitted to trading on the Exchange, which may be held in an account in the name of HKSCC with an Appointed Depository and in respect of which HKSCC provides settlement and clearing services. For the avoidance of doubt, Foreign Securities do not include China Connect Securities;

**“Government Bonds”**

means bonds which are (i) issued or to be issued by the Hong Kong Government acting through the HKMA under the Loans Ordinance (Chapter 61 of the Laws of Hong Kong) for the purpose of promoting the further development of the Hong Kong bond market and the proceeds of which will be credited to a special purpose fund established under the Public Finance Ordinance (Chapter 2 of the Laws of Hong Kong) and (ii) listed or to be listed on the Exchange;

"Hong Kong"  
means the Hong Kong Special Administrative Region of the People's Republic of China;

"HKMA"  
means the Monetary Authority appointed under Section 5A of the Exchange Fund Ordinance (Cap. 66) and includes, where the context admits or requires, the authority of the Government of Hong Kong known as the Hong Kong Monetary Authority;

"HKSCC"  
means Hong Kong Securities Clearing Company Limited including, where the context so requires, its agents, nominees, representatives, officers and employees;

"HKSCC's nominee"  
means HKSCC Nominees Limited or such other nominee company as may be used by HKSCC from time to time in relation to the provision of nominee services to Participants;

"Individual Investor Participant"  
means an Investor Participant who is an individual as referred to in Rule 302;

"Investor Participant"  
means a person admitted to participate in CCASS as an Investor Participant who may be an individual or joint individuals or a corporation;

"Investor Settlement Instruction" or "ISI"  
means an instruction relating to an Investor Participant, in such form as HKSCC may from time to time prescribe as being valid, relating to transactions in Eligible Securities (other than Exchange Trades, China Connect Securities Trades, Clearing Agency Transactions, Settlement Instructions, Transfer Instructions and Cross-border Transfer Instructions) to be settled in CCASS, as referred to in Rule 905;

"ISI Transaction"  
means a transaction to be settled in CCASS between an Investor Participant and a Participant other than an Investor Participant as a result of (i) the input (and authorisation, if required) of an Investor Settlement Instruction (without affirmation) or (ii) the input (and authorisation, if required) of an Investor Settlement Instruction (with affirmation) and affirmed by the Investor Participant concerned;

"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 Depositary 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, Depositary Receipts, Structured Products, Debt Securities or Units or are listed on the Exchange;

"Joint Individual Investor Participant"  
means an Investor Participant consisting of more than one but not more than four individuals as referred to in Rule 302;

"Multi-counter Eligible Securities"  
means Eligible Securities of the same class of an Issuer which have been approved or accepted for listing and trading on the Exchange in different Eligible Currencies under separate stock code numbers in accordance with Rule 501, and a "Multi-counter Eligible Security" shall be construed accordingly;

"Multi-counter Transfer Instruction"  
means an instruction given by a Participant to HKSCC in such form as HKSCC may prescribe from time to time, to effect the transfer of Multi-counter Eligible Securities of an Issuer held in the Participant's Stock Accounts (except its Stock Collateral Control Accounts, SSA with Statement Service and Special Segregated Accounts (in the case of a Clearing Participant or a Custodian Participant) and TSF Accounts (in the case of a TSF CCASS Participant)) from one relevant stock code to another relevant stock code, as referred to in Rule 816A;

"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, Depositary 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;

"New Issue Shares"  
means, in relation to any New Issue, the shares, warrants, Structured Products, Debt Securities or Units which are the subject of that New Issue;

"Operating Guide for Investor Participant"  
means the "Operating Guide for Investor Participants" of HKSCC in relation to CCASS, containing information on the use of CCASS services by Investor Participants, as from time to time in force;

"Operational Procedures"  
means the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force;

"Overseas Account"  
means an overseas account from or to which Uncertificated Eligible Securities may be transferred, as referred to in Rule 823;

"Overseas Issuer"  
means, in relation to Uncertificated Eligible Securities, an Issuer incorporated or otherwise established outside Hong Kong;

"Participant"  
means a person admitted for the time being by HKSCC as a participant of CCASS;

"Participant Gateway" or "PG"  
means, in relation to a Participant (other than an Investor Participant), an optional technical device, which provides communication interface with CCASS in respect of particular functions specified by HKSCC from time to time, installed at the office premises in Hong Kong of the Participant or its Settlement Agent;

"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, Depositary Receipts, Debt Securities and Units) and includes, unless inconsistent with the context, its associated application form or forms;

"Realtime Delivery versus Payment" or "RDP"  
means, in relation to settlement of a stock position in CCASS by a Participant, the settlement of such a stock position in

CCASS immediately following the settlement of the corresponding money position of such stock position by the Clearing House of the Hong Kong Association of Banks;

"recognized exchange controller"  
has the meaning assigned to it by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance;

"Rules"  
means the General Rules of CCASS as may be amended or modified from time to time and where the context so permits, shall include the Operational Procedures;

"Scheme Effective Date"  
means the date on which the Stock Exchange Scheme became effective, being the date on which on official copy of the order of the High Court of Hong Kong sanctioning the Stock Exchange Scheme together with the minute containing the particulars as required by section 61 of the Companies Ordinance were registered by the Registrar of Companies. For purposes herein, Stock Exchange Scheme means the scheme of arrangement between the Exchange and its shareholders under section 166 of the Companies Ordinance as set out in the Stock Exchange Scheme document dated 3<sup>rd</sup> September, 1999;

"Settlement Day"  
means (i) in relation to Eligible Securities other than China Connect Securities, a Business Day on which the settlement services of CCASS in respect of such Eligible Securities are open for use by Participants, and (ii) in relation to China Connect Securities, a day on which the China Connect Clearing Services of CCASS in respect of the clearing and settlement of such China Connect Securities are open for use by China Connect Clearing Participants;

"SMS "  
means the short message services for sending messages via mobile phone or fixed line phone or through other means specified by HKSCC to Investor Participants who have subscribed to the services and to SSA Statement Recipients upon authorization by a Clearing Participant or a Custodian Participant;

"Specified Instruments"  
means those capital market instruments (other than Exchange Fund Notes, Government Bonds 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;

"SSA Statement Recipient"  
means, in relation to a SSA with Statement Service of a Clearing Participant or a Custodian Participant, the person or persons named and/or maintained by such Participant in the manner prescribed by HKSCC in respect of that SSA with Statement Service, as referred to in Section 3.4A of the Operational Procedures. For the purposes of the Rules, such person or persons named and/or maintained by the Participant in respect of the SSA with Statement Service shall be treated as a single SSA Statement Recipient in respect of that SSA with Statement Service;

"SSA with Statement Service"  
means a Stock Segregated Account of a Clearing Participant or a Custodian Participant in relation to which SSA Statement Recipient is named and/or maintained by

such Participant;  
"Stock Account"  
means, (i) in relation to each Clearing Participant or Clearing Agency Participant, each Stock Clearing Account, Stock Segregated Account, Stock Lending Account and Stock Collateral Control Account; (ii) in relation to each Investor Participant, each Stock Clearing Account; and (iii) in relation to each Participant other than a Clearing Participant, a Clearing Agency Participant or an Investor Participant, each Stock Clearing Account, Stock Segregated Account and Stock Lending Account, allocated to and operated by it in which Eligible Securities of such Participant are credited or debited, as referred to in Rule 601, and in relation to a TSF CCASS Participant, means, additionally, each TSF Account allocated to it by HKSCC under Rule 12A08;

"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;

"Tax Information Exchange Framework"  
means (i) (a) sections 1471 to 1474 of the Code, (b) any similar or successor legislation to (a) introduced by the United States, (c) any agreement described in section 1471(b) of the Code, (d) any regulations or guidance pursuant to any of the foregoing, (e) any official interpretations of any of the foregoing, (f) any intergovernmental agreement to facilitate the implementation of any of the foregoing (an "IGA"), or (g) any law implementing an IGA; or (ii) (a) Part 8A and any other relevant provisions of the Inland Revenue Ordinance (Cap.112 of the Laws of Hong Kong), (b) any similar or successor legislation to the immediately preceding (a) introduced by the Hong Kong Special Administrative Region Government, (c) any guidance pursuant to any of the foregoing in (ii), (d) any official interpretations of any of the foregoing in (ii), or (e) any agreement entered into between the Inland Revenue Department of the Hong Kong Special Administrative Region and the relevant competent authority of an overseas jurisdiction to facilitate the implementation of any of the foregoing in (ii);

"Tender Instructions"  
means instructions by a Participant (in such form as HKSCC may from time to time prescribe) for (i) a tender or application to be made on its behalf of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments and (ii) the payment and refund of tender moneys or application moneys (as the case may be), as referred to in Rule 1101(vii);

"Terms and Conditions"  
means the Terms and Conditions for Investor Participants as set out herein governing the participation of Investor Participants in CCASS, as from time to time in force;

"Transfer Instructions" or "TIs"  
means instructions by a Participant (in such form as HKSCC may from time to time prescribe) to effect a book-entry transfer of Exchange Fund Notes, Government Bonds or Specified Instruments between the Participant's Stock Account in CCASS and a Recognized Dealer's CMU Account or a book-entry transfer of CMU Instruments between the Participant's Stock Account in CCASS and a CMU Member's CMU Account, as referred to in Rule 906;

"Uncertificated Eligible Security"  
means an Eligible Security (other than a Foreign Security or a China Connect Security) issued by an Overseas Issuer in uncertificated form and designated by HKSCC as an "Uncertificated Eligible Security" for the purposes of the Rules;

"Unit"  
means one undivided share in a Unit Trust;

"Unit Trust"  
means any arrangement made for the purpose, or having the effect, of providing facilities for the participation by persons, as beneficiaries under a trust, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatsoever;

"Withholding Balance"  
means, in relation to an Investor Participant, stocks deposited with HKSCC by the Investor Participant which are not yet re-registered into the name of HKSCC's nominee and are not yet credited to the Participant's Stock Account, such stocks are not available for settlement or withdrawal but in respect of which nominee services in CCASS will generally be provided; and

"Withholding Tax"  
means any withholding or deduction pursuant to the Tax Information Exchange Framework.

