

Amendments to the CCASS Operational Procedures (Additions underlined and deletions struck through)

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Definitions

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

“Back-Up Centre”

means a place where ~~terminal~~ back-up facilities are provided by HKSCC to a Participant other than an Investor Participant, as referred to in Rule 1301;

“CCASS”

means the Central Clearing and Settlement System ~~established and~~ operated by HKSCC, and unless otherwise stated or the context requires otherwise, references in the Rules to “CCASS” shall include RMS and CCMS;

“CCASS Terminal User Guide” or “CCASS Terminal User Guide for Participants”

means the guide entitled "CCASS Terminal User Guide for Participants" of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Participants other than Investor Participants, as from time to time in force;

“Concentration Collateral”

~~means Concentration Collateral collected by HKSCC under section 10.11.3A of the Operational Procedures;~~

“Expected Uncollateralised Loss”

means, in respect of a Clearing Participant, the net projected loss calculated under daily stress testing arising from all CNS stock positions of the Clearing Participant;

“Guarantee Fund ~~Net Projected Expected Uncollateralised~~ Loss”

has the meaning given to it in Section 10.11.3C of the Operational Procedures;

“Initial Margin Calculation Guide”

means the guide entitled “Initial Margin Calculation Guide” of HKSCC in relation to RMS, containing information on the calculation of Margin under the CNS System, as from time to time in force;

“Marginable Position”

means the Mark-to-market value of the unsettled stock position of a Clearing Participant or Clearing Agency Participant under the CNS System, as determined by HKSCC for computation of Margin;

“RMS”

means a sub-system of CCASS operated by HKSCC which enables Participants other than Investor Participants to conduct risk monitoring and risk management functions on their stock positions under the CNS System;

“RMS Guide”

means the guide entitled “RMS Guide” of HKSCC in relation to RMS, containing information on the use of RMS, the Initial Margin Calculation Guide, the Stress Test Value Calculation Guide and such other information as may be included by HKSCC as part of the RMS Guide from time to time;

“Stress Test Value Calculation Guide”

means the guide entitled “Stress Test Value Calculation Guide” of HKSCC in relation to RMS, containing information on the calculation of stress test value under the CNS System, as from

time to time in force;

- (b) When used in the Operational Procedures, the following expressions shall have the following meanings unless the context otherwise requires:

"Access Level"

means, in relation to an Authorised User of a Participant other than an Investor Participant, the pre-determined level of CCASS functions or services to be made available to that Authorised User via the CCASS Terminal and/or RMS of that Participant, such level to be determined by that Participant from time to time, as referred to in Section 3.4.2;

~~"Additional Cash Collateral Payable Report"~~

~~means, in relation to a Clearing Participant or a Clearing Agency Participant which is not a China Connect Clearing House, a report provided by HKSCC to such Participant, showing details of the computation of Collateral to be collected in the form of cash from such Participant for risks on its unsettled CNS stock positions as compared to its apportioned liquid capital, as referred to in Section 10.11.4 and the CCASS Terminal User Guide for Participants;~~

"Administration Rights"

means the pre-determined security management functions available to Delegated Administrators via the CCASS Terminals and/or RMS of Participants ~~(other than Investor Participants)~~, as referred to in Section 3.5.2;

"Allocated Positions"

means, in relation to a Market Contract, long stock positions under the CNS System of a Clearing Participant or a Clearing Agency Participant to which Eligible Securities have been allocated but monies payment obligations arising therefrom remain outstanding and are not covered in full by cash prepayment;

~~"CCASS Terminal User Guide" or "CCASS Terminal User Guide for Participants"~~

~~means the "CCASS Terminal User Guide for Participants" of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Participants other than Investor Participants, as from time to time in force;~~

"CCASS Terminal User Guide for Designated Banks"

means the guide entitled "CCASS Terminal User Guide for Designated Banks" of HKSCC in relation to CCASS, containing information on the use of CCASS Terminals by Designated Banks, as from time to time in force;

~~"China Connect Additional Cash Collateral Payable Report"~~

~~means, in relation to a Clearing Agency Participant which is a China Connect Clearing House, a report provided by HKSCC to such Participant, showing details of the computation of Collateral to be collected in the form of cash from such Participant to cover any shortfall in respect of its stressed default loss, as referred to in Section 10.11.3 and the CCASS Terminal User Guide for Participants;~~

"Collateral Security Batch-run"

means the process adopted by HKSCC to effect, at stated times, the provision of Collateral Securities by Clearing Participants or Clearing Agency Participants to HKSCC whereby Eligible Securities will be automatically debited from the Stock Accounts of the Clearing Participants or Clearing Agency Participants and credited to the CCMS Collateral Accounts of such Clearing Participants or Clearing Agency Participants for HKSCC's waiver of computation of Marks and reduction of Margin ~~ableing~~ Position for computation of Margin, as referred to in Sections 10.10.3 and the Initial Margin Calculation Guide 10.10A.2(ii);

"Final Clearing Statement" or "FCS"

means, in relation to Exchange Trades or Clearing Agency Transactions executed or effected on T-day for clearing and settlement by a Clearing Participant or a Clearing Agency Participant, a statement issued by HKSCC to that Participant on T+1, the Business Day following the relevant day of the transaction, as referred to in Sections 10.2.3 and 12.2.2; and in relation to China Connect Securities Trades executed on T-day for clearing and settlement by a China Connect Clearing Participant, a statement issued by HKSCC to that Participant on T-day, as referred to in Sections 10A.1.4 ~~and 10A.9.3~~ and the CCASS Terminal User Guide for Participants;

"Input Transaction Limit"

means, in relation to an Authorised User of a Corporate Investor Participant and a Participant other than an Investor Participant, the pre-determined limit (in money terms) of that Authorised User above which certain instructions input into CCASS by that Authorised User will not be processed in CCASS by HKSCC, such limit to be determined by that Participant from time to time, as referred to in Section 3.4.3;

~~"Intra-day Margin Payable Report"~~

~~means, in relation to a Clearing Participant or Clearing Agency Participant, a report provided by HKSCC to such Participant, containing details of the computation of intra-day Margin on pending stock positions of such Participant under the CNS System, as referred to in Section 10.10A.6 and also in the CCASS Terminal User Guide for Participants;~~

~~"Intra-day Marks and Collateral Collection Report"~~

~~means, in relation to a Clearing Participant or Clearing Agency Participant, a report provided by HKSCC to such Participant, containing details of the computation of intra-day Marks and Concentration Collateral on unsettled stock positions and Uncovered Allocated Positions of such Participant under the CNS System, as referred to in Section 10.10.9 and also in the CCASS Terminal User Guide for Participants;~~

"Mainland Security Deposit Payable Report"

means, in relation to a China Connect Clearing Participant, a report provided by HKSCC to such Participant, containing details of the computation of Mainland Security Deposit payable by such Participant in respect of each China Connect Market with reference to the net settlement amount in China Connect Securities Trades of such Participant and its NCCCPs on that China Connect Market, as referred to in ~~Section 10A.9.3 and~~ the CCASS Terminal User Guide for Participants;

"Mainland Settlement Deposit Payable Report"

means, in relation to a China Connect Clearing Participant, a report provided by HKSCC to such Participant, containing details of the computation of Mainland Settlement Deposit payable by such Participant in respect of each China Connect Market with reference to the buy turnover in China Connect Securities and overdue short CNS positions in China Connect Securities of such Participant and its NCCCPs on that China Connect Market and the sell turnover in China Connect Securities that are executed on that China Connect Market by such Participant and its NCCCPs for Special Segregated Accounts, as referred to in ~~Section 10A.8.5 and~~ the CCASS Terminal User Guide for Participants;

~~"Margin and Pending Marks Account"~~

~~means, in relation to a Clearing Participant or a Clearing Agency Participant, a sub-account in the Money Ledger of that Participant which is used to record (i) the Marks on pending stock positions, (ii) the Margin on all unsettled stock positions and (iii) the Concentration Collateral on all unsettled stock positions of that Participant under the CNS System, as referred to in Section 10.10.11 or 10.10A.8;~~

~~"Margin Payable Report"~~

~~means, in relation to a Clearing Participant or Clearing Agency Participant, a report provided by HKSCC to such Participant, containing details of the computation of Margin on unsettled stock~~

positions of such Participant under the CNS System, as referred to in Section 10.10A.6 and also in the CCASS Terminal User Guide for Participants;

"Margin Rate"

means the percentage determined by HKSCC to be applied to Marginable Position in the computation of Margin, as referred to in Section 10.10A;

~~"Marks and Collateral Collection Report"~~

~~means, in relation to a Clearing Participant or Clearing Agency Participant, a report provided by HKSCC to such Participant, containing details of the computation of Marks and Concentration Collateral on unsettled stock positions of such Participant under the CNS System, as referred to in Section 10.10.9 and also in the CCASS Terminal User Guide for Participants;~~

~~"Marks and Margin and Pending Marks Account"~~

means, in relation to a Clearing Participant or a Clearing Agency Participant, a sub-account in the Money Ledger of that Participant which is used to record (i) the Marks on pending stock positions and, (ii) the Margin on all unsettled stock positions and (iii) the Concentration Collateral on all unsettled stock positions of that Participant under the CNS System, as referred to in Section 10.10.11 or 10.10A.8;

~~"NCP Marks Projection Report"~~

~~means, in relation to a GCP, a report provided by HKSCC to such GCP, containing details of the computation of estimated Marks on pending stock positions of each NCP of the GCP under the CNS System, as referred to in Section 10.10.9 and also in the CCASS Terminal User Guide for Participants;~~

~~"NCP Margin Projection Report"~~

~~means, in relation to a GCP, a report provided by HKSCC to such GCP, containing details of the computation of estimated Margin on pending stock positions of each NCP of the GCP under the CNS System, as referred to in Section 10.10A.6 and also in the CCASS Terminal User Guide for Participants;~~

"Non-cash Collateral Cap"

means a percentage of Marks, Margin, Collateral and other obligations (actual and contingent) of a Participant, as determined by HKSCC from time to time in order to calculate the maximum amount of Non-cash Collateral that may be allowed as cover for the Marks, Margin, Collateral and other obligations (actual and contingent) of the Participant due to HKSCC under the CNS System. For the avoidance of doubt, the provision of Collateral Security to cover a part or the whole of a short CNS stock position from a Clearing Participant or Clearing Agency Participant for HKSCC's waiver of computation of Marks and reduction of Marginable Position for computation of Margin required from such Participant will not be included in such calculation of the maximum amount of Non-cash Collateral;

~~"Overdue Position Marks Account"~~

~~means, in relation to a Clearing Participant or a Clearing Agency Participant, a sub-account in the Money Ledger of that Participant which is used to record the Marks on the overdue stock positions of that Participant under the CNS System, as referred to in Section 10.10.11;~~

"Preferred Single Settlement Currency"

means an Eligible Currency selected by a Clearing Participant and accepted by HKSCC as the currency for cash settlement of the shortfall in Marks and, Margin and Concentration Collateral of the Clearing Participant after the collateralization process under Section 10.15.3 of the Operational Procedures;

“RMS Authorised User”

means, in relation to a Participant other than an Investor Participant, a person approved by that Participant in the manner prescribed by HKSCC from time to time as being authorised to access RMS on behalf of that Participant, as referred to in Section 3.4.2;

“RMS Delegated Administrator”

means, in relation to a Participant other than an Investor Participant, a person appointed by that Participant in a manner prescribed by HKSCC from time to time as being authorised to administer the access profile of a RMS Authorised User of that Participant via the RMS, as referred to in Section 3.3.2;

"Uncovered Allocated Positions"

means, in relation to a Market Contract, long stock positions under the CNS System of a Clearing Participant or a Clearing Agency Participant to which Eligible Securities have been allocated but monies payment obligations arising therefrom remain outstanding and are not covered in full by cash prepayment;

Section 1

Introduction

1.3 MAIN CCASS SERVICES

The main services of CCASS are:

- (i) depository and custodian services, whereby Participants can maintain Eligible Securities in CCASS (for safe-keeping or settlement purposes) and can make deposits into or withdrawals out of CCASS, as reflected in Stock Accounts allocated to them by HKSCC;
- (ii) nominee and similar services in relation to Eligible Securities in CCASS, such as the distribution of dividends, interest and redemption proceeds, forwarding shareholders' circulars, appointment of proxies for voting, etc.;
- (iii) clearing and settlement services in relation to all Exchange Trades based on trade details received from the Exchange, either under the CNS System, whereby HKSCC becomes the settlement counterparty, or under the Isolated Trades System;
- (iiia) clearing and settlement services in relation to all Clearing Agency Transactions based on trade details received from the relevant Clearing Agency Participant, either under the CNS System, whereby HKSCC becomes the settlement counterparty, or under the Isolated Trades System;
- (iiib) China Connect Clearing Services, including clearing and settlement services in relation to all China Connect Securities Trades under the CNS System based on trade details received from the relevant SEHK Subsidiary and the relevant China Connect Clearing House, whereby HKSCC becomes the settlement counterparty to the relevant China Connect Clearing Participants, and nominee and depository services in relation to China Connect Securities held by Participants;
- (iv) nominee, clearing and settlement services in relation to issues of securities (including New Issues and issues of Units), such as receipt of and compliance with application instructions from Participants and the payment and receipt of refunds in respect of application moneys;
- (v) additional services in relation to the issue and redemption of Units, such as receipt of and compliance with instructions to pay or receive cash or to transfer securities on such issue and redemption and to repay cash and re-transfer securities on cancellation or rejection of such instructions;
- (vi) nominee, clearing and settlement services in relation to issues of Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments, such as receipt of and compliance with instructions from Participants to tender for Exchange Fund Notes or Specified Instruments or to apply for Government Bonds or CMU Instruments, and to pay moneys and receive refunds in respect of the tender or application (as the case may be);

- (vii) clearing and settlement services in relation to instructions to transfer Exchange Fund Notes, Government Bonds, Specified Instruments and CMU Instruments between Participants and (in the case of Exchange Fund Notes, Government Bonds and Specified Instruments) Recognized Dealers or (in the case of CMU Instruments) CMU Members;
- (viii) clearing and settlement services in relation to non-Exchange Trades between Participants (the details of such transactions being recorded in CCASS by the input of (a) in the case of Participants other than Investor Participants, Settlement Instructions by the two Participants involved in each such non-Exchange Trade or (b) an Investor Settlement Instruction by a Participant and, if required, affirmation by the relevant Investor Participant or being reported to HKSCC in such other manner as agreed between HKSCC and Participants);
- (ix) money settlement services, in relation to nominee services involving payments (e.g. distribution of dividend payments), or settlement services to be made against payment, whereby HKSCC will, based on details already recorded in CCASS, generate electronic payment instructions to the Designated Banks of Participants or for certain Hong Kong dollar money obligations, the Clearing House of HKAB, as the case may be, for processing; ~~and~~
- (x) the provision of comprehensive statement and/or reporting services to assist and enhance the use of CCASS by Participants in order to enable Participants to obtain the maximum benefit from CCASS; and
- (xi) the provision of risk monitoring and risk management services in relation to CNS stock positions via RMS.

The operation of the CNS System by HKSCC in effect involves HKSCC providing a "guarantee of settlement" for the Exchange Trades, China Connect Securities Trades and Clearing Agency Transactions settled under the CNS System, in favour of Participants which are parties to the Market Contracts.

Section 2

Participants

2.3 STOCK ACCOUNTS AND CCMS COLLATERAL ACCOUNTS

2.3.10 Stock Collateral Control Account

The Stock Collateral Control Account of a Clearing Participant or a Clearing Agency Participant which is a China Connect Clearing House will be used to record the Collateral Securities that have been transferred from the Stock Accounts of that Participant to its CCMS Collateral Account(s) to secure:

- (i) ~~P~~ayment of Marks, Margin and/or Collateral payable by that Participant pursuant to the Rules;
- (ii) all obligations and liabilities (actual or contingent) of such Participant to HKSCC arising directly in connection with HKSCC ensuring the settlement of Market Contracts to which such Participant is a party;
- (iii) the discharge and satisfaction of all liabilities (actual or contingent) of the Participant to HKSCC arising from a loss of or defects affecting Eligible Securities pursuant to Rule 812, Rule 813, Rule 814 and Rule 815; and
- (iv) the discharge and satisfaction of all other obligations (actual or contingent) of the Participant to HKSCC.