1.2 The terms and expressions used herein shall have the same meaning as in the Rules unless a meaning has been specifically ascribed to them herein. A copy of the Rules and the Operational Procedures is available for perusal at the Customer Service Centre. Such Rules and Operational Procedures may be purchased by Investor Participants at such fee as may be specified by HKSCC from time to time.

1.3 As used herein, the masculine gender shall include the feminine and the neuter and the singular number shall include the plural and vice versa. References herein to persons shall include individuals and bodies corporate.

1.4 Headings herein are provided for ease of reference only and shall not affect the interpretation or construction of the provisions of these Terms and Conditions.

## 2. Application of these Terms and Conditions

2.1 All activities of the Investor Participant in CCASS and all services and facilities made available by HKSCC to the Investor Participant are subject to these Terms and Conditions. The Investor Participant is deemed to have accepted and shall abide by and be bound by these Terms and Conditions.

2.2 These Terms and Conditions may be amended and supplemented at any time by HKSCC upon notice to the Investor Participant. Such amendment shall become effective on such date as may be specified in the notice of the amendment or supplement. The Investor Participant shall be deemed, by continuing to maintain a Stock Account at the time the amendment or supplement takes effect, or within such time thereafter as may be specified in the notice, to consent and agree to such amendment or supplement.

2.3 For the avoidance of doubt, these Terms and Conditions, and all rights, privileges, registrations, approvals, obligations and liabilities accrued to or incurred by any person (including without limitation any category of Participant) prior to the Scheme Effective Date shall continue to be valid and binding on that person whatever the capacity in which those rights, privileges, registrations, approvals, obligations and liabilities have

been accrued or incurred.

## 3. Admission of Investor Participants

3.1 An applicant for admission as an Investor Participant must apply in the prescribed manner to HKSCC and provide such information and comply with such conditions and requirements as may be specified by HKSCC.

3.2 In the case of an application to become an Individual Investor Participant, the applicant must:-

- (i) be aged 18 or above;
- (ii) hold a Hong Kong identity card or a Macau resident identity card;
- (iii) not be an undischarged bankrupt or subject to any legal incapacity under any applicable law;
- (iv) undertake, if the application is successful, to comply with and be bound by the Terms and Conditions and the Rules; and
- (v) undertake, if the application is successful, to provide at the request of HKSCC assurances acceptable to HKSCC in respect of his obligations to HKSCC as a result of his participation in CCASS, including, but not limited to, liabilities for defective Eligible Securities deposited by him into CCASS, such assurances to be in the form of insurance or in such other form as shall be acceptable to HKSCC.

3.3 In the case of an application to become a Joint Individual Investor Participant, each individual comprising the applicant must:-

- (i) be aged 18 or above;
- (ii) hold a Hong Kong identity card;
- (iii) not be an undischarged bankrupt or subject to any legal incapacity;
- (iv) agree to be jointly and severally liable to HKSCC in respect of the obligations and liabilities of the Joint Individual Investor Participant in respect of their participation in CCASS if such application is successful;
- (v) agree that the individual members operating the Stock Account shall have joint ownership of the securities in the Stock Account with right of survivorship;
- (vi) agree to authorise HKSCC to act on the instructions of any one of the individual members unless otherwise notified to HKSCC in writing;
- (vii) undertake, if the application is successful, to comply with and be bound by the Terms and Conditions and Rules; and
- (viii) undertake, if the application is successful, to provide at the request of HKSCC assurances acceptable to HKSCC in respect of his obligations to HKSCC as a result of his participation in CCASS, including, but not limited to, liabilities for defective Eligible Securities deposited by him into CCASS, such assurances to be in the form of insurance or in such other form as shall be acceptable to HKSCC.

3.4 In the case of an application to become a Corporate Investor Participant, the applicant must:-

- (i) either be:
- (a) an “existing company” (as defined under the Companies Ordinance), a company incorporated under the Companies Ordinance or a legal entity established under any other ordinance of Hong Kong, or
- (b) incorporated or otherwise established under the laws of any other jurisdiction outside Hong Kong that is approved from time to time by HKSCC for investor participation purposes;
- (ii) be validly existing and of good standing;
- (iii) have all necessary capacity and authority in its constitution for the corporation to participate and conduct transactions in CCASS;
- (iv) notify HKSCC in writing of the authorised signatory(ies) on whose instructions HKSCC shall act;
- (v) undertake, if the application is successful, to comply with and be bound by the Terms and Conditions and the Rules; and
- (vi) undertake, if the application is successful, to provide at the request of HKSCC assurances acceptable to HKSCC in respect of its obligations to HKSCC as a result of its participation in CCASS, including, but not limited to, liabilities for defective Eligible Securities deposited by it into CCASS, such assurances to be in the form of insurance or in such other form as shall be acceptable to HKSCC.
- 3.5 Each applicant must also provide HKSCC with such certifications, declarations, representations, undertakings, documents and further information as HKSCC may require for dealing with the application. An Investor Participant's admission as an Investor Participant in CCASS is conditional upon receipt by HKSCC of the required information and the following completed documents:-
- (i) Account Opening Form for Investor Participant;
- (ii) Debit Authorisations and Authorisation to Disclose Information Form;
- (iii) User Profile List for Corporate Investor Participants; and
- (iv) such other documents as HKSCC may reasonably require.
- 4. Investor Participant to act as principal**
- 4.1 All securities held in an Investor Participant's Stock Account are deemed to be beneficially owned by the Investor Participant for its own account and not as agent or trustee for any other person.
- 4.2 The Investor Participant shall, in relation to all its matters, dealings and transactions in CCASS or with HKSCC and in relation to all securities, including Eligible Securities, standing to its credit in its Stock Account in CCASS, be liable to HKSCC as principal.
- 4.3 The Investor Participant acknowledges and agrees that HKSCC shall treat the Investor Participant as having full authority and control in respect of securities,

including Eligible Securities, deposited and/or credited to the Investor Participant's Stock Account in CCASS and any delivery and/or book-entry transfers of securities, including Eligible Securities, in CCASS from the Stock Account of the Investor Participant to HKSCC or to the Stock Account of any other Participant other than Investor Participant will, subject to these Terms and Conditions, vest full authority and control in respect of such securities in the recipient thereof.

4.4 HKSCC shall deem and treat the Investor Participant as absolute and full beneficial owner of the securities deposited and/or credited to its Stock Account and shall not recognize any interest whatsoever of any other person in respect of the deposited and/or credited securities or any part thereof, (including, without limitation, any person claiming any interest under a trust or security) even when having actual notice thereof.

4.5 An Investor Participant must use its Stock Account at all times for its own account as an investor in securities and shall not use the Stock Account for operating any custodian or nominee or investment management business for purposes of commercial gain directly or indirectly arising therefrom.

## **5. CCASS Services available to Investor Participant**

5.1 Subject to these Terms and Conditions, HKSCC may open a Stock Account in the name of the Investor Participant and grant access to the Investor Participant to utilize the following CCASS services and facilities with respect to Eligible Securities other than China Connect Securities as more fully described in these Terms and Conditions:-

- (i) depository and custodian services;
- (ii) nominee and similar services;
- (iii) settlement and similar services; and
- (iv) SMS.

An Investor Participant may subscribe for SMS which will be provided on such terms and conditions as HKSCC may determine from time to time. HKSCC may provide SMS through a mobile operator or such other person as HKSCC may from time to time consider appropriate.

An Investor Participant may instruct HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on its behalf and effect Transfer Instructions subject to the CCASS Rules. The nominee services in relation to Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, such as the distribution of interest and redemption monies are set out in the CCASS Rules.

5.2 Notwithstanding any provisions of these Terms and Conditions to the contrary,

- (i) except as specified in clause 5.1 above and in relation to its Stock Account, no Investor Participant shall utilize any China Connect Clearing Services or any other CCASS services and facilities, submit, clear and/or settle any other transactions in CCASS or hold any China Connect Securities in its Stock Account; and
- (ii) any sale and purchase transactions by the Investor Participant in Eligible Securities credited or to be credited to the Investor Participant's Stock Account must be made through an Exchange Participant (as defined in the Exchange Rules).

5.3 An Investor Participant, in using any CCASS services and facilities in respect of CMU Instruments, shall be deemed to have provided to HKSCC -

- (i) an acknowledgement in favour of the HKMA and its servants and agents that the holding of CMU Instruments for the Investor Participant on the CMU Account of HKSCC and all transactions over such CMU Account or otherwise in relation to facilities relating to HKSCC's membership of the CMU Service will be subject to all of the provisions of the Membership Agreement in respect of Central Moneymarkets Unit Service entered into between the HKMA and HKSCC ( "CMU Membership Agreement" ) and to the CMU Rules (as defined in the CMU Membership Agreement) and in particular (but without limiting the generality of the foregoing)-
  - (a) that CMU Instruments are to be held in the CMU Service only if they have been purchased or are held on terms authorizing the holder to deal with them free from any proprietary or equitable interest (as defined in the CMU Membership Agreement) of any other person;
  - (b) that except as required by law the HKMA is not bound by or compelled to recognize any proprietary or equitable interest in or any other right in respect of any CMU Instrument other than an absolute right to the entirety of that CMU Instrument in the CMU Member to whose CMU Account that CMU Instrument is for the time being credited or for whose account that CMU Instrument is otherwise held for the time being, and that the Investor Participant will not assert or permit any person claiming under or through it to assert any such proprietary or equitable interest or other right against the HKMA;
  - (c) that the HKMA and its servants and agents, with the limited exceptions expressly provided in the CMU Membership Agreement, are exempt from liability caused directly by or indirectly by the operation of the CMU Service and entitling the HKMA without liability to act without further enquiry on instructions or information or purported instructions or information received through the CMU Service or otherwise in accordance with the CMU Manual (as defined in the CMU Membership Agreement); and
- (ii) an authorization for HKSCC on behalf of the Participant to do all such acts and things and execute all such documents as may be required to enable HKSCC fully to observe and perform its obligations under the CMU Membership Agreement and the CMU Rules, and enter into any arrangement which HKSCC considers proper for the purpose of facilitating clearance of transactions effected on behalf of the Investor Participant through the CMU Service.

Copies of the CMU Membership Agreement, CMU Rules and CMU Manual are available for inspection by Investor Participants at the Customer Service Centre.

## 6. Operation of Stock Account

6.1 Subject to clause 7, an Investor Participant's Stock Account may be credited with Eligible Securities in registered form:-

- (i) deposited by the Investor Participant into CCASS in accordance with clause 7, subject, where applicable, to re-registration in the name of HKSCC's nominee;
- (ii) received from an Issuer or its agent on account of new issue of Eligible Securities or bonus issue or subscription allotted to or made by the Investor Participant, as the case may be, in accordance with the Rules; or
- (iii) transferred from a Stock Account of a Participant other than an Investor Participant as a result of an ISI, provided that the ISI is an ISI (without affirmation) inputted by such Participant or an ISI (with affirmation) inputted by such Participant and affirmed by the Investor Participant concerned, in accordance with the Rules.

6.2 Subject to clause 8, an Investor Participant's Stock Account may be debited when Eligible Securities are:-

- (i) withdrawn from CCASS by the Investor Participant in accordance with clause 8;
- (ii) transferred out of the Stock Account to a Stock Account of a Participant other than an Investor Participant as a result of an ISI, provided that the ISI is an ISI (without affirmation) inputted by the Investor Participant itself or an ISI (with affirmation) inputted by a Participant other than an Investor Participant and affirmed by the Investor Participant, in accordance with these Terms and Condition; or
- (iii) transferred out of the Stock Account by HKSCC in respect of nominee services, Defective Securities deposited or erroneous credits made to the Investor Participant's Stock Account.

6.3 An Investor Participant must not permit a debit balance in its Stock Account. HKSCC shall be entitled, at the cost and expense of the Investor Participant, to buy-in the relevant Eligible Securities in the event a short position is not remedied by the due date.

6.4 HKSCC shall be entitled to make adjustments to the Stock Account if any Eligible Securities are erroneously credited to or debited from the Stock Account.

6.5 In the case where instructions are given at the Customer Service Centre, HKSCC shall be entitled to disregard any written instructions of the Investor Participant where the Investor Participant's signature differs from the specimen signature filed with HKSCC. The Investor Participant shall notify HKSCC in writing of any change or variation in his signature.

6.6 Instructions given via the CCASS Internet System are deemed received by HKSCC when actually received by HKSCC. An instruction received via the CCASS Internet System will be evidenced by an acknowledgement message prompted on HKSCC's web-screen which follows the on-line instruction confirmation screen.

6.7 HKSCC shall be entitled to act in accordance with the directions of any governmental or regulatory body, or an order made or directions given by a court in exercise of its proper jurisdiction, where it is required to do so by law.

## 7. Physical deposit of Eligible Securities into CCASS

- 7.1 Subject to these Terms and Conditions, HKSCC may accept Eligible Securities from an Investor Participant or direct from the issuers of Eligible Securities (or their agents or representatives) for deposit into the Stock Account of the Investor Participant. Where New Issue Shares are deposited, the Participants to whom they are allocated will for all purposes of the Terms and Conditions be deemed, unless the context otherwise requires, to have deposited them into CCASS.
- 7.2 All Eligible Securities in registered form deposited for credit into the Investor Participant's Stock Account must be registered in the name of the Investor Participant or HKSCC's nominee before they will be accepted for deposit into CCASS. The original share certificate must be submitted to the CCASS Depository (specified by HKSCC) and must be accompanied by a duly executed and properly stamped instrument of transfer. For the avoidance of doubt, Eligible Securities in registered form deposited for credit by a Joint Individual Investor Participant must be registered in the names of all such individuals or in the name of HKSCC's nominee. Eligible Securities deposited by a Corporate Investor Participant must also be accompanied by a certified copy of its board resolution or any other documents as may be required by HKSCC authorising the re-registration of the Eligible Securities in the name of the Nominee.
- 7.3 Notwithstanding instructions to the contrary, HKSCC shall, in respect of Eligible Securities in registered form deposited with the CCASS Depository by an Investor Participant (other than New Issue Shares), submit such Eligible Securities for registration or re-issue in the name of HKSCC's nominee. Save in respect of New Issue Shares allotted to HKSCC's nominee, no immediate credit of the Eligible Securities is made to the Stock Account of the Investor Participant upon deposit in accordance with clause 7.2. Such Eligible Securities will only be credited to the Stock Account of the Investor Participant at such other time as the registration or re-issue of such Eligible Securities in the name of HKSCC's nominee has been effected or at such time as HKSCC determines it would be in the interests of HKSCC to do so. In normal circumstances, and by way of guidance only, deposited securities will be credited into the Investor Participant's Stock Account within twelve Business Days provided that there are no rejections by the applicable registrars or the applicable Depositories.
- 7.4 The Investor Participant depositing Eligible Securities into CCASS represents and warrants in favour of HKSCC (which representation and warranty shall be deemed repeated each time that an Eligible Security is deposited) that Eligible Securities deposited pursuant to this clause 7 exist and are validly issued and fully paid, that the Investor Participant is the beneficial owner of and is absolutely entitled or has full authority to deposit such Eligible Securities into CCASS and to deal with such Eligible Securities free from all liens, charges, encumbrances, equities and all third party rights whatsoever. This representation and warranty shall extend to Eligible Securities deposited into the Stock Account of an Investor Participant directly from the issuer of the Eligible Security or its agents or representatives. If this representation or warranty is untrue, then HKSCC shall have the right to debit such Eligible Securities deposited or to require the Investor Participant to replace the Eligible Securities deposited

or to pay to HKSCC forthwith a cash sum in such amount as HKSCC considers appropriate as collateral and the only obligation of HKSCC in respect of any such sum so paid shall be to pay the Investor Participant an amount equal to the balance remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Investor Participant to HKSCC. HKSCC may itself at any time purchase replacement Eligible Securities and the costs and expenses of such purchase shall be borne by the Investor Participant. Except as otherwise provided in the Rules, HKSCC may regard each Participant as having full authority and control in respect of the Eligible Securities in its Stock Account and HKSCC shall be under no obligation to recognize any right or interest which any person other than the Participant may have in such Eligible Securities.

- 7.5 The Investor Participant agrees that Eligible Securities in CCASS may be treated by HKSCC as fungible with Eligible Securities of the same issue.
- 7.6 Notwithstanding the above, HKSCC reserves the right to reject a deposit or refuse to accept a re-deposit of Eligible Securities.
- 7.7 Physical deposit of Foreign Securities and Uncertificated Eligible Securities with the CCASS Depository is not available.
- 7.8 Special rules and procedures are prescribed by HKSCC in relation to Foreign Securities held in HKSCC's account with The Depository Trust Company or its successor or assignee. Investor Participants should refer to the relevant sections of the Rules and Operational Procedures, particularly Rules 803 and 821 and Section 7.11.1 of the Operational Procedures, for details.
- 7.9 Special rules and procedures are prescribed by HKSCC in relation to Uncertificated Eligible Securities held or recorded in the CCASS Depository. Investor Participants should refer to the relevant sections of the Rules and Operational Procedures, particularly Rules 803 and 823, and Section 7.14.1 of the Operational Procedures, for details.