Such Collateral Securities will also secure HKSCC's waiver of computation of Marks and reduction of Margin~~able~~ing Position for computation of Margin required from the Participant.

2.4 MONEY LEDGER

2.4.2 Sub-accounts of a Money Ledger

A Money Ledger of a Participant in respect of an Eligible Currency may consist of the following sub-accounts:

- (i) Settlement Account;
- (ii) Marks and Margin ~~and Pending Marks~~ Account;
- (iii) ~~[Repealed]Overdue Position Marks Account~~;
- (iv) Entitlements Account;
- (v) Billing Account; and
- (vi) Miscellaneous Account.

Only Clearing Participants and any Clearing Agency Participant which is a China Connect Clearing House will have the first ~~two~~three sub-accounts, namely the Settlement Account ~~and~~ the Marks and Margin ~~and Pending Marks~~ Account ~~and the Overdue Position Marks Account~~. All these sub-accounts are relevant to the operation of the CNS System.

The ~~six~~ sub-accounts of a Money Ledger are used to categorise the money positions of a Participant in an Eligible Currency in CCASS by their nature. For example, money positions arising from the delivery of Eligible Securities under the CNS System in an Eligible Currency will be booked to the Settlement Account in that Eligible Currency. The stock lending fee payable to a Lender under a Compulsory Stock Borrowing Transaction will be booked to the Lender's Miscellaneous Account.

2.5 AUTHORISED SIGNATORIES

2.5.1 Subject to 2.5.2, each Participant (other than an Investor Participant) must provide HKSCC with a list of authorised persons as its Authorised Signatories to give written instructions to HKSCC in connection with any matters relating to its participation and operations in CCASS and to perform, inter alia, any or all of the following functions on behalf of the Participant:-

- (a) authorise deposits and withdrawals of securities into and from its Stock Accounts, other than Stock Collateral Control Account or TSF Accounts (if the Participant is a TSF CCASS Participant), in CCASS and sign and submit the relevant forms to HKSCC, and "sign", in relation to Stock Deposit Forms, includes the affixing or making of a stamped impression of the signature;
- (b) establish the list of its "Authorised Users" and RMS Authorised Users in CCASS and, where applicable, their "Access Level" and "Input Transaction Limit" as described in the respective Sections 3.4.1, 3.4.2, 3.5.3, ~~and~~ 3.5.4 and 3.5A of the Operational Procedures, and sign and submit the relevant forms to HKSCC;
- (ba) authorise and/or amend the list of its "Delegated Administrators" and RMS Delegated Administrators in CCASS and, where applicable, their "Administration Rights" as described in the respective Sections 3.3.1, 3.3.2, ~~and~~ 3.5.2 and 3.5A of the Operational Procedures, and sign and submit the relevant forms to HKSCC;
- (c) authorise change of its Designated Bank or Designated Bank Account for CCASS money settlement and sign and submit the relevant forms to HKSCC;
- (d) authorise the installation of additional CCASS Terminal(s) and additional Participant Gateway(s) and sign and submit the relevant forms to HKSCC;
- (e) notify HKSCC of any changes in any of the information provided in relation to its application for admission as a CCASS participant, including company name, Designated Officer or Alternate Designated Officer and correspondence address by signing and submitting the relevant forms to HKSCC; and
- (f) authorise Transfer Instructions.

Section 3

CCASS Terminals/CCASS Phone System/CCASS Internet System/ Participant Gateways/RMS

3.1 DIRECT LINKAGE

3.1.1 Use of PCs for direct linkage to CCASS

With the exception of Investor Participants and unless otherwise authorised by HKSCC pursuant to Rule 704, each Participant or its Settlement Agent is required to be directly linked to CCASS via dedicated data communication links through the use of a PC or multiple PCs ~~to be installed as a CCASS Terminal to the host computer of HKSCC~~ at the Participant's office premises or its Settlement Agent's office premises located in Hong Kong or in a foreign jurisdiction.

With the exception of Investor Participants, each Participant or its Settlement Agent, in addition to the requirement set out in Section 3.1.1 above, may also be directly linked to CCASS via dedicated data communication links through the installation of a Participant Gateway to the host computer of HKSCC at the Participant's office premises or its Settlement Agent's office premises located in Hong Kong.

All Designated Banks are also required to install CCASS Terminals. In addition, a Designated Bank may also be directly linked to CCASS via dedicated data communication links through the installation of a Participant Gateway to the host computer of HKSCC at the Designated Bank's office premises located in Hong Kong (see Section 3.9). Designated Banks are responsible for bearing their own costs relating to their CCASS Terminals and Participant Gateways (whether in respect of installation, maintenance, connection or otherwise).

Unless otherwise approved by HKSCC, Investor Participants are not entitled to install CCASS Terminals, ~~or~~ Participant Gateways or have access to RMS. They may access CCASS via the CCASS Phone System using a touch-tone phone, via the CCASS Internet System, or at the Customer Service Centre.

3.1.3 Technical requirements

The technical requirements for interface with the CCASS host computer of HKSCC are contained in the CCASS Terminal User Guide for Participants, the RMS Guide and the CCASS Terminal User Guide for Designated Banks, which can be found on the HKEX website~~obtained from HKSCC~~.

3.1.4 Participants responsible for costs etc.

Participants are responsible for obtaining their own PCs, software and printers; and for arranging the installation of the required data communication links with CCASS. Participants are also responsible for all costs (maintenance or otherwise) relating to their access via CCASS Terminals, Participant Gateways, RMS, printers, data communication links and related peripherals, as well as for all costs (maintenance or otherwise) relating to the required system software.

3.1.5 Participants responsible for the use of CCASS

Participants shall take steps to protect their own computer systems. HKSCC does not warrant that CCASS is free from viruses or other harmful components or that it will be uninterrupted, error free or without delay in information transmission or processing. HKSCC makes no warranty of any kind, whether express or implied, as to the use of CCASS. Neither HKSCC nor any of its affiliates shall be liable for any damages, whether direct or indirect, incidental, special, punitive, consequential or otherwise, that may result from a Participant's reliance on or use of any information or services provided through CCASS, from any unauthorised access to CCASS by a

third party, or from any error, omission, data deletion, delay, interruption, defect or failure in the operation or performance of CCASS.

3.3 DELEGATED ADMINISTRATORS

3.3.1 Establishing and Cancelling Delegated Administrators of CCASS Terminals

Each Participant must appoint its own administrators ("Delegated Administrators") to establish or cancel, via CCASS Terminal, the access of its Authorised Users to CCASS.

To appoint and cancel the appointment of a Delegated Administrator, a Participant must apply in the prescribed manner to HKSCC.

Upon approval of an application of a Participant to appoint a Delegated Administrator, HKSCC will provide to the Participant concerned a unique User ID and smartcard, in respect of that Delegated Administrator for access control purposes. The Participant must ensure that its Delegated Administrator creates or changes his initial Smartcard Password (where applicable) immediately upon receipt of the smartcard. If a Delegated Administrator forgets his Smartcard Password, the Participant will need to apply in the prescribed manner to HKSCC to establish a new Smartcard Password.

3.3.2 Establishing and Cancelling RMS Delegated Administrators

Each Participant must appoint its own RMS Delegated Administrators to establish or cancel the access of its RMS Authorised Users. The right of an RMS Delegated Administrator to RMS shall be limited to the administration and management of the access rights of the Participant's RMS Authorised Users.

To appoint and cancel the appointment of an RMS Delegated Administrator, a Participant must apply in the prescribed manner to HKSCC.

3.4 AUTHORISED USERS

3.4.1 Establishing and cancelling Authorised Users of CCASS Terminals

Each Participant must ensure that only persons approved as its Authorised Users are allowed access to CCASS via CCASS Terminals.

Each Participant will need to establish or cancel its Authorised Users through its Delegated Administrators via CCASS Terminals.

To establish a new Authorised User, a Participant will need to apply in the prescribed manner to HKSCC for a smartcard for that Authorised User for access control purposes. The Participant must ensure that its new Authorised User creates his initial Smartcard Password or changes his initial Smartcard Password (where applicable) immediately upon receipt of the smartcard.

A Participant will need to establish a new Smartcard Password through its Delegated Administrators via CCASS Terminal for any Authorised User who forgets his Smartcard Password.

3.4.2 Establishing and cancelling RMS Authorised Users

Each Participant must ensure that only persons approved as its RMS Authorised Users are allowed access to RMS to use the functions and services provided under RMS.

Each Participant will need to establish or cancel the access of its RMS Authorised Users through its RMS Delegated Administrators in accordance with the RMS Guide.

Each Participant shall ensure that its RMS Authorised Users act in good faith, exercise reasonable care and diligence in keeping their user passwords confidential at all times. Under no circumstances shall RMS Authorised Users disclose or assign to any other person, or allow any other person to use their user passwords.

3.5 ACCESS CONTROL ~~OF CCASS TERMINALS AND PARTICIPANT GATEWAYS~~

3.5A ACCESS CONTROL OF RMS

It is the responsibility of each Participant to control its access to RMS, to ensure the security and confidentiality of the user passwords of its RMS Authorised Users and RMS Delegated Administrators, to ensure that its RMS Authorised Users abide by any access levels assigned to each of them and to ensure that its RMS Delegated Administrators abide by the administration rights assigned to them. Participants shall be liable for all actions performed on RMS via the user passwords of its RMS Authorised Users and RMS Delegated Administrators. Please refer to the RMS Guide for details of RMS Delegated Administrators' administration rights and RMS Authorised Users' access rights.

3.6 OPERATIONS UNDERTAKEN THROUGH CCASS TERMINALS, ~~AND~~ PARTICIPANT GATEWAYS AND RMS

The operations that may be undertaken using CCASS Terminals and RMS and the procedural steps for executing those operations are set out in the CCASS Terminal User Guide and the RMS Guide.

The CCASS Terminal User Guide and the RMS Guide will be updated from time to time to reflect any changes and alterations to the operations that may be undertaken using CCASS Terminals or RMS or to the procedural steps for executing those operations.

The operations that may be undertaken using Participant Gateways and the procedural steps for executing those operations are available at the discretion of HKSCC.

3.7 SERVICING OF CCASS TERMINALS, ~~AND~~ PARTICIPANT GATEWAYS AND RMS

Participants requiring assistance relating to the use of CCASS Terminals, ~~and~~ Participant Gateways and RMS may ~~contact telephone~~ HKSCC for assistance. Please refer to

~~General enquiries should be made using the "CCASS hotline", and enquiries of a technical nature should be made using the "CCASS technical hotline". The telephone numbers and service hours of these hotlines are set out in the CCASS Terminal User Guide, the RMS Guide and the CCASS Terminal User Guide for Designated Banks~~ for details.

3.8 BACK-UP CENTRE FOR ACCESS TO CCASS ~~TERMINALS~~

In the event that a Participant other than an Investor Participant or a Designated Bank is unable to access CCASS due to technical issues or other reasons, if a Participant's CCASS Terminal breaks down, it will be eligible to utilise the Back-Up Centre subject to the Rules provided by HKSCC.

Section 4

Back-Up Centre/Customer Service Centre

4.1 INTRODUCTION

4.1.1 Scope of services

The Back-Up Centre, operated by HKSCC, provides ~~terminal~~ back-up facilities to Participants ~~(other than Investor Participants)~~ and Designated Banks.

All facilities with respect to Compulsory Stock Borrowing Transactions shall be made available only through the Lender's CCASS Terminal or by such other means as HKSCC may prescribe from time to time.

4.1.4 Persons eligible for facilities

~~In the event that a Participant other than an Investor Participant or a Designated Bank is unable to access CCASS due to technical issues or other reasons, Participants (other than Investor Participants) and Designated Banks are it will be eligible to use the Back-Up Centre subject to the Rules in the event of breakdown of their own CCASS Terminals.~~

Designated Banks of Participants can, in the event that their CCASS Terminals break down, make use of the Back-Up Centre to confirm to HKSCC in respect of payments to be made by Participants.

~~No prior subscription needs to be made in respect of the Back-Up Centre. A written Participants other than Investor Participants and Designated Banks should submit a request to HKSCC in such form as HKSCC may prescribe from time to time for the use of the Back-up Centre. For the service hours and other details of the Back-Up Centre, please refer to relevant user guides available on the HKEX website & confirmation to HKSCC of the breakdown of the Participant's CCASS Terminal as specified in the CCASS Terminal User Guide and CCASS Terminal User Guide for Designated Banks will be sufficient.~~

Access to the Back-Up Centre is subject to availability and HKSCC reserves the right not to entertain requests for the use of the Back-up Centre.

4.1.5 Scope of Back-Up Centre

All CCASS maintenance functions, ~~such as input of ATIs, STIs, SIs, DIs, ISIs, Login Withdrawal Order, Election Instruction, Subscription Instruction, ISI Counterparty List and Corporate Voting Instruction;~~ enquiry functions and report printing via CCASS Terminals, as well as risk monitoring and risk management functions via RMS, will be provided in the Back-Up Centre.

Section 6

Operational and Service Schedule

6.1 PROCESSING AND SERVICE

In general, CCASS offers processing and servicing facilities to Participants other than Investor Participants as follows:

- CCASS (other than RMS) between the hours of 7:15 a.m. and 9:30 p.m., Monday to Friday (except public holidays)
- RMS (other than RMS report retrieval) between the hours of 10:00 a.m. and 7:30 p.m., Monday to Friday (except public holidays)
- RMS report retrieval between the hours of 7:00 a.m. to 12:00 a.m., Monday to Friday (except public holidays)

~~and for enquiry and report retrieval services~~ and certain other services and functions specified by HKSCC, ~~also~~ between the hours of 7:15 a.m. to 1:00 p.m. on Saturday (except public holiday).

In general, services and facilities provided to Investor Participants for use and access to SSA with Statement Service provided to SSA Statement Recipients via the CCASS Phone System and the CCASS Internet System are usually available on an approximately 24 hours basis.

Notwithstanding the above, HKSCC has the right to prescribe and change the general hours of service from time to time. Further, all or part of the operations of CCASS, and services and facilities of HKSCC may be expanded, modified, reduced or suspended by HKSCC from time to time without notice.

6.2 DAILY PROCESSING AND SERVICE SCHEDULE FOR PARTICIPANTS OTHER THAN INVESTOR PARTICIPANTS

The daily processing and service schedule in CCASS below only sets out the ~~major available time of some CCASS~~ events. For ~~more~~ details on the daily processing and service schedule ~~and function~~ availability in CCASS (including RMS), please refer to the CCASS Terminal User Guide for Participants and the RMS Guide.

6.2.1 Daily Processing and Service Schedule in relation to Eligible Securities Other than China Connect Securities

For the purpose of this Section 6.2.1, references to “Eligible Securities” shall mean Eligible Securities other than China Connect Securities.

Time	CCASS <u>(including RMS)</u> events
7:00 a.m.	Revaluation of General Collateral Inventory
	<u>Commencement of RMS for retrieval of reports and data files</u>

7:15 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) clearing services (SI and ATI/STI upload functions); and (ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions. <p>All previous day's reports are available for retrieval</p>
8:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) clearing services (SI/ISI maintenance and ISI upload functions); (ii) ATI/STI and Mass ATI/STI maintenance functions; (iii) SSA maintenance and upload functions; (iv) Cash Prepayment Instruction, Cash Prepayment / TSF Payment Standing Instruction, Intra-day Payment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; (v) subscription, election, voting instructions, Electronic Application Instructions for New Issue Shares (except where such day is the application or confirmation start date), Tender Instructions (except where such day is the tender or application start date) and Corporate Representative / Proxy instructions maintenance functions; and (vi) CA ISO Message Service maintenance functions.
9:00 a.m.	<p>Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable:</p> <ul style="list-style-type: none"> (i) Electronic Application Instructions for New Issue Shares (if such day is the application start date) maintenance function; (ii) Tender Instructions (if such day is the tender or application start date) maintenance function; and (iii) Collateral Security maintenance and upload functions. <p>First batch of scrip entitlement distribution</p> <p>Commencement of book-entry deposit / withdrawal orders maintenance functions</p>
9:15 a.m.	Commencement of Unit Creation / Redemption Orders maintenance functions

First SI matching

First STI Batch-run

9:30 a.m.

Commencement of the following services and functions, through CCASS Terminal and Participant Gateway where applicable:

- (i) settlement services (DI input, input of recall and return request, if appropriate);
- (ii) Stock Release Request maintenance functions for TSF CCASS Participants;
- (iii) depository services (deposits and withdrawals of Eligible Securities by Participants);
- (iv) submission of Transfer Instructions; and
- (v) CCMS services.

9:45 a.m.

Second batch of scrip entitlement distribution

10:00 a.m.

Second SI matching

Second STI Batch-run

First Collateral Security Batch-run

Commencement of online services through RMS

10:15 a.m.

First TSF Share De-earmarking Process

10:30 a.m.

First Batch-settlement-run

11:00 a.m.

Revaluation of General Collateral Inventory and collateralization of intra-day Marks, ~~Concentration Collateral~~ and (if HKSCC collects intra-day Margin on such date which is a Trading day with no Afternoon Session) intra-day Margin

Deadline for inputting subscription instructions which involve the collection of subscription monies by CPIs or where the deadline for subscription imposed by the relevant Issuer falls on such day

11:30 a.m.

Third SI matching

Third batch of scrip entitlement distribution

11:45 a.m.

Second TSF Share De-earmarking Process

12:00 noon

Deadline for Electronic Application Instructions for New Issue Shares input in respect of New Issues whose application lists close on such day

Deadline for inputting election instructions, where the deadline for election imposed by the relevant Issuer falls on such day

Deadline for submitting Transfer Instructions to be effected on the same day

	on a delivery versus payment basis in CMU to HKSCC
	Second Batch-settlement-run-
12:45 p.m.	Third STI Batch-run
	Second Collateral Security Batch-run
1:00 p.m. (after)	First batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available-
1:15 p.m.	Deadline for inputting Intra-day Payment Standing Instructions in order to have such instructions effected on the same day-
1:30 p.m.	Fourth SI matching
	Fourth batch of scrip entitlement distribution
1:45 p.m.	Third TSF Share De-earmarking Process
2:00 p.m.	Third Batch-settlement-run-
	Deadline for submitting Transfer Instructions to be effected on the same day on a free of payment basis in CMU to HKSCC
	Deadline for inputting Cash Prepayment Instructions with “CHATS” selected as the payment method-
	Deadline for submitting Tender Instructions to HKSCC in respect of an issue of Government Bonds or CMU Instruments whose application lists close on such day-
	Collateralization of intra-day Margin (if HKSCC collects intra-day Margin on such date which is a normal Trading day)
2:00 p.m. (after)	Final Clearing Statement or FCS in respect of Exchange Trades effected on or reported to the Exchange and Clearing Agency Transactions concluded on previous day, available to Clearing Participants and Clearing Agency Participants
2:30 p.m.	Fifth SI matching
	Deadline for inputting Cash Prepayment Instructions with “OTHERS” selected as the payment method
2:30 p.m. (around)	Generation of Intra-day Payment Instructions by HKSCC-
3:00 p.m.	Close of book-entry deposit / withdrawal orders maintenance functions
3:15 p.m.	Sixth SI matching
	Fifth batch of scrip entitlement distribution
3:30 p.m.	Fourth STI Batch-run

Fourth TSF Share De-earmarking Process

Deadline for inputting Nominee Payment (Evening) Standing Instruction in order to have the evening distribution of nominee payment to start on the same day, subject to acceptance of the Nominee Payment (Evening) Standing Instruction by HKSCC

3:30 p.m. (after)	Second batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
3:45 p.m.	Close of clearing, settlement and depository services (except for enquiry, report retrieval and collection of securities) Close of subscription instruction maintenance functions Close of CCMS stock transfer maintenance service Deadline for the input of Tender Instructions to HKSCC in respect of the issue of Exchange Fund Notes or Specified Instruments, the deadline being two Business Days before the tender date (as specified in the tender notice) Seventh SI matching Final Batch-settlement-run
4:00 p.m.	Close of Stock Release Request maintenance functions for TSF CCASS Participants
4:00 p.m. (after)	Subscription instruction maintenance functions re-open (HKSCC will announce by broadcast message when subscription instruction maintenance functions re-open); Second session of ATI input service commences (HKSCC will announce by broadcast message when the second session of ATI input service is available to Participants) and CCMS stock transfer maintenance services commence;
4:05 p.m. (around)	Generation of DDIs, DCIs and EPIs by HKSCC for same day settlement
4:15 p.m.	Deadline for inputting voting instructions and Corporate Representative/Proxy instructions where the deadline prescribed by HKSCC for inputting such instructions falls on such day Sixth batch of scrip entitlement distribution First TSF Share Earmarking Process Fifth TSF Share De-earmarking Process
4:25 p.m.	Close of Unit Creation/ Redemption Orders maintenance functions
5:00 p.m.	Eighth SI matching
5:00 p.m. (after)	Commencement of the second session of clearing services (SI/ISI maintenance and upload) (HKSCC will announce by broadcast message when second session of clearing services is available to Participants)

First batch of PCS in respect of Exchange Trades effected on or reported to the Exchange current day available to Clearing Participants and Clearing Agency Participants

Fifth STI Batch-run (for STI Transfers to be effected on FOP basis only)

Third Collateral Security Batch-run

5:15 p.m. Seventh batch of scrip entitlement distribution

6:00 p.m. Close of Collateral Security maintenance and upload functions

Final SI matching

Eighth batch of scrip entitlement distribution

Fourth Collateral Security Batch-run

6:00 p.m. (after) Settled Position Report and third batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available

7:00 p.m. Close of SI/ISI maintenance and ISI upload, Cash Prepayment / TSF Payment Standing Instruction maintenance, Intra-day Payment Standing Instruction maintenance, Nominee Payment (Evening) Standing Instruction maintenance, CCMS cash transfer and stock collateral maintenance services and Tender Instructions, subscription, election, voting, Corporate Representative/Proxy instructions maintenance functions and CA ISO Message Service maintenance functions

Deadline for inputting subscription instructions where the deadline for subscription imposed by the relevant Issuer falls on the next Business Day at or before 12:00 noon

Ninth batch of scrip entitlement distribution

7:15 p.m. (after) Revaluation of General Collateral Inventory and collateralization of day-end Marks, ~~Concentration Collateral~~ and day-end Margin

7:30 p.m. Close of ATI/STI maintenance and SI upload functions

Online services through RMS close

7:45 p.m. Close of Mass ATI/STI maintenance function

8:00 p.m. Final batch of scrip entitlement distribution-

Close of all enquiries, except for CCMS enquiry and Enquire Broadcast Message functions

Close of ATI/STI upload functions

8:00 p.m. (after) Second batch of PCS in respect of Exchange Trades effected on or reported to the Exchange and Clearing Agency Transactions concluded on current day

available to Clearing Participants and Clearing Agency Participants-

Final STI Batch-run (for STI Transfers to be effected on FOP basis only)

8:30 p.m. Second TSF Share Earmarking Process

Electronic Application Instructions for New Issue Shares maintenance and CCMS enquiry functions close

8:30 p.m. (around) Generation of DDIs, DCIs and EPIs by HKSCC for settlement on the next Business Day

9:30 p.m. Report retrieval and Enquire Broadcast Message functions through CCASS Terminal and Participant Gateway close

12:00 a.m. Report retrieval through RMS close

Notes :

- (i) Deposit and withdrawal services for Eligible Securities subject to book-close dates will be closed at 12:00 noon and 2:00 p.m. respectively on the last Business Day before the relevant book-close dates (where no book-close date is announced, HKSCC shall by broadcast message announce the cut-off time for deposit and withdrawal services with respect to the relevant Eligible Securities). Deposit and withdrawal services for eligible Debt Securities subject to CCASS Record Dates will be closed at 12:00 noon and 2:00 p.m. respectively on the relevant CCASS Record Date.
- (ii) Report retrieval functions through CCASS Terminal and Participant Gateway are available on Saturdays (except public holidays).
- (iii) The schedule set out above is indicative only.
- (iv) On each Settlement Day, the final Batch-settlement-run will include the following processes:
 - final Batch-settlement-run - Part 1
 - CSB run
 - 1st Auto-return run - for recalled CSB loans
 - final Batch-settlement-run - Part 2
 - 2nd Auto-return run - for all other CSB loans
 - settlement of TSF Final FX Position by the Evening FX Settlement Time

The final Batch-settlement-run - Part 1 will determine all unsettled due/overdue CNS long positions. The CSB run will determine the aggregate of the total quantity of unsettled due/overdue CNS long positions and the total quantity of Eligible Securities in respect of which notices of recall have been served (rounded up to a multiple of board lot) for each Eligible Security and will automatically generate compulsory borrowing request(s) for each Eligible Security for matching with Eligible Securities credited to Stock Lending Accounts in accordance with Section 10.7.

The borrowed securities will be credited to HKSCC's Stock Account and will be used in the following order:

- (a) to settle outstanding Compulsory Stock Borrowing Transactions in respect of which a notice of recall has been served by the Lenders via the 1st Auto-return run;
- (b) to settle the unsettled CNS long positions via the final Batch-settlement-run - Part 2; and
- (c) to settle outstanding Compulsory Stock Borrowing Transactions in respect of which no notice of recall has been served by the Lender, but in respect of which HKSCC has elected to exercise its right of termination under the Compulsory Stock Borrowing and Lending Regulations via the 2nd Auto-return run.

The settlement of TSF Final FX Position by the Evening FX Settlement Time will follow the procedures set forth in Section 12A.4.4.

- (v) Electronic Application Instructions for New Issue Shares and Tender Instructions maintenance functions and enquiry and report retrieval functions are available on Saturdays from 8:00 a.m. to 1:00 p.m.
- (vi) First session of CCASS-To-CCMS stock transfer maintenance and CCMS-To-CCASS stock transfer maintenance closes at 3:45 p.m. and the second session commences at approximately 4:00 p.m. and closes at 7:00 p.m.
- (vii) Three batches of scrip entitlement distribution take place on Saturdays (except public holidays) at 9:45 a.m., 11:30 a.m. and 1:00 p.m. respectively.

6.2.2 Daily Processing and Service Schedule in relation to China Connect Securities

Time	CCASS <u>(including RMS)</u> events
7:00 a.m.	Revaluation of General Collateral Inventory <u>Commencement of RMS for retrieval of reports and data files</u>
7:15 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable: <ul style="list-style-type: none"> (i) clearing services (ATI/STI and SI maintenance and upload functions); and (ii) clearing and settlement services enquiry functions, Enquire Broadcast Message function and report retrieval functions. All previous day's reports are available for retrieval
7:30 a.m. (around)	First batch of scrip entitlement distribution for both SSE Market and SZSE Market
8:00 a.m.	Commencement of the following services and functions through CCASS Terminal and Participant Gateway where applicable: <ul style="list-style-type: none"> (i) Mass ATI/STI maintenance function; (ii) Intra-day Payment Standing Instruction (only applicable to nominee payment), Cash Prepayment Standing Instruction and Nominee Payment (Evening) Standing Instruction maintenance functions; and (iii) subscription (except for the acceptance of Take-over Offer of listed securities), election, voting instructions, Shareholding Category

Time	CCASS <u>(including RMS)</u> events
	Disclosure and Proxy instruction maintenance functions.
	Generation of CPIs by HKSCC (in respect of money obligations arising from CNS stock positions settled on previous Mainland Business Day) for same day settlement
	First STI Batch-run
8:15 a.m.	Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCCCPs for pre-trade checking in the trading sessions for trading China Connect Securities between the time of such snapshot and the time of the next snapshot
9:15 a.m.	Second STI Batch-run (excluding Special Segregated Accounts)
10:00 a.m.	Third STI Batch-run (excluding Special Segregated Accounts)
11:45 a.m.	First SI matching
12:00 noon	Deadline for inputting election instructions, where the deadline prescribed by HKSCC for inputting such instructions falls on such day
12:45 p.m.	Fourth STI Batch-run (excluding Special Segregated Accounts)
1:00 p.m. (after)	First batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
1:15 p.m.	Deadline for inputting Intra-day Payment Standing Instructions (only applicable to nominee payment) in order to have such instructions effected on the same day
1:45 p.m.	Second SI matching
2:00 p.m.	Deadline for submitting the following instructions in relation to the Collateral provided for the early release of Securities-on-hold, in order to have such instructions effected on the same Settlement Day: <ul style="list-style-type: none"> (i) standing instructions to request HKSCC not to redeliver the Collateral or instructions to cancel such standing instructions; and (ii) withdrawal instructions to request HKSCC to redeliver all or any of the Collateral.
2:30 p.m. (around)	Generation of Intra-day Payment Instructions (only applicable to nominee payment) by HKSCC
3:00 p.m.	Third SI matching
	Close of Cash Prepayment Standing Instruction maintenance function
3:30 p.m.	Fifth STI Batch-run (excluding Special Segregated Accounts)
	Deadline for inputting Nominee Payment (Evening) Standing Instruction in order to have the evening distribution of nominee payment to start on the same day, subject to acceptance of the Nominee Payment (Evening) Standing Instruction by HKSCC

Time	CCASS <u>(including RMS)</u> events
3:45 p.m. (around)	Second batch of Corporate Announcement Master Data File and Corporate Announcement Maintenance Activities Report available
4:00 p.m. (after)	Final Clearing Statement or FCS in respect of China Connect Securities Trades effected via a Trading Link available to China Connect Clearing Participants Commencement of Cash Prepayment Instruction Maintenance and DI input functions Application for the early release of Securities-on-hold available
4:05 p.m. (around)	Generation of EPIs by HKSCC for same day settlement
4:15 p.m.	Deadline for inputting voting instructions, Proxy instructions and Shareholding Category Disclosure where the deadline prescribed by HKSCC for inputting such instructions falls on such day
4:45 p.m.	Fourth SI matching First Batch-settlement-run
5:00 p.m.	Fifth SI matching Sixth STI Batch-run (for STI Transfers on FOP basis only and excluding STI Transfers from Special Segregated Accounts)
5:30 p.m.	Sixth SI matching Second Batch-settlement-run Seventh STI Batch-run (for STI Transfers on FOP basis only) Deadline for inputting DI for settlement of SI stock positions in Eligible Currencies other than RMB on RDP basis Deadline for inputting Cash Prepayment Instructions with “CHATS” selected as the payment method Deadline for submitting an application for the early release of Securities-on-hold and transferring same day available funds as Collateral for the early release to HKSCC’s specified bank account
5:45 p.m. (around)	Reconciliation of China Connect Securities Trades with the relevant China Connect Clearing House
6:00 p.m.	Deadline for inputting Cash Prepayment Instructions with “OTHERS” selected as the payment method
6:00 p.m. (around)	Second batch of scrip entitlement distribution for SSE Market
6:15 p.m. (around)	Third batch of Corporate Announcement Master Data File and Corporate