## 8. Withdrawal of Securities from CCASS

- 8.1 Subject to these Terms and Conditions, an Investor Participant may withdraw physical securities from CCASS against the credit balance in its Stock Account, by submitting to HKSCC a completed and duly signed (stamped with the company chop, if applicable) prescribed withdrawal form at the Customer Service Centre or a duly completed withdrawal form electronically via CCASS Internet System for processing by HKSCC. The prescribed withdrawal form submitted to HKSCC at the Customer Service Centre must be signed by the Investor Participant and in the case of a Joint Individual Investor Participant, any one individual member comprising the Participant must sign. Certificates ready for collection may be collected by the Investor Participant or a person authorised by the Investor Participant from the CCASS Depository within two Business Days. Securities will be debited from the Investor Participant's Stock Account immediately upon receipt of a withdrawal instruction by HKSCC.
- 8.2 Unless otherwise agreed by HKSCC, withdrawal of Eligible Securities in registered form by an Investor Participant from CCASS shall be in Board Lots or such other denominations as HKSCC may specify for an Eligible Security from time to time. For the avoidance of doubt, the Investor Participant cannot physically withdraw from CCASS Eligible Securities which are uncertificated or issued in global form unless otherwise determined by



- HKSCC or provided in the Rules.
- 8.3 In the case of registered securities, the Investor Participant shall be responsible to promptly cause the securities withdrawn from its Stock Account to be registered in its own name and, in any event, before the next book-close date. HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable nor shall it be obliged to entertain any claim for any loss or non-receipt of any dividends or other distributions made by the issuer or the Depository in respect of any securities withdrawn from the Stock Account.
- 8.4 If any entitlement distribution in relation to Eligible Securities withdrawn from CCASS remain unclaimed at the end of seven years from the first date upon which such distribution shall be made available, all rights of the Investor Participant in respect thereof shall be extinguished and HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall be entitled to use the same in such manner as it thinks fit. Any claims for unclaimed distributions during the seven year period shall follow such procedures as may from time to time be prescribed by HKSCC and shall be subject to an administrative charge. Investor Participant should refer to Section 8.22 of the Operational Procedures for procedures relating to claims for unclaimed entitlements.
- 8.5 HKSCC does not guarantee title to any Foreign Security which is evidenced by any certificate which is physically withdrawn on the instructions of an Investor Participant and is re-registered in the name of the Investor Participant.
- 8.6 Physical withdrawal of Uncertificated Eligible Securities from the CCASS Depository is not available.
- 9. Nominee and Similar Services**
- 9.1 An Investor Participant's entitlement to benefits and other distributions shall be determined on the basis of the amount of securities credited to its Stock Account and/or the Withholding Balance as at the last registration day before book-close date, such day being the last day on which transfers of Eligible Securities can be submitted for registration in order to qualify for the relevant entitlement or, in the case where the corporate action or activity is not subject to book-close periods, the relevant announcement date or record date fixed by the issuer or the Depository of the Eligible Security or HKSCC, as the case may be.
- 9.2 Subject to HKSCC's right at any time to withhold distribution of shares and/or cash payments to Investor Participants for risk management purposes, upon receipt of the dividend payment, bonus or rights issue or any other distribution or issue, HKSCC will cause such distribution to be credited to the Stock Account and/or the Money Ledger, as the case may be, of the relevant Investor Participants provided always that HKSCC shall be under no obligation to credit such distribution to the Stock Account of the Investor Participant if these are non-Eligible Securities or if HKSCC reasonably believes it is otherwise prohibited by the terms of the issuing document or by any applicable law. HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any loss to Investor Participants for withholding of their entitlement distributions in accordance with this clause 9.2.
- 9.3 HKSCC may prescribe rules and procedures for the provision of nominee and similar services including the provision of instructions by Investor Participants with regard to voting or attending at meetings and the exercise of rights or entitlements accruing to Eligible Securities ("nominee services") and shall be authorised to take such action as may be necessary to provide such nominee and similar services to Investor Participants. Investor Participants should refer to Section 8 of the Operational Procedures for HKSCC's procedures applicable to provision of nominee and similar services to Investor Participants.
- 9.4 Subject to clause 24.2, in relation to certain types of corporate actions or activities including Electronic Application Instructions for New Issue Shares and Tender Instructions, time limits will be prescribed by HKSCC on Investor Participants for the giving of instructions or the taking of relevant actions (e.g., putting HKSCC in funds).
- 9.5 Failure by an Investor Participant to observe such time-limits or provide HKSCC with sufficient funds will generally result in its not receiving nominee services provided by HKSCC in relation to the corporate actions or activities concerned, with the result that the Investor Participant is unable to benefit from the same.
- 9.6 Once Investor Participants give instructions to HKSCC, they will be under an obligation to ensure that they have the relevant number of Eligible Securities (in respect of which instructions have been given) in their Stock Accounts and, as the case may be, place HKSCC in funds by the appropriate date to give effect to the instructions. Failure to observe this obligation will, in the normal course, result in HKSCC not giving effect to such instructions in respect of the Eligible Securities. HKSCC is not under any obligation to take any action in the event of missed deadlines, insufficient securities or funds or incorrect or incomplete instructions in order to redress the position. The Investor Participant acknowledges that it would not benefit, claim, vote or otherwise take action as a result and that HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall have no liability whatsoever in this respect.
- 9.7 Notwithstanding the provisions of clause 9.6, HKSCC reserves the right in such circumstances as it deems fit, to act on instructions (other than Electronic Application Instructions for New Issue Shares and Tender Instructions) received from an Investor Participant when the relevant Eligible Securities and/or funds are not available in the Investor Participant's Stock Account or placed with HKSCC, as the case may be, provided that any securities or monies received by HKSCC as a result of its so acting will not be credited to the Investor Participant's Stock Account or Money Ledger until such time as the Investor Participant has provided HKSCC with the required amount of funds or credited its Stock Account with the required amount of Eligible Securities, as the case may be.
- Any monies or securities received by HKSCC as a result of its acting on such instructions shall be credited to HKSCC's account pending receipt of funds by HKSCC or credit of Eligible Securities as aforesaid. All such monies may be set-off by HKSCC against amounts owing by the Investor Participant to HKSCC and HKSCC will also be entitled to purchase Eligible Securities with any such monies in satisfaction of the Eligible Securities deliverable to it by the Investor Participant. The Investor Participant also grants to HKSCC a first fixed charge over all of its right, title and interest (excluding any dividend or interest payments) in and to all securities delivered or deliverable to HKSCC as a result of its acting on the instructions of the Investor Participant, by way of a continuing security for all amounts paid and Eligible Securities delivered by HKSCC on the Investor Participant's behalf pursuant to such

instructions. HKSCC may in its discretion sell any or all of the securities held by it without being under any obligation to obtain the best price for the same and to apply the proceeds of such sale against the amounts owing by the Investor Participant to HKSCC or to purchase Eligible Securities in satisfaction of the Eligible Securities deliverable to it by the Investor Participant. The Investor Participant shall remain liable for any balance which remains outstanding or Eligible Securities which are deliverable after application by HKSCC of any monies or proceeds of sale in accordance with this clause 9.7.

- 9.8 An Investor Participant may give electronic instructions in relation to application for New Issue Shares and Tender Instructions, all in accordance with the Rules and Operational Procedures.
- 9.9 Save as otherwise provided in the Rules, Investor Participants are not entitled to revoke or amend any instructions given by them to HKSCC in respect of nominee and similar services once such instructions have been accepted for processing by HKSCC.
- 9.10 Instructions to HKSCC relating to nominee and similar services may be given via the CCASS Phone System using a touch-tone phone or the CCASS Internet System or at the Customer Service Centre.
- 9.11 The scope of and the manner in which nominee and similar services in respect of Eligible Securities in CCASS or an Appointed Depository will be provided by HKSCC to Investor Participants will be determined by HKSCC by reference to these Terms and Conditions and the Rules.

## 10. Copies of Corporate Communication

- 10.1 Unless otherwise notified by the Investor Participant, HKSCC shall be authorized to provide the issuer or the Depository of an Eligible Security or its agent with the Investor Participant's name and correspondence address to facilitate the direct distribution of copies of corporate communications to the Investor Participant by the issuer. HKSCC shall be entitled to from time to time upon the written request of an issuer or a Depository of an Eligible Security disclose to that issuer or Depository details of the holdings in CCASS of an Investor Participant in such Eligible Security in accordance with the Rules.
- 10.2 HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall in no circumstances be liable to an Investor Participant if the Investor Participant fails to receive copies of corporate communications including any failure to receive corporate communications in time to give any instructions to HKSCC relating to corporate activities.
- 10.3 HKSCC will use its best efforts, but shall be under no obligation, to notify Investor Participants of corporate activities. Investor Participants are advised to keep themselves informed of corporate activities via the CCASS Phone System or the CCASS Internet System or from the activity statements or from any newspaper circulating generally in Hong Kong.

## 11. ISI Transactions

- 11.1 ISI inputted into CCASS by a Participant other than Investor Participant relating to transactions in Eligible Securities between such Participant and the Investor Participant will, unless rejected by HKSCC in accordance with the Rules, be accepted for settlement in CCASS in accordance with the Rules following (in

the case of ISI (without affirmation)) input by such Participant or (in the case of ISI (with affirmation)) affirmation by the Investor Participant concerned. ISI (without affirmation) inputted into CCASS by an Investor Participant relating to transactions in Eligible Securities between such Investor Participant and a Participant other than an Investor Participant will, unless rejected by HKSCC in accordance with the Rules, be accepted for settlement in CCASS in accordance with the Rules following input by such Investor Participant. An Investor Participant may input an ISI (without affirmation) and affirm an ISI (with affirmation) via the CCASS Phone System or the CCASS Internet System or at the Customer Service Centre.

- 11.2 An ISI (with affirmation) once input (and authorised, if required) and affirmed by Investor Participant concerned cannot be cancelled by either Participant concerned, unless otherwise directed by HKSCC. HKSCC may cancel an erroneous ISI (with affirmation) if both Participants concerned report such error to HKSCC. An ISI (without affirmation) once input (and authorised, if required) cannot be cancelled unless otherwise directed by HKSCC.
- 11.3 Securities settlement of an ISI Transaction in CCASS may be effected on batch-settlement-run or on-line delivery basis in accordance with the Rules.
- 11.4 Money settlement of an ISI Transaction in CCASS resulting from affirmation of an ISI (with affirmation) may be on a Delivery versus Payment (DVP) or Free of Payment (FOP) or Realtime Delivery versus Payment (RDP) basis as inputted by the non-Investor Participant via the CCASS Terminal or the Participant Gateway in accordance with the Rules. Where an ISI Transaction is to be settled in CCASS on a DVP basis and the delivering Participant uses the on hold mechanism, Eligible Securities credited to the Investor Participant's Stock Account with the respect to the ISI Transaction will not be available for transfer, use or withdrawal by the Investor Participant until negative confirmation of payment from the Investor Participant's Designated Bank is obtained. In the event of rejection of the relevant debit EPI by the Designated Bank, the Eligible Securities will be credited back to the delivering Participant's Stock Account. Money settlement of an ISI Transaction in CCASS resulting from input of an ISI (without affirmation) must be on a Free of Payment (FOP) basis in accordance with the Rules.