Time	CCASS <u>(including RMS)</u> events
	Announcement Maintenance Activities Report available
	Seventh SI matching
	Eighth STI Batch-run (for STI Transfers on FOP basis only)
	Third Batch-settlement-run
7:00 p.m.	Close of Intra-day Payment Standing Instruction maintenance (only applicable to nominee payment), election, voting, Shareholding Category Disclosure and Proxy instructions maintenance functions
	Close of ATI/STI maintenance and upload functions
	Third batch of scrip entitlement distribution for SSE Market
7:00 p.m. (around)	Eighth SI matching
	Fourth Batch-settlement-run
	Deadline for inputting DI for settlement of SI stock positions in RMB on RDP basis and CNS stock positions
	Commencement of SPSA Delivery Failure maintenance function and subscription instructions maintenance function (for all announcement types)
	Second session of ATI/STI maintenance/upload services commence
	Ninth STI Batch-run (for STI Transfers on FOP basis only)
7:00 p.m. (after)	Calculation of Mainland Settlement Deposit
7:30 p.m.	Close of SI upload function
	Tenth STI Batch-run (for STI Transfers on FOP basis only)
7:45 p.m.	Close of SI maintenance function, DI input function (for settlement of SI stock positions only), Mass ATI/STI maintenance function, SPSA Delivery Failure maintenance function and subscription instructions maintenance function
	Final SI matching
	Final Batch-settlement-run (for settlement of SI stock positions on DVP and FOP basis only)
8:00 p.m.	Final STI Batch-run (for STI Transfers on FOP basis only)
	Close of all enquiries, except for CCMS enquiry, Enquire Sellable Balance Adjustment Request and Enquire Broadcast Message functions
	Close of ATI/STI maintenance and upload functions

Time	CCASS <u>(including RMS)</u> events
8:00 p.m. (after)	Second batch of scrip entitlement distribution for SZSE Market
8:05 p.m. (around)	Generation of EPIs by HKSCC for same day Night Settlement
8:30 p.m.	Close of CCMS enquiry function
	Final batch of scrip entitlement distribution for SSE Market
	Third batch of scrip entitlement distribution for SZSE Market
8:30 p.m. (around)	Generation of DDIs, DCIs and EPIs by HKSCC for settlement on the next Business Day
9:00 p.m.	Close of Enquire Sellable Balance Adjustment Request function
	Final batch of scrip entitlement distribution for SZSE Market
9:30 p.m.	Report retrieval and Enquire Broadcast Message functions <u>through CCASS Terminal and Participant Gateway</u> close
9:30 p.m. (after)	Snapshot taking of total sellable balance of China Connect Securities of China Connect Clearing Participants and their NCCCPs for pre-trade checking
<u>12:00 a.m.</u>	<u>Report retrieval through RMS close</u>

Notes:

- (i) Report retrieval functions through CCASS Terminal and Participant Gateway are available on Saturdays (except public holidays).
- (ii) The schedule set out above is indicative only.
- (iii) Final Clearing Statement or FCS availability to China Connect Clearing Participants is subject to HKSCC's timely receipt of clearing information from the relevant China Connect Clearing House.
- (iv) The commencement of the fourth Batch-settlement-run is subject to HKSCC's timely receipt of settlement information from the relevant China Connect Clearing House.

Section 10

Exchange Trades - CNS System

10.10 RISK MANAGEMENT: MARKS

10.10.1 General

As settlement counterparty to Participants under the CNS System, HKSCC is exposed to market risks as a result of unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System. In this Section 10.10, any unsettled stock positions in Eligible Securities under the CNS System are referred to as “CNS stock positions”.

To monitor and control such risk exposure, HKSCC will Mark-to-market the CNS stock positions of Participants and collect Marks from Participants. In respect of the CNS stock positions in any Eligible Security, HKSCC will compute Marks in accordance with the provisions of this Section 10.10 in the Eligible Currency in which that Eligible Security is traded.

HKSCC will collect Marks from the Participant in Hong Kong dollar ~~the same Eligible Currency~~ unless the Participant has maintained a Preferred Single Settlement Currency in another currency or unless the Marks are to be collected from a Clearing Agency Participant.

Where the Eligible Currency in which an Eligible Security is traded is not Hong Kong dollar, HKSCC will convert Marks in the Eligible Currency to Hong Kong dollar at such exchange rate and subject to such haircut as determined by HKSCC from time to time. Where the Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will further convert Marks from Hong Kong dollar calculated and denominated in its original Eligible Currency to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Marks from the Participant in the Preferred Single Settlement Currency. ~~Unless HKSCC otherwise agrees, the Participant shall pay Marks to HKSCC in the Preferred Single Settlement Currency.~~ Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Where the Participant is a Clearing Agency Participant which is a China Connect Clearing House, Marks will be computed and collected from or redelivered to such Participant separately in respect of each of its designated Special Participants with reference to the CNS stock positions arising from Exchange Trades executed by such Special Participant, and references to the CNS stock positions of a Participant in this Section 10.10 shall be construed accordingly for such Clearing Agency Participant. HKSCC will convert the Marks to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time and collect the Marks from the Clearing Agency Participant in Renminbi. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Marks to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks in any Eligible Currency.

Mark-to-market of a CNS stock position involves the evaluation of the risk exposure of a Participant to HKSCC relating to the CNS stock position by reference to the extent to which the Mark-to-market value of the CNS stock position has moved against the value originally agreed in respect of such CNS stock position.

Under the Rules, HKSCC has the right to collect Marks from Participants in respect of all CNS stock positions, whether or not due for settlement and whether or not such CNS stock positions may be subsequently amended or excluded or not accepted for settlement under the CNS System in accordance with the Rules.

Marks will normally be collected in the form of cash. HKSCC may in exceptional cases collect Marks in the form of Collateral Securities acceptable to it.

This Section 10.10 describes the extent to and the manner in which Marks from Participants will be collected and redelivered by HKSCC.

The provisions of this Section 10.10 shall also be applicable, in so far as they are relevant to risk management measures detailed in Section 12.2.9(i), in respect of Clearing Agency Transactions.

10.10.2 Various terms explained

For the purpose of this Section, the term "Favourable Marks" refers to Marks computed by the Mark-to-market of a CNS stock position which are favourable to a Participant and the term "Unfavourable Marks" has the opposite meaning.

~~A "pending CNS stock position" refers to an unsettled CNS stock position of a Participant which is not yet due for settlement and an "overdue CNS stock position" refers to a CNS stock position of a Participant which is due for settlement but not yet settled.~~

A "day-end Marks position", in relation to the calculation and collection of day-end Marks, comprises the following stock positions of a Participant:

- (i) "pending CNS stock positions", which are the unsettled CNS stock positions of the Participant which are not yet due for settlement.

Under a T+2 settlement system, pending CNS stock positions of a Participant on a Business Day will be derived from Exchange Trades which were effected by the Participant and, in the case of a GCP or a Clearing Agency Participant, will include Exchange Trades effected by each NCP or Special Participant with which such GCP or Clearing Agency Participant has entered into a Clearing Agreement, on that Business Day ("Current Day") and the immediately preceding Business Day ("Previous Day") and which had been accepted by HKSCC for settlement under the CNS System. Such pending CNS stock positions on the Current Day and Previous Day shall be referred to in this Section 10.10.2 as "Current Day positions" and "Previous Day positions" respectively. Unless otherwise stated, "pending CNS stock positions" in this Section 10.10.2 cover both Current Day positions and Previous Day positions;

- (ii) "overdue CNS stock positions", which are the CNS stock positions of the Participant which are due for settlement but not yet settled; and

- (iii) "corporate action entitlement positions", which are the stock positions to which the Participant is entitled under CCASS, as determined by HKSCC based on the holding of that Participant in the relevant Eligible Securities as at the date by reference to which the entitlement is determined.

An "intra-day Marks position", in relation to the calculation and collection of intra-day Marks, may comprise any of the following stock positions of a Participant which are not covered by cash prepayment or credit from settlement activities:

- (i) pending CNS stock positions, as referred to in this Section 10.10.2;
- (ii) overdue CNS stock positions, as referred to in this Section 10.10.2;
- (iii) corporate action entitlement positions, as referred to in this Section 10.10.2; and
- (iv) Allocated Positions.

~~The “Settlement Cap” of a Clearing Participant that is a licensed corporation licensed to carry on Type 1 regulated activity under the Securities and Futures Ordinance, which is used by HKSCC to determine how Marks are to be collected on the pending CNS stock positions of a Clearing Participant, is a multiple of the liquid capital of a Clearing Participant determined in accordance with the Financial Resources Rules made under Section 145 of the Securities and Futures Ordinance (or where applicable, its apportioned liquid capital as notified to HKSCC under Section 19.2.5 of these Operational Procedures). The “Settlement Cap” of a GCP which is a registered institution registered to carry on Type 1 regulated activity is a multiple of the liquid capital assigned by HKSCC from time to time for the sole purpose of computing such “Settlement Cap”. The “Settlement Cap” of a Clearing Agency Participant which clears for a Special Participant is a multiple of the liquid capital assigned by HKSCC from time to time defined by reference to the financial information provided by the Clearing Agency Participant. The value of the multiple will be determined by HKSCC and may be subject to review from time to time.~~

10.10.3 Computation of Marks

The value of the Mark on a CNS stock position of a Participant is the difference between:

- (i) the money position of that CNS stock position (see Section 10.5.2); and
- (ii) the prevailing market value of such CNS stock position (as determined by HKSCC).

The Marks on CNS stock positions of any Eligible Security will first be calculated and denominated in the Eligible Currency in which the Eligible Security is traded. Favourable Marks and Unfavourable Marks in the same Eligible Currency will offset against one another to arrive at the Favourable Marks or Unfavourable Marks in that Eligible Currency.

Favourable Marks or Unfavourable Marks in an Eligible Currency will then be offset against the Unfavourable Marks or Favourable Marks, as the case may be, in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on the CNS stock positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. ~~After cross-currency offset, any remaining Net Favourable Marks or Net Unfavourable Marks will be re-converted back to the original Eligible Currency immediately prior to the cross-currency offset at the same exchange rate and subject to the same haircut rate.~~

Where a Participant has provided the relevant quantity of Collateral Security to cover a part or the whole of a short CNS stock position not due for settlement to HKSCC pursuant to Rule 3601, the short CNS stock position covered by the Collateral Security will be waived from computation of Marks. HKSCC has absolute right to use such Collateral Security to settle the covered portion of the short CNS stock position on or before its Settlement Day.

Where a Participant has provided the relevant amount of Specific Cash Collateral to cover the corresponding money position of a part or the whole of a long CNS stock position not due for settlement to HKSCC pursuant to Rule 3601, the long CNS stock position covered by the Specific Cash Collateral will be waived from computation of Marks ~~and Concentration Collateral~~. HKSCC has absolute right to use such Specific Cash Collateral to settle the money position of the covered portion of the long CNS stock position on or before its Settlement Day.

10.10.3A Marks on day-end Marks position

In relation to the calculation and collection of day-end Marks on day-end Marks positions, Favourable Marks and Unfavourable Marks on such positions in the same Eligible Currency will be offset against each other to arrive at the Net Favourable Marks or Net Unfavourable Marks in that Eligible Currency.

Net Favourable Marks or Net Unfavourable Marks in an Eligible Currency will then be offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on day-end Marks positions in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on such day-end Marks positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. After cross-currency offset, any resulting Net Unfavourable Marks will be collected by HKSCC as day-end Marks from the Participant at day end. The Net Favourable Marks on day-end Marks positions will be used to offset the day-end Margin, if any, of the Participant.

Net Favourable Marks on day-end Marks positions resulting from the computation of day-end Marks, if any, will not be paid to the Participant by HKSCC.

10.10.3B Marks on intra-day Marks positions

In relation to the calculation and collection of intra-day Marks on intra-day Marks positions, Favourable Marks and Unfavourable Marks on such positions in the same Eligible Currency will be offset against each other to arrive at the Net Favourable Marks or Net Unfavourable Marks in that Eligible Currency.

Net Favourable Marks or Net Unfavourable Marks in an Eligible Currency will then be offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on intra-day Marks positions in other Eligible Currencies in the sequence as HKSCC considers appropriate to arrive at the Net Favourable Marks or Net Unfavourable Marks on such intra-day Marks positions. For the purpose of performing such cross-currency offset, Favourable Marks and Unfavourable Marks in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. After cross-currency offset, any resulting Net Unfavourable Marks will be collected by HKSCC as intra-day Marks from the Participant by the time prescribed by HKSCC.

Net Favourable Marks on intra-day Marks positions resulting from the computation of intra-day Marks, if any, will not be paid to the Participant by HKSCC.

10.10.4 [Repealed] Example (Computation of Marks)

CNS stock position	CNS money position (HK\$)	Mark-to-market unit value— (HK\$)	Market value— (HK\$)	Marks (HK\$)
1. —100(short)	+100	1.1	-110	-10(U)
2. +200(long)	-220	1.2	+240	+20(F)
				+10(F)
	(US\$)	(US\$)	(US\$)	(US\$)
3. —200(short)	+200	1.2	-240	-40(U)
4. +100(long)	-100	1.1	+110	+10(F)
				-30(U)

Conversion of Unfavourable Marks in US dollar to Hong Kong dollar equivalent:

-US\$30(U) = -HK\$235.17(U) at the exchange rate USD1=HKD7.8 and haircut rate 0.5%

-

Cross-currency offset of the Unfavourable Marks in Hong Kong dollar equivalent:

$$\text{—HK\$235.17(U) + HK\$10(F) = HK\$225.17(U)}$$

Re-conversion of remaining Unfavourable Marks in Hong Kong dollar equivalent back to US dollar:

$$\text{—HK\$225.17(U) = US\$28.72(U) at the exchange rate USD1=HKD7.8 and haircut rate 0.5\%}$$

U = Unfavourable Marks

F = Favourable Marks

10.10.5 **[Repealed] Marks on overdue CNS stock positions**

~~In respect of the overdue CNS stock positions of a Participant, the Favourable Marks and the Unfavourable Marks on such overdue CNS stock positions in the same Eligible Currency will be offset against each other to arrive at the Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions in that Eligible Currency.~~

~~The Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions in an Eligible Currency will offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on overdue CNS stock positions in other Eligible Currencies to arrive at the Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions. For details of the cross-currency offset and re-conversion back to the original Eligible Currency after the cross-currency offset, reference should be made to Section 10.10.3. HKSCC will collect the Net Unfavourable Marks on overdue CNS stock positions after cross-currency offset from the Participant at day end. Such Net Unfavourable Marks will be collected as day end Marks on a daily basis. The Net Favourable Marks on overdue CNS stock positions will be used to offset day end Margin, if any, of the Participant in accordance with the provisions in Section 10.10A.2.~~

~~In respect of the collection of intra-day Marks, the Net Favourable Marks and/or Net Unfavourable Marks, as the case may be, on overdue CNS stock positions in different Eligible Currencies will be subject to further offset as follows—(i) the Net Unfavourable Marks on overdue CNS stock positions in an Eligible Currency will further offset against the Net Favourable Marks on Uncovered Allocated Positions in the same Eligible Currency of the Participant or (ii) the Net Favourable Marks on overdue CNS stock positions in an Eligible Currency will offset against the Net Unfavourable Marks on Uncovered Allocated Positions in the same Eligible Currency of the Participant, as the case may be, to arrive at the Net Favourable Marks or the Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions in that Eligible Currency.~~

~~Such Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions in an Eligible Currency will offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, on overdue CNS stock positions and Uncovered Allocated Positions in other Eligible Currencies to arrive at the Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions. For details of the cross-currency offset and re-conversion back to the original Eligible Currency after the cross-currency offset, reference should be made to Section 10.10.3. After such cross-currency offset and re-conversion, any Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions will be collected daily from the Participant by HKSCC as intra-day Marks as a matter of course.~~

~~Net Favourable Marks on overdue CNS stock positions resulted from the computation of day end Marks and Net Favourable Marks on overdue CNS stock position and Uncovered Allocated Positions resulted from the computation of intra-day Marks, if any, will not be paid to the Participant by HKSCC.~~

10.10.6 **[Repealed] Examples (Marks on overdue stock positions)**

~~10.10.7 [Repealed] Marks on pending CNS stock positions~~

~~Under a T+2 settlement system, pending CNS stock positions of a Participant on a Business Day will derive from the Exchange Trades effected by the Participant and, in the case of a GCP or a Clearing Agency Participant, including the Exchange Trades effected by each NCP with which the GCP has entered into a Clearing Agreement or by each Special Participant with which the Clearing Agency Participant has entered into a Clearing Agreement, on that Business Day and the immediately preceding Business Day.~~

~~In respect of the pending CNS stock positions in Eligible Securities traded in the same Eligible Currency, (i) Favourable Marks and Unfavourable Marks on Current Day Positions will be calculated and offset against each other to arrive at a Net Favourable Marks or Net Unfavourable Marks; and (ii) Favourable Marks and Unfavourable Marks on Previous Day positions will be calculated and offset against each other to arrive at a Net Favourable Marks or Net Unfavourable Marks. The Net Favourable Marks or Unfavourable Marks on Current Day positions will offset against the Net Unfavourable Marks or Net Favourable Marks on Previous Day positions to arrive at the Net Favourable Marks or Net Unfavourable Marks on pending CNS stock positions in that Eligible Currency. For the avoidance of doubt, there will be a Net Favourable Marks or Net Unfavourable Marks in each Eligible Currency.~~

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The manner in which HKSCC will collect the Net Unfavourable Marks, if any, on pending CNS stock positions of a Participant will depend on whether or not the net value (in Hong Kong dollar or Hong Kong dollar equivalent) of the CNS stock positions of a Participant, including pending CNS stock positions and overdue CNS stock positions, of the Participant exceeds the Settlement Cap applicable to the Participant. For the purpose of calculating the net value of the CNS stock positions, if the value of any CNS stock positions is in a currency other than Hong Kong dollar, it will be converted to Hong Kong dollar equivalent subject to haircut. The conversion shall be at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time.

The following principles will generally be applied by HKSCC:

- (i) if the net value (in Hong Kong dollars or Hong Kong dollar equivalent) of the CNS stock positions of a Participant exceeds or equals to its Settlement Cap, HKSCC will collect from the Participant the Net Unfavourable Marks (if any) on all pending CNS stock positions of the Participant;
- (ii) if the net value (in Hong Kong dollars or Hong Kong dollar equivalent) of the CNS stock positions of a Participant is below its Settlement Cap, HKSCC will collect from the Participant the Net Unfavourable Marks (if any) on all pending CNS stock positions of the Participant, to the extent that such Net Unfavourable Marks exceeds the internal "credit limit" determined by HKSCC for the Participant from time to time. In the case of a Participant having Net Unfavourable Marks on pending CNS stock positions, in more than one Eligible Currency, the "credit limit" will be applied against such Net Unfavourable Marks in different Eligible Currencies on a pro-rata basis with reference to the respective amounts (in Hong Kong dollars or Hong Kong dollar equivalent) of such Net Unfavourable Marks.

The Net Favourable Marks, if any, on pending CNS stock positions of a Participant will not be paid to the Participant by HKSCC. Such Net Favourable Marks will be used to offset Margin, if any, of the Participant in accordance with the provisions in Section 10.10A.2.

10.10.8A ~~[Repealed] Marks on Uncovered Allocated Positions~~

~~Sections 10.10.8A and 10.10.8B apply to the calculation and collection of intra-day Marks. Currently, intra-day Marks are calculated by HKSCC at 11:00 a.m. on each Business Day in respect of overdue CNS stock positions and pending CNS stock positions of a Participant. HKSCC may be exposed to market risks in respect of Eligible Securities allocated to a Participant because payment of the relevant DDIs will not be confirmed until the end of the day on which the Eligible Securities are allocated to the Participant, unless the corresponding money obligations are covered by cash prepayment or the relevant Margin amount or the relevant amount of Specific Cash Collateral referred to Section 10.12.4A. To control such risk exposure, HKSCC will collect intra-day Marks on the Uncovered Allocated Positions of a Participant in the manner set out below.~~

~~The following principles, with reference to Marks calculated and denominated in each Eligible Currency, will generally be applied by HKSCC:~~

- ~~(i) Favourable Marks and Unfavourable Marks on allocated positions will be calculated and offset against one another to arrive at the Net Favourable Marks or Net Unfavourable Marks on the total allocated positions in that Eligible Currency;~~
- ~~(ii) the Net Favourable Marks or Net Unfavourable Marks on Uncovered Allocated Positions will be computed according to the formula below:~~

Net Favourable Marks or Net Unfavourable Marks on the total allocated positions	X	Net Settlement amount due to HKSCC not covered by cash prepayment or the relevant Margin amount or the relevant amount of Specific Cash Collateral referred to in Section 10.12.4A
		<hr/>
		Total CNS money positions of all the allocated positions

;
and

- (iii) ~~the Net Unfavourable Marks on Uncovered Allocated Positions will offset against the Net Favourable Marks on overdue CNS stock positions, whereas the Net Favourable Marks on Uncovered Allocated Positions will offset against the Net Unfavourable Marks on overdue CNS stock positions. This will arrive at the Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions in an Eligible Currency, as referred to in Section 10.10.5.~~

~~The Net Favourable Marks or Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Positions in an Eligible Currency will offset against the Net Unfavourable Marks or Net Favourable Marks, as the case may be, in other Eligible Currencies. The Net Unfavourable Marks on overdue CNS stock positions and Uncovered Allocated Position, if any, arrived at after such cross-currency offset will be collected from the Participant. For details of the cross-currency offset and re-conversion after the cross-currency offset, reference should be made to Section 10.10.3.~~

10.10.8B ~~[Repealed]~~ Example (Marks on Uncovered Allocated Positions)

CNS — stock position	CNS — money position (HK\$)—	Mark-to-market— unit value (HK\$)	Market— Value (HK\$)	Marks (HK\$)
1. —100(short)	+100	1.1	-110	-10(U)
2. —+200(long)—	-300	1.2	+240	-60(U)
3. —+300(long)	-350	1.3	+390	+40(F)

~~U = Unfavourable Marks—~~

~~F = Favourable Marks~~

~~Assumptions:~~

~~— HKSCC has allocated securities to settle all long CNS stock positions.~~

~~— Clearing Participant has delivered securities to settle all short CNS stock positions.~~

~~Cash prepayment made = HK\$150~~

~~Total CNS money positions of all allocated positions = HK\$300 — HK\$350 = HK\$650~~

~~Net settlement amount due to HKSCC not covered by cash prepayment~~

~~= +HK\$150 + HK\$100 — HK\$300 — HK\$350 = HK\$400~~

~~Net Marks on total allocated positions = —HK\$60 + HK\$40 = HK\$20(U)~~

~~Net Marks on Uncovered Allocated Positions:~~

~~= —HK\$20 x (—HK\$400/—HK\$650)~~

~~= HK\$12.31(U)~~

10.10.9 ~~[Repealed]~~ Relevant CCASS reports

~~The following will be made available via CCASS Terminals and Participant Gateways to assist Participants to estimate the Marks payable to HKSCC at any time:~~

- (i) ~~the PCS, which gives information on the pending CNS stock positions of the Participant for the Current Day (as defined in Section 10.10.7);~~

- ~~(ii) the FCS, which gives information on the pending CNS stock positions of the Participant for the Previous Day (as defined in Section 10.10.7);~~
- ~~(iii) the "Enquire Due and Overdue Positions" enquiry function, which gives information on the due and overdue CNS stock positions of the Participant;~~
- ~~(iv) the Intra-Day Marks and Collateral Collection Report, which will be made available each time after intra-day Marks are calculated for collection by HKSCC to provide information on intra-day Marks, Concentration Collateral and details of the computation of intra-day Marks and Concentration Collateral for that day;~~
- ~~(v) the Marks and Collateral Collection Report, which will be made available upon the completion of day-end Marks processing and at the end of each Business Day to provide information on day-end Marks and Concentration Collateral, and details of the computation for that day; and~~
- ~~(vi) the NCP Marks Projection Report, which will be made available to a GCP or a Clearing Agency Participant upon the completion of intra-day Marks processing and at the end of each Business Day to provide information on estimated intra-day Marks and day-end Marks on pending CNS stock positions of NCPs of the GCP or of Special Participants of the Clearing Agency Participant, and details of the computation for that day. For the avoidance of doubt, the Marks obligations of such GCP or Clearing Agency Participant may not necessarily equal to the sum of the estimated Marks on CNS stock positions of its NCPs or Special Participants.~~

10.10.11 Collection of Marks ~~and Concentration Collateral~~

~~The details of the computation of Concentration Collateral are set out in Sections 10.11.3A and 10.11.3B.~~

(i) Clearing Participants

Marks ~~and Concentration Collateral~~ to be requested from a Clearing Participant on each Business Day will be collateralized against the value (or the Discounted Market Value, if applicable) of the General Collateral Inventory in the CCMS House Collateral Account of the Clearing Participant. For details of the collateralization process, reference should be made to Section 10.15.3.

(ii) Clearing Agency Participants

In respect of CNS stock positions arising from Exchange Trades executed by each designated Special Participant of a Clearing Agency Participant, HKSCC will convert the Marks ~~and Concentration Collateral~~ to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Marks ~~and Concentration Collateral~~ to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks ~~and Concentration Collateral~~ in any Eligible Currency.

Unless otherwise agreed by HKSCC, any shortfall in day-end Marks ~~and Concentration Collateral~~ required from a Clearing Agency Participant in respect of a designated Special Participant, as determined by HKSCC, will be debited to the Miscellaneous Account allocated to the Clearing Agency Participant in respect of the designated Special Participant and will be collected from such Clearing Agency Participant on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner

determined by HKSCC from time to time. In general, any surplus cash collateral over Marks ~~and Concentration Collateral~~ in the CCMS House Collateral Account allocated to a Clearing Agency Participant in respect of a designated Special Participant will be automatically redelivered to the Clearing Agency Participant in respect of such designated Special Participant on the Business Day following T-day by HKSCC issuing DCIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Notwithstanding the foregoing, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

If there is any shortfall in Marks ~~and Concentration Collateral~~ after the collateralization, HKSCC will collect the shortfall in ~~Hong Kong dollar the currency in which the Marks and Concentration Collateral are calculated and denominated~~ unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert the shortfall to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and HKSCC will collect the shortfall in Marks ~~and Concentration Collateral~~ in the Preferred Single Settlement Currency. ~~Unless HKSCC otherwise agrees, the Clearing Participant shall pay the shortfall to HKSCC in the Preferred Single Settlement Currency.~~ Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Marks ~~and Concentration Collateral~~ in any Eligible Currency.

Unless otherwise agreed by HKSCC, any shortfall in Marks ~~and Concentration Collateral~~ required, as determined by HKSCC, will be debited to the ~~Overdue Position Marks Account or the Marks and Margin and Pending Marks Account (as the case may be)~~ of a Clearing Participant and will be collected from the Clearing Participant on a daily basis by HKSCC via CPIs or by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Subject to the determination of HKSCC, any surplus cash collateral over Marks and ~~Margin Concentration Collateral~~ in the CCMS House Collateral Account will not be automatically redelivered at the end of the day and HKSCC reserves the right to redeliver surplus cash collateral at any time it considers appropriate. HKSCC may redeliver such surplus to the Clearing Participant upon redelivery instruction from the Clearing Participant given to HKSCC ~~in such form using the prescribed by HKSCC form set out in the CCASS Terminal User Guide for Participants~~, and the redelivery will be made in such manner and at such time as prescribed by HKSCC from time to time.

10.10A RISK MANAGEMENT: MARGIN

10.10A.1 General

As settlement counterparty to Participants under the CNS System, HKSCC is exposed to market risks as a result of potential unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System. In this Section 10.10A, any unsettled stock positions in Eligible Securities under the CNS System are referred to as “CNS stock positions”.

To monitor and control such risk exposure, HKSCC will compute Margin on the CNS stock positions of Participants and collect Margin from Participants. In respect of the CNS stock positions in any Eligible Security, HKSCC will compute Margin in accordance with the provisions of this Section 10.10A in the Eligible Currency in which that Eligible Security is traded.

(i) Clearing Participants

HKSCC will collect Margin from the Clearing Participant in ~~Hong Kong dollar the same Eligible Currency~~ unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar.

(ii) Clearing Agency Participants

Where the Participant is a Clearing Agency Participant which is a China Connect Clearing House, Margin will be computed and collected from or redelivered to such Participant separately in respect of each of its designated Special Participants with reference to the CNS stock positions arising from Exchange Trades executed by such Special Participant, and references to the CNS stock positions of a Participant in this Section 10.10A shall be construed accordingly for such Clearing Agency Participant. HKSCC will convert the Margin to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time and collect the Margin from the Clearing Agency Participant in Renminbi. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Margin to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency.

Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert Margin calculated ~~and denominated in Hong Kong dollar~~ —its original Eligible Currency— to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Margin from the Clearing Participant in the Preferred Single Settlement Currency. ~~Unless HKSCC otherwise agrees, the Clearing Participant shall pay Margin to HKSCC in the Preferred Single Settlement Currency.~~ Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency.

The computation of Margin on a CNS stock position involves the estimation of the risk exposure of a Participant to HKSCC relating to the CNS stock position by reference to the estimated future market movement against the Mark-to-market value of such CNS stock position.

Under the Rules, HKSCC has the right to collect Margin from Participants in respect of all CNS stock positions, whether or not due for settlement and whether or not such CNS stock positions may be subsequently amended or excluded or not accepted for settlement under the CNS System in accordance with the Rules.

Margin will normally be collected in the form of cash. HKSCC may in exceptional cases collect Margin in the form of Collateral Securities acceptable to it.

This Section 10.10A describes the extent to and the manner in which Margin from Participants will be collected and redelivered by HKSCC.

The provisions of this Section 10.10A shall also be applicable, in so far as they are relevant to risk management measures detailed in Section 12.2.9(i), in respect of Clearing Agency Transactions.

10.10A.2 Computation of Margin

(i) Margin requirement

The Margin requirement on CNS stock positions of a Participant will be computed in accordance with using the formula below methodology referred to in the Initial Margin Calculation Guide.

$$\begin{array}{ccccccc} \text{Margining} & \times & \text{Margin} & \times & \text{Margin} & - & \text{Favourable} & - & \text{Margin} & \text{Credit} \\ \text{Position} & & \text{Rate} & & \text{Multiplier} & & \text{Marks} & & \text{(on} & \text{pro-rata} \\ & & & & & & \text{Offset} & & \text{basis)} & \\ \text{Where} & & & & & & & & & \\ \text{Margining} & \times & \text{Margin} & \times & \text{Margin} & - & \text{Favourable} & = & \text{Margin} & \text{calculated} \\ \text{Position} & & \text{Rate} & & \text{Multiplier} & & \text{Marks} & & & \\ & & & & & & \text{Offset} & & & \end{array}$$

and

the Margin calculated will be compared with the Margin Credit (on a pro-rata basis as described in paragraph (vi) below) to arrive at the Margin requirement as below—

- (a) — If the Margin calculated equals to the Margin Credit, there will be no Margin requirement. The Margin Credit will be treated as fully utilized by the Participant.
- (b) — If the Margin calculated is greater than the Margin Credit, the amount of the Margin calculated which exceeds the Margin Credit will be the Margin requirement. The Margin Credit will be treated as fully utilized by the Participant.
- (c) — If the Margin calculated is less than the Margin Credit, there will be no Margin requirement. The Margin calculated will be the amount of Margin Credit utilized by the Participant. For the avoidance of doubt, the unused amount of the Margin Credit will not be paid to the Participant or allowed for use by the Participant for any purpose.