- 11.5 For the avoidance of doubt, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC will not be responsible in any way for the failure of any Participant to settle an ISI Transaction in CCASS in accordance with its terms. HKSCC's role in the money settlement of an ISI Transaction to be settled in CCASS on a DVP or RDP basis is merely as a facilitator. The non-defaulting Participant has to seek redress against the defaulting counterparty Participant. In particular, in the case of late delivery of securities in respect of an ISI Transaction, where adjustments of benefits entitlements accruing to Eligible Securities have to be made, the non-defaulting Participant has to seek redress against the counterparty Participant in default. No adjustment facilities will be offered by HKSCC.

## 12. Money Settlement Services

- 12.1 Each Investor Participant shall maintain a Designated Bank Account denominated in Hong Kong dollars in its own name for the settlement of money obligations in CCASS. Each Investor Participant which wishes to settle money obligations in CCASS in an Eligible Currency other than Hong Kong dollars must maintain a Designated Bank Account in its own name and denominated in that Eligible Currency for the settlement of money obligations in

- CCASS. In the case of a Joint Individual Investor Participant, joint account (or accounts) in the names of the individuals comprising the Joint Individual Investor Participant shall be maintained with a Designated Bank. Save with the prior written approval of HKSCC, an Investor Participant shall not close or change its Designated Bank Account or modify HKSCC's authority in respect thereof or change its Designated Bank.
- 12.2 An Investor Participant shall authorize its Designated Bank in writing in such form as is from time to time deemed acceptable to HKSCC to (i) give effect to instructions from HKSCC to debit and/or credit its Designated Bank Account and cause payments to be made to HKSCC or Issuers, or Depositories, as directed by HKSCC; (ii) give effect to CPIs generated by HKSCC to cause payments to be made to HKSCC or any other Participants, as directed by HKSCC; (iii) such other matters as may be required by HKSCC from time to time, and shall take such steps as shall be necessary or desirable to ensure such instructions, CPIs or other matters are effected. The Investor Participant undertakes not to stop, countermand, amend or restrain the authority granted to HKSCC as aforesaid and further agrees to ratify and confirm all actions taken by HKSCC in relation to the matters contemplated in this clause 12.
- 12.3 HKSCC shall be authorized to cause credits and/or debits to be made to the Designated Bank Accounts in relation to the following:-
- (i) the money obligations, if any, between Investor Participants and Participants other than Investor Participants in respect of the settlement of Transactions arising out of affirmed ISI (with affirmation) stipulated to be made against payment in CCASS in accordance with these Terms and Conditions;
  - (ii) the provision of nominee services by HKSCC with respect to Eligible Securities deposited and/or credited to their Stock Accounts in CCASS, including, but not limited to, the distribution by HKSCC of all interest or dividends received by HKSCC or HKSCC's nominee in respect of such Eligible Securities and the collection of funds from Investor Participants in relation to the provision of nominee services;
  - (iii) the payment or refund of application money; and
  - (iv) the payment or settlement of all other sums owing and obligations between HKSCC and Investor Participants (including, without limitation, the fees and expenses payable hereunder) as contemplated in these Terms and Conditions and all other sums which HKSCC may be authorized by Investor Participants to collect from time to time.
- 12.4 HKSCC reserves the right to debit or credit the Designated Bank Accounts to rectify erroneous payments made to or received from Investor Participants and shall notify affected Investor Participants if it exercises this right.
- 12.5 The provision of services by HKSCC and the carrying out of instructions are subject to sufficient funds or the provision of such funds being available or confirmation of receipt of funds from HKSCC's banker(s).
- 12.6 HKSCC shall make any payments due to an Investor Participant net of any Withholding Tax (whether withheld by HKSCC or any other parties), and HKSCC shall have no obligation to gross-up any such payment or to pay any additional amount as a result of such Withholding Tax. HKSCC shall be entitled to deduct Withholding Tax from payments to an Investor Participant.
- 12.7 In the event that any payment made by an Investor Participant to HKSCC is subject to deduction or withholding (either at the time of such payment or in the future) for or on account of any Withholding Tax, then the Investor Participant shall pay to HKSCC an amount, in addition to the payment to which HKSCC is otherwise entitled, necessary to ensure that the net amount actually received by HKSCC (free and clear of any such deduction or withholding for or on account of any such Withholding Tax), will be equal to the full amount HKSCC would have received in the absence of any such deduction or withholding.
- 13. Obligations of Investor Participants**
- 13.1 Investor Participants who wish (i) to instruct HKSCC to cause HKSCC Nominees to apply for New Issue Shares on their behalf or (ii) to instruct HKSCC to tender or apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on their behalf or (iii) to participate in corporate actions must read the terms and conditions of the Prospectus or the issuing document. Investor Participants who instruct HKSCC to cause HKSCC Nominees to apply for New Issue Shares on their behalf or to apply for Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments on their behalf or to participate in corporate actions are deemed to have complied with such terms and conditions and agree to indemnify HKSCC against all expenses, costs, damages and claims suffered or incurred by or made against HKSCC as a result of non-compliance of such terms and conditions. The rights following an application or exercise of the securities are determined by the terms and conditions of the issue.
- 13.2 In respect of certain nominee and similar functions such as Electronic Application Instructions for New Issue Shares, Tender Instructions, open offer, excess open offer, rights subscription, excess rights subscription, take-over offer, conversion of warrant/bond, the Investor Participant is liable to HKSCC for the subscription money. For warrant subscription, take-over offer, conversion of warrant/bond, the Investor Participant is also liable for payment of the relevant stamp duty. Failure by an Investor Participant to observe such obligations will result in HKSCC not giving effect to such nominee or similar instructions.
- 13.3 All disbursements and out-of-pocket expenses incurred by HKSCC in respect of any services provided by HKSCC to an Investor Participant hereunder or under the Rules are to be reimbursed by the relevant Investor Participant. The Investor Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC against all damages and claims made against HKSCC in respect of any services provided by HKSCC hereunder or under the Rules.
- 13.4 The Investor Participant hereby grants to HKSCC a right of lien over all Eligible Securities from time to time held or deposited by the Investor Participant in CCASS or with HKSCC (including any Withholding Balances) without prejudice to any other rights which HKSCC may have at law or otherwise.
- 13.5 The Investor Participant shall be liable for all instructions input into CCASS via the CCASS Phone System or the CCASS Internet System or given at the Customer Service Centre, notwithstanding any person inputting such

- instruction is not authorised by the Investor Participant.
- 13.6 Each Investor Participant shall maintain and provide to HKSCC a correspondence address in Hong Kong for the purposes of receiving from HKSCC communications and statements, except that an Individual Investor Participant who is a Macau resident and does not have a correspondence address in Hong Kong may provide a correspondence address in Macau for such purposes.
- 13.7 Each Investor Participant shall further maintain and provide to HKSCC, for the purposes of any process or notice that is required to be served by HKSCC,
- (i) his residential address in Hong Kong or Macau in the case of an Individual Investor Participant;
  - (ii) his residential address in Hong Kong in the case of a Joint Individual Investor Participant; or
  - (iii) in the case of a Corporate Investor Participant,
    - its registered office if incorporated in or otherwise established under the laws of Hong Kong; or
    - if incorporated or otherwise established outside Hong Kong, its registered office (or its equivalent) or its registered agent's name and address in its place of incorporation; and either
      - (a) its principal place of business in Hong Kong and name and address of its authorized representative resident in Hong Kong if it is a "registered non-Hong Kong company" as defined under the Companies Ordinance; or
      - (b) the name and address of an agent or other person in Hong Kong authorized to accept service of process or notices on its behalf if not so registered.
- Any legal process or notice delivered to the address last provided by an Investor Participant to HKSCC under this Clause 13.7 shall be deemed to have been sufficiently served on and received by the Investor Participant and any legal process or notice served on or received by any individual comprising a Joint Individual Investor Participant shall be deemed to have been served on and received by the Joint Individual Investor Participant.
- 13.8 Investor Participants shall comply with such other obligations and requirements as may from time to time be specified in writing by HKSCC.
- 13.9 Without prejudice to the generality of clause 13.8, an Investor Participant undertakes that it will:-
- (i) comply with any law, decree, rule, regulation, or order of any government, regulatory authority, competent authority, court or tribunal anywhere in the world, applicable to it or to its status, the performance of its obligations as an Investor Participant or its participation in CCASS, including, for the avoidance of doubt, all applicable laws, decrees, rules, regulations, and orders of any government, regulatory authority, competent

authority, court or tribunal relating to the prevention of bribery, money laundering, tax evasion, financial crimes and terrorist financing;

- (ii) notify HKSCC of any change in the details supplied to HKSCC at the time of admission and thereafter, including but not limited to anything relating to such Investor Participant and, in the case of a Corporate Investor Participant, its directors or employees which would render inaccurate, incomplete or superseded a statement or information previously furnished by such Investor Participant to HKSCC in connection with either (a) such an Investor Participant's application or admission to be an Investor Participant or (b) the status of such Investor Participant under the Tax Information Exchange Framework, the documentation previously furnished by such Investor Participant on such status or the meeting by HKSCC under sub-clause (iii) of any obligations relating to the Tax Information Exchange Framework; and
- (iii) provide HKSCC with sufficient information so as to enable HKSCC to determine whether any payments to be made by HKSCC under these Rules are withholdable payments pursuant to the Tax Information Exchange Framework and to enable HKSCC to meet any applicable obligations relating to the Tax Information Exchange Framework.