The amount of Margin requirement on CNS stock positions in an Eligible Security is computed and denominated in Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert Margin calculated in Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and collect Margin from the Clearing Participant in the Preferred Single Settlement Currency. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency the Eligible Currency in which the Eligible Security is traded. There will be an amount of Margin requirement in each Eligible Currency.

For the avoidance of doubt, HKSCC has the right to compute Margin requirement using other methods and assumptions as HKSCC may from time to time consider appropriate.

(ii) Marginable Position

Marginable Position refers to the higher of the value of the total cross-day net long CNS stock positions and the total cross-day net short CNS stock positions of the Participant. The value of the total cross-day net long CNS stock positions and the value of the total cross-day net short CNS position are computed by HKSCC by reference to the Mark-to-market value of the relevant CNS

~~stock positions, as determined by HKSCC. CNS stock positions included in the computation of Margin using a hybrid approach or such other methodology as may from time to time be determined by HKSCC and referred to in the Initial Margin Calculation Guide. Marginable Positions can be broadly divided into three categories, which are summarised as follows:~~

- ~~(i) primary tier (Tier P) positions: subject to portfolio margining and minimum margin levels prescribed by HKSCC from time to time;~~
- ~~(ii) non-constituent Tier (Tier N) positions: subject to a flat Margin Rate and margin multipliers prescribed by HKSCC from time to time; and~~
- ~~(iii) corporate action entitlement positions: subject to a flat Margin Rate prescribed by HKSCC from time to time.~~

~~In respect of the methodology of categorisation, please refer to the Initial Margin Calculation Guide.~~

~~For Multi-counter Eligible Securities of the same class of an Issuer are treated as different positions and, the CNS stock positions in such Multi-counter Eligible Securities, though in different stock codes, will not be netted against each other for prior to the determination of the Mark-to-market value of the CNS stock positions as mentioned above.~~

Where a Participant has provided the relevant quantity of Collateral Security to cover a part or the whole of a short CNS stock position not due for settlement to HKSCC pursuant to Rule 3601A, ~~(a) the Mark-to-market value of the cross-day net long CNS stock positions, and hence the Margining Position for computation of Margin, will be reduced by the amount of the CNS money position corresponding to the short CNS stock position covered by the Collateral Security; and (b) the Mark-to-market value of the cross-day net short day-end Marks positions or intra-day Marks positions~~CNS stock positions, and hence the ~~Margining-Marginable~~ Position for computation of Margin, will be reduced by the Mark-to-market value of the short CNS stock position covered by the Collateral Security, as HKSCC considers appropriate. HKSCC has absolute right to use such Collateral Security to settle the covered portion of the short CNS stock position on or before its Settlement Day.

Where a Participant has provided the relevant amount of Specific Cash Collateral to cover the corresponding money position of a part or the whole of a long CNS stock position not due for settlement to HKSCC pursuant to Rule 3601A, the Mark-to-market value of the ~~cross-day net long day-end Marks positions or intra-day Marks positions~~CNS stock position, and hence the ~~Margining-Marginable~~ Position for computation of Margin, will be reduced by the Mark-to-market value of the long CNS stock position covered by the Specific Cash Collateral, as HKSCC considers appropriate. HKSCC has absolute right to use such Specific Cash Collateral to settle the money position of the covered portion of the long CNS stock position on or before its Settlement Day.

(iii) Margin Rate

The ~~flat~~ Margin Rates ~~for Tier N positions and corporate action entitlement positions, which may be different between Clearing Participants and Clearing Agency Participants,~~ will be determined by HKSCC in its absolute discretion from time to time ~~by reference to the historical volatility of the securities market operated by the Exchange and such other matters as HKSCC may consider relevant.~~

(iv) Margin Multiplier

The Margin Multiplier will be defined ~~at individual Participant level and applied to Tier N positions at individual Participant level as HKSCC may consider appropriate.~~ It will be determined by HKSCC in its absolute discretion from time to time by reference to the level of risk exposure of the

individual Participant to HKSCC and such other matters as HKSCC may consider relevant.

(v) Favourable Marks Offset

The Margin amount calculated ~~by way of on (Margining Marginable Position \times Margin Rate \times Margin Multiplier) as above mentioned (the “multiplied amount”) in Hong Kong dollar an Eligible Currency~~ will be offset by the Net Favourable Marks on ~~pending CNS stock positions day-end Marks positions and the Net Favourable Marks on overdue CNS stock positions in the same Eligible Currency.~~ Any Net Favourable Marks remaining after such offset will offset against the multiplied amount in other Eligible Currencies, in the sequence as HKSCC considers appropriate. For the purpose of performing such cross-currency offset, the remaining Net Favourable Marks and the multiplied amount in Eligible Currencies other than Hong Kong dollar will be converted to Hong Kong dollar equivalent at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time for computation. After cross-currency offset, any remaining multiplied amount will be re-converted back to the original Eligible Currency immediately prior to the cross-currency offset at the same exchange rate and subject to the same haircut rate.

(vi) Margin Credit

The Margin Credit is the credit limit allowed to each Clearing Participant and the credit limit will be determined by HKSCC in its absolute discretion from time to time. HKSCC has the right to determine the credit limit on an individual Clearing Participant basis. In general, Margin Credit will be valued in Hong Kong dollar.

In the case where a Clearing Participant has Margining Marginable Position in more than one Eligible Currency, ~~and hence there is~~ Margin will be converted to and calculated in Hong Kong dollar ~~and in different Eligible Currencies, the~~ Margin Credit in Hong Kong dollar will be applied to the ~~such~~ Margin calculated in different Eligible Currencies on a pro-rata basis with reference to the respective value (in Hong Kong dollar or Hong Kong dollar equivalent calculated at the exchange rate determined by HKSCC from time to time) of such Margin calculated.

For the avoidance of doubt, the Margin Credit shall only be utilized for the purpose of reducing the Margin requirement of the Clearing Participant as described in paragraph (i) above. HKSCC will not be required to make any actual payment in respect of the Margin Credit or any part thereof, irrespective of whether it has been utilized or not, to the Clearing Participant at any time, as referred to in Rule 2507A.

Margin Credit is not applicable to Clearing Agency Participants for the purpose of computing their Margin requirement.

(vii) HKSCC's rights

HKSCC reserves the right to use any other formula or adopt any other methodology in computing Margin, and the right to determine the Marginable Position, flat Margin Rates, Margin Multiplier and Margin Credit of a Clearing Participant or a Clearing Agency Participant in any manner. HKSCC will inform Participants of any changes to the Margin formula or methodology, the Margin Multiplier, the flat Margin Rates and the Margin Credit.

Notwithstanding the above, HKSCC may prescribe Margin requirement on a Participant in any amount and manner, and at any time. For the avoidance of doubt, HKSCC may at any time at its absolute discretion require or demand higher Margin from Participants or any individual Participant. The Participants or individual Participant shall pay such higher Margin to HKSCC forthwith on demand.

10.10A.3 ~~[Repealed] Example (Netting of Multi-counter Eligible Securities)~~

~~Assumptions: stock X and stock Y are Multi-counter Eligible Securities of the same class of an Issuer, trading in Hong Kong dollar and Renminbi respectively.~~

In the calculation of Margining Position, the following cross-day net long CNS stock position of stock X and cross-day net short CNS stock position of stock Y will be netted against one another and only the Mark to market value of the netted cross-day CNS stock position of stock Y will be included as part of the Margining Position.

Cross-day net CNS position

Stock	CNS——Stock position—	Money position
X	-6,000(short)	+HK\$96,000
Y	+8,000(long)	-RMB120,000

Netted cross-day CNS stock position:

Stock	CNS——Stock position	Mark-to-market unit value	Mark-to-Market—value
Y	+2,000(long)	RMB17	-RMB34,000
	-		

10.10A.4 Example (Computation of Day-end Margin Requirement)

For examples of computation of day-end Margin, please refer to the Initial Margin Calculation Guide.

	<u>Daily net CNS— position on T-day</u>	<u>Daily net CNS— position on T-1 day</u>	<u>Overdue CNS— position</u>	<u>Cross-day net— CNS position</u>
Stock traded in HK\$	CNS Stock— position /Money— position	CNS Stock— position / Money position	CNS Stock— position /Money— position	CNS Stock— position / Money— position
A	-45,000(short)/ +HK\$9,000,000	+500(long)/ -HK\$100,000	- -	-44,500(short)/ +HK\$8,900,000
B	-23,000(short)/ +HK\$500,000	-10,000(short)/ +HK\$200,000	+5,000(long)/ -HK\$90,000	-28,000(short)/ +HK\$610,000
C	+15,000 (long)/ -HK\$400,000	+20,000(long)/ -HK\$500,000	-50(short)/ +HK\$100,000	+34,950(long)/ -HK\$800,000
D	+15,000,000(long)/ -HK\$300,100,000	-3,000,000(short)*/ +HK\$80,000,000	- -	+12,000,000(long)/ -HK\$220,100,000
E	-100,000(short)/ +HK\$300,000	-200,000(short)/ +HK\$650,000	- -	-300,000(short)/ +HK\$950,000
Stock— traded in US\$	CNS stock— position / Money position	CNS stock— position / Money position	CNS stock— position / Money position	CNS stock position / Money position
F	+500,000(long)/ -US\$1,000,000	- -	- 6,000,000(short)/	-5,500,000(short)/ +US\$12,000,000

+US\$13,000,000

G	-40,000(short)/ +US\$500,000	+90,000(long)/ -US\$1,400,000	- -	+50,000(long)/ -US\$900,000
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* Short CNS stock position covered by Collateral Security provided to HKSCC

△ Long CNS stock position with its corresponding money position covered by Specific Cash Collateral provided to HKSCC

Stock	Cross-day net CNS stock- position	Mark-to- market unit-value	Mark-to-market Value	
			Cross-day net long CNS position	Cross-day net short- CNS position
A	-44,500(short)	HK\$210		-HK\$9,345,000
B	-28,000(short)	HK\$22		-HK\$616,000
C	+34,950(long)	HK\$21	+HK\$733,950	
D	+12,000,000(long)	HK\$20	+HK\$240,000,000	
E	-300,000(short)	HK\$3		-HK\$900,000
		Total	+HK\$240,733,950	-HK\$10,861,000
F	-5,500,000(short)	US\$2.8		-US\$15,400,000
G	+50,000(long)	US\$19	+US\$950,000	
		Total	+US\$950,000	-US\$15,400,000

Assumptions:-

- Margin Rate: 7%
- Margin Multiplier: 1
- Margin credit: HK\$5,000,000
- Exchange rate USD1 = HKD7.8
- haircut rate: 0.5%

(i) —— Margining Position in Hong Kong dollar——

The Mark-to-market value of the cross-day net long CNS stock position and the Mark-to-market value of the cross-day net short CNS stock position, as the case may be, and hence the Margining Position for computation of Margin, will be reduced, in the manner as described in Section 10.10A.2, with reference to the Collateral Security and Specific Cash Collateral that have been provided by a Participant to HKSCC pursuant to Rule 3601A.

In this example, the covered short CNS stock position on stock D on T-1 day has already been offset by the long CNS stock position of stock D on T day. Therefore, the Collateral Security provided to cover the short CNS stock position of stock D on T-1 day will have no effect on the Mark-to-market value of the cross-day net long CNS stock position and cross-day net short CNS stock position. As the long CNS stock position of stock C on T day is covered by Specific Cash Collateral, the cross-day net long CNS position will be reduced by the Mark-to-market value of the long CNS stock position (i.e. 15,000 x HK\$21) covered by the Specific Cash Collateral. The Mark-to-market value of the cross-day net

~~long CNS stock position after reduction is HK\$240,733,950 — 15,000 x HK\$21= HK\$240,418,950.~~

~~As the Mark to market value of the cross day net long CNS stock position after reduction (HK\$240,418,950) is higher than the absolute Mark to market value of the cross day net short CNS stock position (HK\$10,861,000), the Margining Position will be HK\$240,418,950, being the Mark to market value of the cross day net long CNS stock position.~~

~~(ii) — Margining Position in US dollar—~~

~~= Higher of the Mark to market value of cross day net long CNS stock position or the absolute Mark to market value of cross day net short CNS stock position—
= US\$15,400,000~~

~~(iii) — Favourable Marks Offset~~

~~The long CNS stock position in stock C on T day which is covered by Specific Cash Collateral provided to HKSCC and the short CNS stock position of stock D on T-1 day which is covered by Collateral Security provided to HKSCC will be waived from the calculation of Marks.~~

~~Marks on pending CNS stock positions:~~

	Before cross-currency offset	After cross-currency offset
HK\$	-601,000(U)	-
US\$	+450,000(F)	+372,561.53(F)

~~Marks on overdue CNS stock positions:~~

	Before cross-currency offset	After cross-currency offset—
HK\$—	+118,950(F)	-
US\$—	-3,800,000(U)	-3,784,825.87(U)

~~For details of the computation of the Net Favourable Marks on pending CNS stock positions and overdue CNS stock positions and cross-currency offset of Marks, please refer to Section 10.10.~~

~~(iv) — Margin calculated (in Hong Kong dollar)~~

~~Margining Position X Margin Rate X Margin Multiplier—Favourable Marks offset
= HK\$240,418,950 X 7% X 1—HK\$0
= HK\$16,829,326.50~~

~~(v) — Margin calculated (in US dollar)~~

~~Margining Position X Margin Rate X Margin Multiplier—Favourable Marks offset—
= US\$15,400,000 X 7% X 1—US\$372,561.53
= US\$705,438.47~~

~~(vi) — Application of Margin Credit~~

~~The Margin Credit will be applied on a pro-rata basis to (a) the Margin calculated (in Hong Kong dollar) and (b) the Margin calculated (in US dollar), calculated in Hong Kong dollar equivalent.~~

~~Margin calculated (in US dollar), calculated in Hong Kong dollar equivalent
= US\$705,438.47 X 7.8
= HK\$5,502,420.07~~

~~Margin Credit (on pro-rata basis) for CNS stock position in Hong Kong dollar
= HK\$5,000,000 x [HK\$16,829,326.50 / (HK\$16,829,326.50 + HK\$5,502,420.07)]
= HK\$3,768,027.38~~

~~Margin Credit (on pro-rata basis) for CNS stock position in US dollar
= HK\$5,000,000 x [HK\$5,502,420.07 / (HK\$16,829,326.50 + HK\$5,502,420.07)]
= HK\$1,231,972.62 or USD157,945.21~~

~~(vii) Margin requirement (in Hong Kong dollar)~~

~~Compare Margin calculated (in Hong Kong dollar) with Margin Credit (on pro-rata basis)
HK\$16,829,326.50 > HK\$3,768,027.38
Margin requirement (in Hong Kong dollar)
= HK\$16,829,326.50 - HK\$3,768,027.38
= HK\$13,061,299.12~~

~~(viii) Margin requirement (in US dollar)~~

~~Compare Margin calculated (in US dollar) with Margin Credit (on pro-rata basis)
US\$705,438.47 > US\$157,945.21
Margin requirement (in US dollar)
= US\$705,438.47 - US\$157,945.21
= US\$547,493.26~~

10.10A.5 Intra-day Margin

In addition to day-end Margin which is collected from Participants on a daily basis, HKSCC has full discretion to call for intra-day Margin on CNS stock positions from all or any Participants. HKSCC may call for and collect intra-day Margin on CNS stock positions under any of the following circumstances:

- (i) if, in the opinion of HKSCC, sudden fluctuations of the securities market operated by the Exchange are apparent;
- (ii) where some of the markets, which in the opinion of HKSCC are major markets, remain open when the securities market operated by the Exchange is closed for more than one calendar day, excluding Saturday and Sunday, due to public holidays; or
- (iii) where HKSCC considers it appropriate under any other circumstances.