## 14. Statements to Investor Participants

- 14.1 The activity statements will be mailed to Investor Participants who have elected to receive the activity statements by mail. An activity statements will be mailed to the Investor Participant concerned on the Business Day after input of any instructions by the Investor Participants relating to nominees and settlement activities, receipt of benefit distribution, and if there is any movements in Eligible Securities during the day in the Stock Account of the Investor Participant. In addition, the activity statements will also be posted on the CCASS Internet System.
- 14.2 A monthly statement detailing the money ledger and Stock Account movements for the past month, the billing details and balances of all Eligible Securities in the Investor Participants' Stock Account will be mailed to the Investor Participant who has elected to receive the monthly statements by mail. In addition, the monthly statements will also be posted on the CCASS Internet System.
- 14.3 HKSCC reserves the right not to issue statements to Investor Participants if the previous statements are returned by the post office as undelivered.
- 14.4 Investor Participants who have not elected to receive the activity and/or monthly statements by mail, should enquire the details of their activity and monthly statements through the CCASS Internet System. Statements provided via the CCASS Internet System are deemed received by the Investor Participants immediately.
- ## 15. Statement to Investor Participant conclusive
- 15.1 Any statement provided by HKSCC shall, in the absence of manifest error (and in any event after ten Business Days of

the date of deemed receipt of such statement sent by post or provided via the CCASS Internet System), be conclusive as to the contents thereof. Subject to Clause 14.4 above, all statements shall be sent by ordinary prepaid post to the last known correspondence address of the Investor Participant and shall be deemed received by the Investor Participant on the following Business Day.

15.2 It shall be the responsibility of each Investor Participant to promptly check and reconcile with its own records the details of any statement provided by HKSCC by post or via the CCASS Internet System and to promptly notify HKSCC in writing of any error or omission contained in such statements (in any event within ten Business Days). Except as otherwise agreed by HKSCC, the failure of an Investor Participant to inform HKSCC of any error or omission in any advice, statement or report promptly (and in any event within ten Business Days of deemed receipt) shall constitute a waiver in favour of HKSCC by such Investor Participant of any right to require rectification. HKSCC reserves the right to rectify errors and omissions at any time.

15.3 HKSCC may in its absolute discretion entertain a late request by an Investor Participant to rectify an error or omission, as aforesaid. For the avoidance of doubt, HKSCC shall not be obliged to entertain any notification or error or omission in any statement or any request to rectify any error or omission in any statement from any person other than from the Investor Participant or a Designated Bank.

## 16. Fees & Expenses

The Investor Participant shall pay such fees, charges, expenses and disbursements in respect of the services and facilities of HKSCC as shall be specified or announced or notified from time to time by HKSCC, such amounts to be payable on demand or, if specified, at such times and in such manner as shall be specified by HKSCC.

## 17. Termination of participation of Investor Participant

17.1 An Investor Participant may by giving prior notice in writing to HKSCC terminate its Stock Account in CCASS.

17.2 Without prejudice to any other rights HKSCC may have under these Terms and Conditions and the Rules, HKSCC may terminate the Stock Account of an Investor Participant forthwith by notice:-

- (i) (A) if there is any default in payment or delivery to HKSCC on the part of Investor Participant which HKSCC considers to be material or (B) if HKSCC considers that the Stock Account has not been satisfactorily operated or maintained and the Investor Participant has ignored the previous warning of HKSCC to take proper remedial action or (C) if the Investor Participant has breached any one or more of the conditions in these Terms and Conditions (including a breach of representation or warranty) or (D) if the Investor Participant has provided to HKSCC any information (for the purpose of becoming an Investor Participant) which is false, misleading or inaccurate in any respect which HKSCC considers to be material;

- (ii) in the case of an Investor Participant who is an individual, upon the death of the Investor Participant or all individuals comprising the Joint Individual Investor Participant;

- (iii) in the case of an Investor Participant who is an individual, upon the legal incapacity of the Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant;

- (iv) in the event of the bankruptcy, liquidation or winding up of an Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant, as the case may be, or the initiation of any proceedings in relation thereto or if HKSCC considers in its absolute discretion that the occurrence of such events are imminent or likely;

- (v) in the event of the appointment of a receiver, manager, administrator or other officer or trustee over all or a material part of the assets or undertakings of the Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant, or if the Participant/individual suffers a composition with its creditors or a scheme of arrangement is approved by the court (other than for the purposes of reconstruction or amalgamation) or if HKSCC considers in its absolute discretion that the occurrence of such events are imminent or likely;

- (vi) in the event of any distress, execution or other process being levied or enforced or served upon or against any property of the Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant, which HKSCC considers will adversely affect the Investor Participant's performance of its obligations in CCASS; or

- (vii) if HKSCC considers in its absolute opinion that the continued participation of the Investor Participant in CCASS will be materially prejudicial to the interests of HKSCC or any other Participants in CCASS.

The above events shall be deemed to include an equivalent event occurring under the laws of any other jurisdiction.

17.3 At any time after receipt of notice to terminate a Stock Account, HKSCC shall cease to accept any instruction or to give effect to any transaction involving such Investor Participant if HKSCC considers it appropriate in the interests of HKSCC or other Participants. An Investor Participant must withdraw or transfer out all securities deposited and/or credited in CCASS before HKSCC agrees to close its Stock Account.

17.4 Within three months of the termination of a Stock Account, or as soon thereafter as is practicable, HKSCC shall, subject as otherwise provided in these Terms and Conditions, cause to be returned to, or make available for collection by, the Investor Participant all property or assets held by HKSCC for the Investor Participant provided always that HKSCC shall have the right (without affecting any other rights it may have);

- (i) to set off against any such amounts all such amounts due (whether jointly or solely, actually or contingently) to HKSCC from the Investor Participant, if applicable; and/or

- (ii) to retain property or assets to provide in full satisfaction of the Investor Participant's obligations and liabilities, actual or contingent, to HKSCC.

17.5 The termination of a Stock Account in HKSCC of an Investor Participant will not affect any rights or liabilities

of the Investor Participant arising out of any matters which take place prior thereto and for the purpose of settlement of any such rights or liabilities of the Investor Participant, HKSCC may continue to treat the Investor Participant as an Investor Participant.

## 18. Suspension of Stock Account or services

18.1 Without prejudice to any other rights HKSCC may have against an Investor Participant, HKSCC may suspend the Stock Account of an Investor Participant and/or at the same time suspend or limit the services or facilities to an Investor Participant, including, without limitation, settlement, depository and nominee services and SMS, under any one or more of the following circumstances:-

- (i) the Investor Participant defaults in payment of any sum payable to HKSCC;
- (ii) the Investor Participant has breached any one or more of the conditions in these Terms and Conditions (including a breach of representation or warranty);
- (iii) provision to HKSCC of any information (for the purpose of becoming an Investor Participant) which is false, misleading or inaccurate in any respect which HKSCC considers to be material;
- (iv) a failure to co-operate with HKSCC in matters relating to its participation in CCASS, which failure affects the interest of HKSCC or other Participants in a manner which HKSCC considers to be material;
- (v) in the event of the death of an Individual Investor Participant or all individuals comprising the Joint Individual Investor Participant;
- (vi) in the event of the legal incapacity of an Individual Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant;
- (vii) in the event of the bankruptcy, liquidation or winding up of the Investor Participant or any one of the individuals comprising the Joint Individual Investor Participant, as the case may be, or the initiation of any proceedings in relation thereto; or
- (viii) a failure of the Investor Participant to provide information to HKSCC pursuant to Clause 13.9 (ii) or (iii).

18.2 For the avoidance of doubt, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable to make compensation to the Investor Participant in the event that the operation of its Stock Account is for any reason suspended or limited by HKSCC pursuant to clause 18.1.

18.3 Where HKSCC suspends the Stock Account of an Investor Participant, the Investor Participant will not be entitled to receive any statements in relation to its account from HKSCC or any other documents or notifications from HKSCC.

## 19. Joint Account

19.1 HKSCC shall deem and treat all individuals

comprising a Joint Individual Investor Participant operating a Stock Account as holding the Stock Account as joint tenants with right of survivorship.

19.2 The Joint Individual Investor Participant agrees to operate its Stock Account in the following manner:-

- (i) any one individual member may singly authorise HKSCC:-
  - to deposit securities into the Stock Account;
  - to withdraw securities from the Stock Account;
  - to input / affirm ISIs for effecting stock transfers to or from the Stock Account;
  - to give instructions in relation to nominee services; and
  - to make general enquires on the Stock Account balances and other details relating to the Stock Account; and
- (ii) all individual members must jointly authorise HKSCC:-
  - to change their Designated Bank Account for CCASS money settlement;
  - to change any address, office hour contact telephone number, fax number, e-mail address or telephone number for receiving messages via SMS;
  - to add or delete any joint holder; and
  - to close the Stock Account.