~~The computation of intra-day Margin is the same as day-end Margin except that overdue CNS stock positions will be excluded from the computation and there will be no offset of Favourable Marks on overdue CNS stock positions and Uncovered Allocated Positions. For examples of computation of intra-day Margin, please refer to the Initial Margin Calculation Guide.~~ If a Participant is unable to meet its intra-day Margin payment by the prescribed deadline for any reason, the Participant will be subject to such action which HKSCC may take under the Rules.

10.10A.5A Margin Add-Ons

HKSCC may apply Margin add-ons to Clearing Participants to monitor and control the risk exposure of HKSCC. The application of such Margin add-ons by HKSCC will be at the discretion of HKSCC and subject to such conditions and limits as HKSCC may from time to time specify.

For Margin add-ons application and computation, please refer to the Initial Margin Calculation Guide.

10.10A.6 ~~[Repealed]~~ Relevant CCASS reports

~~The following will be made available via CCASS Terminals and Participant Gateways to assist Participants to estimate the Margin payable by it to HKSCC at any time:~~

- ~~(i) the PCS, which gives information on the pending CNS stock positions of the Participant for the Current Day (as defined in Section 10.10.7);~~
- ~~(ii) the FCS, which gives information on the pending CNS stock positions of the Participant for the Previous Day (as defined in Section 10.10.7);~~
- ~~(iii) the "Enquire Due and Overdue Positions" enquiry function, which gives information on the due and overdue CNS stock positions of the Participant;~~
- ~~(iv) the Intra-Day Margin Payable Report, which will be made available each time after intra-day Margin is calculated for collection by HKSCC. The Report provides information on intra-day Margin and details of the computation of intra-day Margin for that Business Day;~~
- ~~(v) the Margin Payable Report, which will be made available at the end of each Business Day to provide information on day-end Margin and details of the computation of day-end Margin for that Business Day; and~~
- ~~(vi) the NCP Margin Projection Report, which will be made available to a GCP or a Clearing Agency Participant at the end of each Business Day to provide information on estimated day-end Margin on pending CNS stock positions of NCPs of the GCP or Special Participants of the Clearing Agency Participant, and details of the computation, for that day. Where applicable, an NCP Margin Projection Report will similarly be made available upon completion of intra-day Margin processing to provide similar information on estimated intra-day Margin. For the avoidance of doubt, the Margin requirement of such GCP or Clearing Agency Participant does not necessarily equal to the sum of the estimated Margin on CNS stock positions of its NCPs or Special Participants.~~

10.10A.8 Collection of Margin

Margin to be requested from a Participant on each Business Day will be collateralized against the value (or Discounted Market Value, if applicable) of the General Collateral Inventory in the CCMS House Collateral Account of the Participant. For details of the collateralization process, reference should be made to Section 10.15.3.

(i) Clearing Participants

If there is any shortfall in Margin after the collateralization process, HKSCC will collect the shortfall in Hong Kong dollar ~~the currency in which the Margin is calculated and denominated~~ unless the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar. Where the Clearing Participant has maintained a Preferred Single Settlement Currency which is not Hong Kong dollar, HKSCC will convert the shortfall in Hong Kong dollar to the Preferred Single Settlement Currency at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time, and HKSCC will collect the shortfall in Margin in the

Preferred Single Settlement Currency. ~~Unless HKSCC otherwise agrees, the Clearing Participant shall pay the shortfall in the Preferred Single Settlement Currency.~~ Notwithstanding the foregoing, HKSCC reserves the right to collect the shortfall in Margin required in any Eligible Currency.

(ii) Clearing Agency Participants

In respect of CNS stock positions arising from Exchange Trades executed by each designated Special Participant of a Clearing Agency Participant, HKSCC will convert the Margin to Renminbi at such exchange rate and subject to such haircut rate as determined by HKSCC from time to time. Unless HKSCC otherwise agrees, the Clearing Agency Participant shall pay Margin to HKSCC in Renminbi. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Margin in any Eligible Currency. Unless otherwise agreed by HKSCC, any shortfall in day-end Margin required, as determined by HKSCC, from a Clearing Agency Participant in respect of a designated Special Participant will be debited to the Miscellaneous Account allocated to the Clearing Agency Participant in respect of the designated Special Participant and will be collected from the Clearing Agency Participant on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. In general, any surplus cash collateral over Margin in the CCMS House Collateral Account allocated to a Clearing Agency Participant in respect of a designated Special Participant will be automatically redelivered to the Clearing Agency Participant in respect of such designated Special Participant on the Business Day following T-day by HKSCC issuing DCIs for same day settlement to the Designated Bank of the Clearing Agency Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Notwithstanding the foregoing, HKSCC reserves the right not to redeliver surplus cash collateral at any time it considers appropriate.

Unless otherwise agreed by HKSCC, any shortfall in Margin required, as determined by HKSCC, will be debited to the Marks and Margin ~~and Pending Marks~~ Account of a Clearing Participant and will be collected from the Clearing Participant. Day-end Margin will be collected from the Clearing Participant on a daily basis by HKSCC by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Intra-day Margin demanded by HKSCC pursuant to Section 10.10A.5 will be collected by HKSCC via CPIs or by issuing DDIs to the Designated Bank of the Clearing Participant as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time. Subject to the determination of HKSCC, any surplus cash collateral over Margin in the CCMS House Collateral Account will not be automatically redelivered at the end of the day and HKSCC reserves the right to redeliver surplus cash collateral at any time it considers appropriate. HKSCC may redeliver such surplus to the Clearing Participant upon redelivery instruction from the Clearing Participant given to HKSCC in such form using the prescribed ~~by HKSCC form set out in the CCASS Terminal User Guide for Participants~~, and the redelivery will be made in such manner and at such time as prescribed by HKSCC from time to time.

10.11 RISK MANAGEMENT: COLLATERAL

10.11.3 Amount of Collateral

Unless otherwise agreed by HKSCC, a Clearing Agency Participant which is a China Connect Clearing House is required to provide such amount of Eligible Securities as shall represent the short CNS stock positions in Exchange Trades executed by each of its designated Special Participants in such Eligible Securities to HKSCC as Collateral Security in such manner as may be considered appropriate by HKSCC pursuant to Rule 3602.

HKSCC shall be entitled from time to time to require a Clearing Agency Participant which is a China Connect Clearing House to provide on demand Collateral in such form, to such extent and

in such manner as is determined by HKSCC to cover any shortfall in respect of the CNS positions arising from Exchange Trades executed by each of its designated Special Participants in the event that its Marks, ~~Concentration Collateral~~, Margin and Collateral Securities held in HKSCC are insufficient to cover its stressed default loss determined by HKSCC ~~at a pre-defined stress market movement level fixed by HKSCC~~ from time to time in light of market conditions and such other factors as HKSCC may consider appropriate. ~~The required Collateral and details of the computation will be set out in the China Connect Additional Cash Collateral Payable Report, which will be made available to the Clearing Agency Participant which is a China Connect Clearing House at the end of each Business Day via CCASS Terminals.~~ Unless otherwise agreed by HKSCC, the required Collateral will be collected from the Clearing Agency Participant which is a China Connect Clearing House on the Business Day following T-day by issuing DDIs for same day settlement to the Designated Bank of the Clearing Agency Participant which is China Connect Clearing House as part of the CCASS money settlement process, or in any other manner determined by HKSCC from time to time.

10.11.3A—~~[Repealed] Concentration Collateral on net long CNS stock position in high risk security~~

~~For an Eligible Security which HKSCC considers as a high risk security, HKSCC may require a Participant to provide from time to time on-demand Concentration Collateral if (i) the Participant's concentration percentage in that Eligible Security exceeds the concentration trigger percentage as determined by HKSCC from time to time and (ii) the value of the Participant's net long CNS stock position in that Eligible Security exceeds the concentration trigger value as determined by HKSCC from time to time.~~

~~The concentration trigger percentage and concentration trigger value applicable to a Participant shall be determined by HKSCC in its absolute discretion from time to time.~~

~~The Participant's Uncovered Allocated Position in a high risk security will be included in the determination of the Participant's net long CNS stock position in a high risk security.~~

~~Where a Participant has provided the relevant quantity of Collateral Security to cover a part or the whole of a short CNS stock position in a high risk security not due for settlement to HKSCC pursuant to the Rules, the short CNS stock position covered by the Collateral Security will be excluded from the determination of the Participant's net long CNS stock position in that high risk security. HKSCC has absolute right to use such Collateral Security to settle the covered portion of the short CNS stock position.~~

~~Where a Participant has provided the relevant amount of Specific Cash Collateral to cover the corresponding money position of a part or the whole of a long CNS stock position in a high risk security not due for settlement to HKSCC, the long CNS stock position covered by the Specific Cash Collateral will be excluded from the determination of the Participant's net long CNS stock position in that high risk security. HKSCC has absolute right to use such Specific Cash Collateral to settle the money position of the covered portion of the long CNS stock position on or before its Settlement Day.~~

~~The Participant's concentration percentage of a net long CNS stock position in a high risk security is calculated as follows:~~

~~Participant's net long CNS stock position in a high risk security (in Hong Kong dollars or its Hong Kong dollar equivalent converted at such exchange rate and subject to such haircut rate as determined by HKSCC)~~

~~X 100%~~

~~Participant's liquid capital as per the Participant's latest Financial Resources Rules (FRR) return (or where applicable, its apportioned liquid capital as notified to HKSCC under Section 19.2.5 or an amount determined by HKSCC under Section 10.10.2 to be the liquid~~

capital of a GCP which is a registered institution or a Clearing Agency—
Participant which clears for a Special Participant)

The amount of Concentration Collateral required from a Participant is:

Participant's net long CNS stock position in a— high risk security (in the currency in which the— high risk security is traded and settled)	X	Percentage of daily market— volatility of high risk securities
---	---	--

The percentage of daily market volatility of high risk securities will be determined by HKSCC in its absolute discretion from time to time. Reference will be drawn to the daily closing prices of the respective high risk securities as far as possible.

The total amount of Marks and Collateral (including Concentration Collateral) collected on a Participant's net long CNS stock position of a security will not be greater than the CNS money position corresponding to the net long CNS stock position of that security except that in the case of a Clearing Agency Participant which is a China Connect Clearing House, the total amount of Marks and Collateral (including Concentration Collateral) will be computed and collected from or redelivered to such Participant separately in respect of each of its designated Special Participants with reference to the CNS stock position and corresponding CNS money position arising from Exchange Trades in that security executed by such Special Participant.

10.11.3B [Repealed] Example (Computation of Concentration Collateral)

Suppose: ————— concentration trigger percentage = 200%,
concentration trigger value = HK\$5M,

HK\$ million

Participant's liquid capital as per its latest FRR return ————— 10
(or where applicable, its apportioned liquid capital as notified to—
HKSCC under Section 19.2.5 or an amount determined by—
HKSCC under Section 10.10.2 to be the liquid capital of a GCP—
which is a registered institution or a Clearing Agency Participant—
which clears for a Special Participant)

Participant's net long CNS stock position in a high risk security ————— 25

Daily market volatility of high risk securities ————— 12%

Net Unfavourable Marks computed in net long CNS stock position ————— 1

Participant's concentration percentage:

HK\$25 million	
—————	x 100% ————— 250%
HK\$10 million	

250% exceeds concentration trigger percentage of 200%;

Participant's net long CNS stock position in the high risk security also exceeds the concentration trigger value of HK\$5 million.

Participant is therefore required to pay Concentration Collateral of HK\$3 million.

The amount of Concentration Collateral required from the Participant—
= HK\$25 million x 12%

~~HK\$3 million < (HK\$25M – HK\$1M).~~

10.11.3C Guarantee Fund Risk Collateral

HKSCC may require a Clearing Participant to provide from time to time on demand Guarantee Fund Risk Collateral if, when assessed by reference to the historical data from each of the realized stressed market conditions and/or hypothetical data for each of the unrealized stressed market conditions as HKSCC may determine:

- (i) the stressed default loss, determined by HKSCC ~~at a pre-defined stress market movement level fixed by HKSCC~~ from time to time in light of market conditions and such other factors as HKSCC may consider appropriate (less ~~any~~ Margin and Collateral, ~~each except Guarantee Fund Risk Collateral as may be specified by HKSCC from time to time in the Stress Test Value Calculation Guide and~~ collected ~~by HKSCC~~), arising from all the CNS stock positions of the Clearing Participant (“Guarantee Fund ~~Net Projected Loss~~ Expected Uncollateralised Loss”) exceeds the Guarantee Fund Risk Predefined Limit; and
- (ii) the prevailing Guarantee Fund size is equal to the Guarantee Fund Threshold.

Clearing Participants may refer to the Stress Test Value Calculation Guide for examples of the calculation of stressed default loss.

The amount of Guarantee Fund Risk Collateral required from the Clearing Participant is:

$$\begin{array}{r} \text{Guarantee Fund } \underline{\text{Expected}} \\ \underline{\text{Uncollateralised Loss}} \text{Net} \\ \underline{\text{Projected Loss}} \end{array} - \begin{array}{r} \text{Guarantee Fund Risk} \\ \text{Predefined Limit} \end{array}$$

For the avoidance of doubt, if Guarantee Fund Risk Collateral is required under two or more stressed market conditions, the higher or highest (as the case may be) Guarantee Fund Risk Collateral amount shall be imposed.

Notwithstanding the above requirements of this Section, should HKSCC accept the Clearing Participant’s request to waive the whole or part of the Guarantee Fund Risk Collateral requirement, the Clearing Participant must close out such positions as may reduce the Guarantee Fund Expected Uncollateralised Loss ~~Net Projected Loss~~ to an amount which is less than the sum of the Guarantee Fund Risk Predefined Limit and Guarantee Fund Risk Collateral maintained by HKSCC (if any) by the end of the same Business Day as the Guarantee Fund Risk Collateral requirement collection due date, failing which HKSCC may subsequently close out such positions on behalf of the Clearing Participant.

For the avoidance of doubt, any Guarantee Fund Risk Collateral provided by a Clearing Participant shall form part of such Clearing Participant’s Collateral pursuant to Rule 3602 and shall not be regarded as resources of the Guarantee Fund.

10.11.3D Example (Computation of Guarantee Fund Risk Collateral)

Suppose: Guarantee Fund Threshold = HK\$320M
 Guarantee Fund Risk Predefined Limit = HK\$160M

		HK\$ million
Guarantee Fund size	=	320
Guarantee Fund <u>Expected Uncollateralised Loss</u> Net <u>Projected Loss</u>	=	180

The Guarantee Fund size is equal to the Guarantee Fund Threshold and the Guarantee Fund Expected Uncollateralised Loss ~~Net Projected Loss~~ exceeds the Guarantee Fund Risk Predefined

Limit.

The amount of Guarantee Fund Risk Collateral required from the Clearing Participant
= HK\$180 million – HK\$160 million
= HK\$20 million.

10.11.4 Notification by HKSCC

Except for ~~Concentration Collateral the collection of which is described in Section 10.10.11, and except for~~ Collateral demanded from a Clearing Agency Participant which is a China Connect Clearing House the collection of which is described in Section 10.11.3, and except for Collateral calculated by reference to a Participant's apportioned liquid capital ~~the computation of which will be described in an Additional Cash Collateral Payable Report that will be made available to the Participant at the end of each Business Day and~~ the collection of which will be by issuing DDIs to the Designated Bank of the Participant as part of the CCASS Hong Kong dollar money settlement process or in any other manner or Eligible Currency determined by HKSCC from time to time, HKSCC will notify a Participant in writing of the amount of any other Collateral required and the Participant will have to provide the Collateral within the time period specified.

10.11.5 Return or Redelivery of Collateral

Collateral, ~~other than Concentration Collateral,~~ provided by Participants will be returned or redelivered to them by HKSCC in such manner and at such time as is considered appropriate by HKSCC. ~~In respect of the surplus of Concentration Collateral, please refer to Section 10.10.11.~~

10.12 RISK MANAGEMENT: SECURITIES-ON-HOLD

10.12.4 Participants may effect cash prepayment

Participants that have outstanding payment obligations to HKSCC but wish to utilize any or all of the Securities-on-hold covering such outstanding payment obligations for any purpose, including to settle ISI/SI Transactions and Isolated Trades, if applicable, during a Settlement Day, may pay same day available funds in the relevant Eligible Currency to HKSCC to reduce their monetary obligations and to have the equivalent discounted market value of Securities-on-hold released.