19.3 All individual members of a Joint Individual Investor Participant shall be jointly and severally liable to HKSCC in respect of any obligations and liabilities of the Joint Individual Investor Participant arising from its participation in CCASS.

## 20. Set-off

20.1 HKSCC shall be entitled to apply any sums denominated in any currency standing to the credit of any account with HKSCC of an Investor Participant in satisfaction of any sum due or payable by such Investor Participant denominated in any currency to HKSCC and whether solely or jointly with any other person.

20.2 For the purpose of this clause 20, HKSCC is authorized to purchase with sums denominated in any currency standing to the credit of any such account such other currencies as may be necessary to effect such application at such rate as HKSCC deems fit and any agreement relating to such credit balance shall be deemed to incorporate a provision entitling HKSCC so to apply such credit balance whether or not the same is held on any special terms (including where it shall only be repayable at some future date). HKSCC shall not be obliged to exercise its rights under this clause.

## 21. Sums payable on demand/default interest

21.1 Notwithstanding any other provisions in these Terms and Conditions, all sums payable by an Investor Participant to HKSCC under these Terms and Conditions shall become due and payable on demand by HKSCC and HKSCC shall be entitled to require payment in such manner as it considers appropriate including, without limitation, payment by telegraphic transfer, by bank draft or by cashier order.

21.2 If any sum due and payable by an Investor Participant to HKSCC is not paid when due and payable, HKSCC shall be entitled to require payment of default interest on the

- outstanding amount at such rate as shall from time to time be decided by HKSCC (but not exceeding 2% per month).
- 21.3 Unless otherwise provided in these Terms and Conditions, no interest will be payable by HKSCC on any sum due or payable by HKSCC to Investor Participants.
- 22. Limitation of Liability**
- 22.1 HKSCC is not required to effect any transaction, or to take any other action, at the demand or upon the instructions of any Investor Participant to any extent that the same could in the reasonable opinion of HKSCC violate any law or regulation of any government, be contrary to any agreement made with HKSCC, or in any other circumstances specified in the Terms and Conditions and the Rules. HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall be exempted from any liability or damage suffered by any Investor Participant as a result thereof.
- 22.2 In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and their respective directors, officers, employees or agents shall have no liability for any loss including indirect or unforeseeable loss, destruction or misdelivery of any securities, or for any action taken or omitted or purported to be taken or omitted, by HKSCC in connection with the provision of services contemplated under these Terms and Conditions or for delays in carrying out any instructions given by any Investor Participant, or if HKSCC is prevented or delayed by law or any circumstances outside its control in performing the obligations under these Terms and Conditions.
- 22.3 In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any delay or error by any Designated Bank in giving effect to HKSCC's instruction or if HKSCC fails to give instructions to a Designated Bank in time on a Settlement Day to achieve payment for value on the same day.
- 22.4 HKSCC does not guarantee the reliability of the CCASS Phone System, the CCASS Internet System or SMS and the telecommunications network through which information, messages or instructions are transmitted to and from HKSCC. HKSCC and shall not be responsible for any delays and failure in transmission, receipt or execution of information, messages or instructions due to a breakdown or failure of transmission of communication facilities, or to any other cause beyond HKSCC's control and shall not be liable for any losses, fees, costs, expenses, damages and liabilities suffered or incurred as a result thereof.
- 22.5 HKSCC does not guarantee or warrant the accuracy, completeness, reliability and timeliness of any information or messages transmitted via the CCASS Phone System or the CCASS Internet System the telecommunications network used by the mobile operator or other person through which SMS is provided and shall not be liable for any losses, fees, costs, expenses, damages and liabilities arising from any inaccuracy, incompleteness, omission in transmission or up datedness of such information.
- 22.6 Notwithstanding steps taken by HKSCC to prevent unauthorised access to its system, data, including email, electronic communications and personal financial data, may still be accessed by unauthorised third parties when communicated through the CCASS Internet System. HKSCC shall not be liable for any such unauthorised access.
- 23. Force majeure**
- 23.1 HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any action taken or for any failure, hindrance or delay in the provision of services or for any failure to give effect to or delay in giving effect to any instructions from Investor Participants with respect to any nominee, depository or other CCASS services or the performance in whole or in part of its obligations under the Terms and Conditions and the Rules if such action, failure, hindrance or delay arises out of causes beyond its reasonable control. Such causes may include, but shall not be limited to, acts of God or the public enemy, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, delay or inability to act by any registrar or any Depository, unavailability of or restrictions on any communication media for whatever reason (whether or not such media is used by Investor Participants), interruptions (whether in whole or in part) of power supplies or other utility or services, any law, decree, regulation or order of any government, competent authority or any court or tribunal, and any other causes beyond HKSCC's reasonable control including, without limitation to the foregoing, any similar causes affecting the Exchange or Hong Kong Interbank Clearing Limited (whether or not specified in the rules of the Exchange or the rules and regulations of Hong Kong Interbank Clearing Limited).
- 23.2 In the absence of anything not done or not omitted to be done in good faith on the part of HKSCC, HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC shall not be liable for any delay, error, loss, cost or expense suffered or incurred by an Investor Participant as a result of:-
- (i) a failure by an Investor Participant to comply with these Terms and Conditions;
  - (ii) the taking by HKSCC of action authorized, permitted or contemplated in these Terms and Conditions or in any of the arrangements under Rule 703;
  - (iii) the insolvency of the Appointed Depositories, HKSCC's own banker, or any sub-custodians, depositaries, entities or other clearing entities appointed or used by HKSCC in relation to Eligible Securities (provided that the selection by HKSCC of such persons shall not have been unreasonable);
  - (iv) the delay, acts or omissions of any Designated Banks or of, or of any operator of, any clearing house for an Eligible Currency or of any institution or person providing clearing and settlement services in any Eligible Currency or the insolvency of any of the foregoing;
  - (v) the inability of HKSCC to perform as a result of the invalidity or, cancellation of any insurance or assurances effected by HKSCC or the insolvency of such insurers or assurers (provided that the selection of such insurance, assurances or insurers by HKSCC shall not have been unreasonable at the time of selection);

- (vi) the taking by HKSCC of any action or omission in accordance with the directions of any governmental or regulatory body, or an order made or directions given by a court in exercise of its proper jurisdiction, where it is required to do so by law;
- (vii) any system used by HKSCC, or any third party system upon which HKSCC is reliant in the operation of CCASS or the settlement and/or clearance of transactions involving Foreign Securities or Uncertificated Eligible Securities is not millennium compliant or is otherwise unable to exchange date information, a Participant fails to conduct appropriate tests of any system on its own or with other systems to ensure it is millennium compliant, or any failure by HKSCC to obtain appropriate warranties, certificates or other commitments from any system's supplier or a failure to take any steps to enforce the same. For these purposes millennium compliant means that the system can handle date information before, during and after 1 January 2000, the advent of the year 2000 and leap years and the new century does not cause the system to cease functioning accurately or to be interrupted and the system responds to two digit date and year input in a way that resolves any ambiguity as to century in a disclosed, defined and pre-determined manner;
- (viii) any acts, delays or omissions of any Issuer, any agent of the Issuer or any other party involved in a New Issue, including any delay by any Issuer or its agents in notifying HKSCC of (a) the identity of Participants to whom New Issue Shares have been allocated and the number of New Issue Shares allocated to each of them or (b) the identity of Participants whose applications have been unsuccessful in whole or in part and the amounts of the refunds due to each of them or any failure by any Issuer so to notify HKSCC or the insolvency of any Issuer, any agent of any Issuer or any such other party;
- (ix) any acts or omissions of the HKMA or the employees or agents of the HKMA including (a) termination or suspension of HKSCC's appointment as a Recognized Dealer or HKSCC's membership of the CMU Service, (b) closure, termination, suspension or freezing of HKSCC's CMU Account or any sub-account(s) under it, (c) cancellation, freezing or suspension of trading in any Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments credited to HKSCC's CMU Account or tendered or applied for by HKSCC in response to Tender Instructions, (d) the conduct of any issue of Exchange Fund Notes, Government Bonds, Specified Instruments or CMU Instruments, including the tendering or application process and any suspension or cancellation of the issue or the tendering or application process or (e) suspension, failure, malfunction, overload, variation or termination of the CMU Service whether wholly or partially or in a particular case or in respect of one or more processes or transactions;
- (x) any acts or omissions of the owners and licensees of all hardware and software operated or used by the HKMA or HKSCC for the purposes of or in connection with the CMU (including the CMT Terminal and the hardware referred to in and the software which is the subject of the CMU Software Sub-licence Agreement between Hong Kong Interbank Clearing Limited and HKSCC) (or any acts or omissions of the employees or agents of those owners and licensees) or any loss or damage whatsoever or howsoever caused arising directly or indirectly out of or in connection with the use of the CMT Terminal and any such hardware or software or any failure of or error or inaccuracy in the operation of the CMU;
- (xi) any acts, omissions or delays of the issuer of Exchange Fund Notes, Government Bonds, any Specified Instruments or any CMU Instruments, or any arranger or promoter or co-ordinator of any such issue (or any other person involved in any such issue) or the employees or agents of the foregoing;
- (xii) any acts, omissions or delays of the manager or trustee of any Unit Trust or the arranger or promoter of any issue of Units (or any other person involved in their issue) or the employees or agents of any of the foregoing;
- (xiii) any acts, omissions or delays of any Appointed Depositary or its employees or agents;
- (xiv) any proceeding or investigation brought by or on behalf of any government, regulatory body, self-regulatory organization, or other regulatory authority exercising any disciplinary functions to which the Investor Participant is subject;
- (xv) any acts, omissions, defaults or delays of the Issuer of any Eligible Securities, or any other party involved in any Eligible Securities or the employees or agents, representatives or intermediaries of any of the foregoing (including an Issuer's principal or branch share registrar), or the insolvency of any of the foregoing;
- (xvi) the operation of the CMU Service or the taking by HKSCC of any action or omission in accordance with the provisions in the CMU Membership Agreement including the CMU Rules and CMU Manual (as referred to in Rule 703) including compliance with any notice or requirement of the HKMA not to make or allow any transfer, dealing or disposition of CMU Instruments in CMU Account or compliance with directions given by the HKMA thereunder;
- (xvii) any acts, omissions or delays of any mobile operator or any other person through which SMS and/or Email is provided or its employees or agents;
- (xviii) any acts, omissions or delays of any Depositary or its employees or agents; and/or
- (xix) any acts, omissions or delays of any entity, as referred to in Rule 823, with which an Overseas Account is maintained or with which HKSCC or its nominee has entered into relevant arrangements, or the insolvency of such entity.
- 24. Temporary Suspension of Services, Typhoon and Black Rainstorm**
- 24.1 If in the opinion of HKSCC that the functioning of CCASS is or is likely to be impaired by any event or circumstances,



HKSCC may suspend the whole of any part of the operation including the operation of CCASS, depository, nominee services, money settlement services and SMS for such duration as it sees fit. HKSCC shall notify Investor Participants as soon as practicable upon a decision to suspend any operation or service of CCASS and shall also use its reasonable endeavours to provide information as to any other action it proposes to take via the CCASS Phone System or the CCASS Internet System.

- 24.2 In the event of a typhoon signal no. 8 being hoisted or a black rainstorm being issued, CCASS and CCASS services may be affected and special procedures relating to CCASS services as provided in Section 17 of the Operational Procedures will be applicable to Investor Participants.

## 25. Data Protection

- 25.1 The Investor Participant hereby agrees and declares that it understands and consents to the information supplied to HKSCC in opening the Stock Account and thereafter in connection with the operation of the Stock Account being used by HKSCC for all purposes that are reasonably contemplated to be used in the Rules, these Terms and Conditions and otherwise, (including disclosure), in connection with the provision of services, the operation and maintenance of the Stock Account. The Investor Participant further agrees to notify HKSCC in writing of any updates to any such information as soon as it is aware that the information so supplied has become out-dated.

- 25.2 Unless consent of the individual is obtained, personal information of an individual held by HKSCC relating to Investor Participants will be kept confidential but HKSCC may release some of the information to external parties including but not limited to agents, contractors or third party service providers who provide administrative, telecommunications, computer, payment clearing, insurance or other services to HKSCC in connection with the operation of its business, any other person under a duty of confidentiality to HKSCC (including by way of contract), the Securities and Futures Commission, the Exchange, any recognized exchange controller, any company of which the recognized exchange controller which is the controller of HKSCC is the controller, other recognized clearing houses, central depositories, bodies of exchanges, overseas governmental or regulatory bodies, governmental departments and issuers or Depositories of Eligible Securities authorised by law and/or pursuant to the Rules, notwithstanding that any such persons may be outside of Hong Kong.

## 26. Indemnity

- 26.1 Each Investor Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and their respective agents, nominees, representatives, officers and employees and hold each of them harmless against all costs (including reasonable legal costs), fees, expenses, liabilities, taxes, assessments, losses, fines, penalties, and damages of any nature whatsoever (including the interest accrued to any such amount) suffered or incurred by any of them directly or indirectly as a result of or in connection with the following matters (except where HKSCC is guilty of anything not done or not omitted to be done in good faith on its part and is directly responsible for

any such costs, fees, expenses, liabilities, taxes, assessments, losses and damages):

- (i) the participation in CCASS by the Participant and/or its activities in CCASS and the provision of services by HKSCC to the Participant in respect of Eligible Securities held or recorded in CCASS and all matters relating thereto as contemplated in these Terms and Conditions and in the Rules;
- (ii) the failure by the Investor Participant to comply with the provisions of these Terms and Condition or the Rules or the breach of any representation or warranty made by the Investor Participant;
- (iii) the actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in reliance on instructions or communications believed in good faith by any of them to have been given by or on behalf of the Investor Participant (including, but not limited to, the giving of effect to such instructions or communications by any of them) or the failure of the Investor Participant to give instructions to HKSCC as contemplated in these Terms and Conditions and the Rules;
- (iv) the acceptance by HKSCC of Eligible Securities deposited by the Investor Participant and the giving effect to transactions relating thereto by HKSCC in accordance with these Terms and Conditions and the Rules; and the withdrawal of Eligible Securities by the Investor Participant;
- (v) the registration of Eligible Securities in the name of HKSCC or HKSCC's nominee and the withdrawal of such Eligible Securities by the Investor Participant (including, without limitation, all assessments, calls, taxes and charges in respect thereof; losses, liabilities and expenses arising from claims by third parties; and the inability of any person entitled to exercise or enjoy any rights, entitlements and benefits accruing thereto on a timely basis);
- (vi) the failure by the Investor Participant to make payment or to deliver Eligible Securities, or to perform such other duties or obligations contemplated in these Terms and Conditions and the Rules;
- (vii) the failure of any Designated Bank or any clearing house for an Eligible Currency to perform in relation to money settlement services in CCASS and other matters involving payments as contemplated in these Terms and Conditions and the Rules;
- (viii) anything done, omitted or suffered by HKSCC under, arising out of or in connection with the CMU Software Sub-license Agreement, the CMU Membership Agreement including the CMU Rules and CMU Manual referred to therein (as referred to in Rule 703) or the CMU Service, insofar as the same arises out of or is connected with or related to Tender Instructions or Transfer Instructions given by the Participant;
- (ix) any proceeding or investigation brought by or on behalf of any government, regulatory body, self-regulatory organization, or any other regulatory authority exercising disciplinary functions to which the Investor Participant is subject;
- (x) any action by HKSCC or its agents, nominees, representatives, officers and employees in respect of Eligible Securities held or recorded in CCASS or by an Appointed Depository, taken in good faith to comply with any law, decree, regulation or order of

any government, competent authority or any court or tribunal;

- (xi) any actions or omissions by HKSCC or its agents, nominees, representatives, officers and employees in relation to SSA Statement Recipients (including but not limited to any acts or omissions in reliance on or pursuant to the authorization of the Participant under Section 3.4A of the Operational Procedures) and all matters relating thereto as contemplated in the Rules; and/or
- (xii) anything done, omitted or suffered by HKSCC, its agents, nominees, representatives, officers and employees under, arising out of, in connection with or otherwise related to Cross-Border Transfer Instructions given by the Participant.

26.2 Each Investor Participant shall indemnify HKSCC, the Exchange, and a recognized exchange controller which is the controller of HKSCC and keep HKSCC, the Exchange and a recognized exchange controller which is the controller of HKSCC indemnified from and against any loss, cost (including cost of enforcement), interests, liability (including any tax or other fiscal liability), claim, damage, cost or expenses of whatever nature which HKSCC, the Exchange and a recognized exchange controller which is the controller of HKSCC incurred or suffered in connection with any actions taken by HKSCC or any actions that HKSCC is required to take to comply with any obligations relating to the Tax Information Exchange Framework (or fails to take relating to Withholding Tax obligations) with respect to such Investor Participant.

## 27. CCASS Rules and Operational Procedures binding on Investor Participants

27.1 All activities in CCASS are subject to the CCASS Rules and Operational Procedures. The CCASS Rules and Operational Procedures shall have effect and be binding on Investor Participants and the Investor Participants agree to comply with those terms.

27.2 In the event of any conflict between these Terms and Conditions and the Rules, unless HKSCC otherwise determines, these Terms and Conditions shall prevail.

## 28. Governing law

These Terms and Conditions shall be construed and interpreted in accordance with the Laws of Hong Kong and the Investor Participant hereby submit to the jurisdiction of the courts in Hong Kong in respect of all matters and disputes arising under or out of or in connection with its participation in CCASS as an Investor Participant.

## 29. Language

In the event of any inconsistency in meaning between the English version and the Chinese version of these Terms and Conditions, the English version shall prevail.

## 30. Waiver

HKSCC's failure or delay in exercising or enforcing

any of its rights against an Investor Participant shall not operate as a waiver of such rights nor shall it prejudice or affect HKSCC's rights subsequently to act strictly in accordance therewith.

## 31. General

31.1 All costs and expenses, including legal costs on a solicitor and client basis incurred by HKSCC in connection with the enforcement of any of its rights hereunder or to resolve any dispute relating to the Investor Participant's participation in CCASS shall be payable by the Investor Participant on a full indemnity basis.

31.2 The illegality, invalidity or unenforceability of any term herein shall not affect the legality, validity or enforceability of any other terms which shall continue in full force and effect.

31.3 The voice logging records of the CCASS Phone System shall be the property of HKSCC and will be admissible in evidence in settling any disputes relating to any instructions inputted by the Investor Participant via the CCASS Phone System.

31.4 The Customer Service Centre, operated by HKSCC, provides the following services and facilities to Investor Participants:

- (i) instruction input;
- (ii) statement printing; and
- (iii) general enquiries.

31.5 The address and other details of the Customer Service Centre are set out in the Operating Guide for Investor Participants.

31.6 The service hours of the Customer Service Centre are between 9:00 a.m. and 6:00 p.m., Monday to Friday (except public holidays), or such times as HKSCC may determine from time to time)

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