A Participant may pay same day available funds to HKSCC by inputting Cash Prepayment Instructions on each Settlement Day or by inputting a Cash Prepayment Standing Instruction via the "Cash Prepayment / TSF Payment Standing Instruction" maintenance functions to authorize HKSCC to generate recurring Cash Prepayment Instructions on behalf of the Participant on each Settlement Day. The cash prepayment amount that will be generated under a Cash Prepayment Standing Instruction will depend on the payment basis of the standing instruction given by the Participant, and will be either (a) the gross amount of the unsettled money obligations on its long CNS stock positions; or (b) the net amount of the unsettled money obligations on its long and short CNS stock positions, plus a certain percentage of the net amount input by the Participant. Where the Participant has selected "CHATS" as the payment method when creating the Cash Prepayment Standing Instruction, the cash prepayment amount will be generated as aforesaid on a Settlement Day will be reduced by ~~the relevant Margin amount and~~ the relevant amount of Specific Cash Collateral, as described in Section 10.12.4A.

Any Cash Prepayment Standing Instruction remaining in the "pending status" ten calendar days after its last updated date will be automatically purged from CCASS.

10.12.4A Use of ~~Margin and~~ Specific Cash Collateral to reduce cash prepayment amount

This Section 10.12.4A is applicable where a Cash Prepayment Standing Instruction to release Securities-on-hold has been created and authorized by a Participant, with "CHATS" set as the payment method.

In respect of the generation of Cash Prepayment Instruction by HKSCC under the Cash Prepayment Standing Instruction on a Settlement Day, HKSCC will reduce the cash prepayment amount by ~~the amount of Margin on CNS stock positions due for settlement on that Settlement Day and/or the relevant amount of Specific Cash Collateral, as the case may be, under the following circumstances: that~~

- ~~(i) — the Participant is required to make payment on that Settlement Day in respect of a DDI issued by HKSCC on the previous day to collect Marks, Margin and/or Collateral with respect to all unsettled CNS stock positions on the previous day; and/or~~
- ~~(ii) — the Participant has provided Specific Cash Collateral to HKSCC to cover long CNS stock positions due for settlement on that Settlement Day.~~

~~Subject to HKSCC satisfying that full payment under the DDI is good and irrevocable, HKSCC will update the Settlement Account of the Participant's Money Ledger with the relevant Margin amount around 10:00 a.m. on that Settlement Day to reduce its corresponding monetary obligations due to HKSCC. As a result, HKSCC will release equivalent discounted market value of the Securities on hold.~~

When Eligible Security is allocated to the Stock Clearing Account of the Participant in respect of the long CNS stock position covered by the Specific Cash Collateral, and in any event upon completion of the third Batch-settlement-run on that Settlement Day, HKSCC will update the Settlement Account of the Participant's Money Ledger with the amount of the Specific Cash Collateral to reduce the corresponding monetary obligations due to HKSCC. As a result, HKSCC will release equivalent discounted market value of the Securities-on-hold.

~~At the end of each Business Day, HKSCC will calculate the Margin amount that may be used to reduce the cash prepayment amount to be generated under the Cash Prepayment Standing Instruction in the following Settlement Day. Participant can enquire such information in the Margin Payable Report.~~

10.15 RISK MANAGEMENT: CASH AND COLLATERAL SECURITIES

10.15.1 Cash

Cash in Hong Kong dollar and other currencies recorded as credit entries in any CCMS Collateral Account of the Participant are amounts paid by the Participant to HKSCC. The only obligation of HKSCC to the Participant in respect of such amounts shall be to pay the Participant an amount equal to the balance remaining after satisfaction of all obligations and liabilities (actual or contingent) of such Participant to HKSCC.

Security

HKSCC shall have a first fixed charge over:-

- (a) the Collateral Securities from time to time credited to any CCMS Collateral Account of the Participant; and
- (b) the Derived Assets

by way of a continuing security (i) for the discharge and satisfaction of any Marks, Margin and Collateral obligations of such Participant-, (ii) for the discharge and satisfaction of all other obligations and liabilities (actual or contingent) of such Participant to HKSCC arising directly in connection with HKSCC ensuring the settlement of Market Contracts to which such Participant is a party, (iii) for the discharge and satisfaction of all liabilities (actual or contingent) of such Participant to HKSCC arising from a loss or defects affecting Eligible Securities pursuant to Rule

812, Rule 813, Rule 814 and Rule 815, and (iv) for the discharge and satisfaction of all other obligations (actual or contingent) of such Participant to HKSCC. Each of the charges created over the assets specified in (a) and (b) and in respect of the Participant's obligations in (i), (ii), (iii) and (iv) above shall form a separate security.

Such Collateral Securities and the Derived Assets shall also be a continuing security for HKSCC's waiver of computation of Marks and reduction of Marginable Position for computation of Margin required from such Participant.

The provisions of this Section 10.15 shall also be applicable, in so far as they are relevant, to the risk management measures in respect of Clearing Agency Transactions.

10.15.4 Example (Marks ~~and~~, Margin ~~and~~ Collateral covered by Non-cash Collateral)

On a given trade day, the Marks, ~~Concentration Collateral~~ and Margin obligations of Participant A are HK\$10,000,000, ~~HK\$2,000,000~~ and HK\$6,000,000 respectively. Prevailing Non-cash Collateral Cap is 40%.

Suppose at the time of collateralization, the total Discounted Market Value of the Collateral Securities in the General Collateral Inventory of the CCMS House Collateral Account of Participant A is HK\$8,000,000.

Maximum Marks, ~~Concentration Collateral~~ and Margin amount that can be covered by Collateral Securities

$$\begin{aligned} &= \text{Marks, } \del{\text{Concentration Collateral}} \text{ and Margin obligation} \times \text{Non-cash Collateral Cap} \\ &= (\text{HK\$10,000,000} + \del{\text{HK\$2,000,000}} + \text{HK\$6,000,000}) \times 40\% \\ &= \text{HK\$} \underline{67,4200,000} \end{aligned}$$

Note: The actual Marks, ~~Concentration Collateral~~ and Margin amount that will be covered by Collateral Securities is also HK\$67,4200,000 because the total Discounted Market Value of the Collateral Securities available at the time of collateralization is more than this figure. The Ear-marked Value of Participant A is HK\$67,4200,000.

$$\begin{aligned} &\text{Marks, } \del{\text{Concentration Collateral}} \text{ and Margin requirement amount that must be paid in cash} \\ &= (\text{HK\$10,000,000} + \del{\text{HK\$2,000,000}} + \text{HK\$6,000,000}) - \text{HK\$} \underline{67,4200,000} \\ &= \text{HK\$} \underline{940,6800,000} \end{aligned}$$

Section 10A

China Connect Securities Trades – CNS System

10A.8 RISK MANAGEMENT: MAINLAND SETTLEMENT DEPOSIT

10A.8.1 General

As settlement counterparty to China Connect Clearing Participants in respect of China Connect Securities Trades under the CNS System, HKSCC is exposed to credit risk as a result of the failure by any China Connect Clearing Participant to meet its money obligations in respect of its stock positions in China Connect Securities under the CNS System. In this Section 10A.8, any overdue short stock positions in China Connect Securities under the CNS System are referred to as “overdue short positions in China Connect Securities”.

To monitor and control such risk exposure, HKSCC will collect Mainland Settlement Deposit in respect of each China Connect Market from China Connect Clearing Participants. HKSCC will compute and collect Mainland Settlement Deposit in accordance with the provisions of this Section 10A.8 in the form of cash in Renminbi, rounded to the nearest RMB0.01. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Mainland Settlement Deposit in any Eligible Currency. HKSCC shall have the right to satisfy its obligations as clearing participant to the China Connect Clearing House under the relevant Clearing Link with, or otherwise use, the Mainland Settlement Deposit collected from China Connect Clearing Participants.

This Section 10A.8 describes the extent to and the manner in which Mainland Settlement Deposit from China Connect Clearing Participants will be collected and redelivered by HKSCC.

10A.8.4 Example (Computation of Monthly Mainland Settlement Deposit Requirement for a China Connect Market)

Suppose there are 5 Trading days in the month. The following table shows a China Connect Clearing Participant’s buy turnover in China Connect Securities, contract value of overdue short positions in China Connect Securities and sell turnover in China Connect Securities for Special Segregated Accounts on each Trading day of the month on a China Connect Market:

		<u>Day 1</u> <u>(RMB)</u>	<u>Day 2</u> <u>(RMB)</u>	<u>Day 3</u> <u>(RMB)</u>	<u>Day 4</u> <u>(RMB)</u>	<u>Day 5</u> <u>(RMB)</u>	<u>Total</u> <u>(RMB)</u>
(a)	Buy turnover in China Connect Securities on the China Connect Market	1,000,000	10,000	0	200,000	0	1,210,000
(b)	Contract value of overdue short positions in China Connect Securities on the China Connect Market	200,000	800,000	4,000	0	0	1,004,000
(c)	(a) + (b) excluding days without buy turnover	1,200,000	810,000	0	200,000	0	2,210,000

- (d) Sell turnover in China Connect Securities for Special Segregated Accounts on the China Connect Market 500,000 0 600,000 300,000 900,000 2,300,000
- (e) Number of days having buy turnover on the China Connect Market in the month = 3
- (f) Number of days having sell turnover for Special Segregated Accounts on the China Connect Market in the month = 4
- (g) Settlement Deposit Rate of the China Connect Market = 20%

Monthly Mainland Settlement Deposit requirement
 $= [(c) / (e) + (d) / (f)] \times (g)$
 $= \text{RMB } (2,210,000 / 3 + 2,300,000 / 4) \times 20\%$
 $= \text{RMB } 262,333.\dot{3}\dot{3}$ (rounded to nearest RMB0.01)
 $= \text{RMB } 262,333.\dot{3}\dot{3}$

10A.8.5 ~~[Repealed] Relevant CCASS reports~~

~~The FCS which gives information on the total buy trade amount in China Connect Securities of a China Connect Clearing Participant on a China Connect Market on a Trading day will assist the China Connect Clearing Participant to estimate its Mainland Settlement Deposit requirement for that China Connect Market at any time.~~

~~A Mainland Settlement Deposit Payable Report for a China Connect Market will be made available via CCASS Terminals and Participant Gateways each time after any Mainland Settlement Deposit requirement for that China Connect Market is calculated for collection by HKSCC to provide details of the computation of such Mainland Settlement Deposit requirement of the China Connect Clearing Participant on that Trading day.~~

10A.9 RISK MANAGEMENT: MAINLAND SECURITY DEPOSIT

10A.9.1 General

As settlement counterparty to China Connect Clearing Participants in respect of China Connect Securities Trades under the CNS System, HKSCC is exposed to market risks as a result of potential unfavourable fluctuations of prices in respect of the unsettled stock positions in China Connect Securities of China Connect Clearing Participants under the CNS System.

To monitor and control such risk exposure, HKSCC will collect Mainland Security Deposit for each China Connect Market from China Connect Clearing Participants in respect of their net trading settlement amount in China Connect Securities on such China Connect Market under the CNS System. HKSCC will compute and collect Mainland Security Deposit in accordance with the provisions of this Section 10A.9 in the form of cash in Renminbi, rounded to the nearest RMB0.01. Notwithstanding the foregoing, HKSCC reserves the right to collect the required amount of Mainland Security Deposit in any Eligible Currency.

HKSCC shall have the right to satisfy its obligations as clearing participant to the China Connect Clearing House under the relevant Clearing Link with, or otherwise use, the Mainland Security

Deposit collected from China Connect Clearing Participants.

This Section 10A.9 describes the extent to and the manner in which Mainland Security Deposit from China Connect Clearing Participants will be collected and redelivered by HKSCC.

10A.9.2 Computation of Mainland Security Deposit

In respect of each China Connect Market, the Mainland Security Deposit requirement of a China Connect Clearing Participant will be computed at the ~~end~~beginning of each month using the following formula:

$$\frac{\text{Sum of daily net ~~trading-settlement~~ amount in China Connect Securities on the relevant China Connect Market in the last 6 months}}{\text{Number of days traded in China Connect Securities on the relevant China Connect Market by the China Connect Clearing Participant in the last 6 months}} \times \text{Mainland Security Deposit Rate of the relevant China Connect Market}$$

subject to such minimum amount as may be determined by HKSCC from time to time in its absolute discretion. Such minimum amount of Mainland Security Deposit is required to be paid to HKSCC by a Clearing Participant upon its registration as a China Connect Clearing Participant as one of the China Connect Clearing Participant Registration Criteria as referred to in Rule 4103.

Mainland Security Deposit Rate is the rate determined by HKSCC in its absolute discretion from time to time by reference to the rate payable by HKSCC to the Mainland's Settlement Guarantee Fund in respect of the relevant China Connect Market as required by the relevant China Connect Clearing House under its rules.

10A.9.3 ~~[Repealed]~~Relevant CCASS reports

~~The FCS which gives information on the net settlement amount in China Connect Securities on a China Connect Market which is to be settled under the CNS System of a China Connect Clearing Participant on each Trading day will assist the China Connect Clearing Participant to estimate its Mainland Security Deposit requirement for that China Connect Market at any time.~~

~~A Mainland Security Deposit Payable Report for a China Connect Market will be made available via CCASS Terminals and Participant Gateways each time after any Mainland Security Deposit for that China Connect Market is calculated for collection by HKSCC to provide information and details of the computation of such Mainland Security Deposit requirement of the China Connect Clearing Participant for that month.~~

Section 12

Non-Exchange Trades – SI Transactions, Clearing Agency Transactions, ISI Transactions, Transfer Instructions and Non-Trade Transfers in China Connect Securities

12.2.9 Risk Management

- (i) Marks, ~~and~~ Margin ~~and Concentration Collateral~~

As settlement counterparty to Participants under Market Contracts due for settlement under the CNS System, HKSCC would be exposed to market risks as a result of unfavourable fluctuations or potential unfavourable fluctuations of prices in respect of the unsettled stock positions of Participants under the CNS System.

To monitor and control such risk exposure, HKSCC will Mark-to-market and compute Margin on the unsettled stock positions under the CNS System and collect Marks and Margin from Participants who are parties to Market Contracts. HKSCC will also Mark-to-market and compute Margin on the unsettled stock positions of Participants in respect of Clearing Agency Transactions to be settled under the CNS System, and collect Marks and Margin from Participants who are parties to the Clearing Agency Transactions.

From time to time, circumstances may warrant HKSCC taking additional risk management measures against a Participant. ~~For unsettled stock positions of Participants in an Eligible Security which HKSCC considers a high risk security, HKSCC may require Participants to provide from time to time on demand Concentration Collateral. HKSCC may at any time require Participants who are parties to Clearing Agency Transactions to be settled under the CNS System to provide Concentration Collateral to HKSCC.~~

In respect of Clearing Agency Transactions reported to HKSCC by a Clearing Agency Participant on a Business Day, HKSCC will calculate Marks, ~~and~~ Margin ~~and Concentration Collateral~~ in respect of the unsettled stock positions of the Clearing Agency Transactions to be settled under the CNS System, and collect the required Marks, ~~and~~ Margin ~~and Concentration Collateral~~ from Participants which are parties to the Clearing Agency Transactions, notwithstanding that the Clearing Agency Transactions have not been accepted by HKSCC for settlement in CCASS under the CNS System. HKSCC will collect the required Marks, ~~and~~ Margin ~~and Concentration Collateral~~ from the Participants by issuing DDIs to the Designated Banks of the Participants as part of the CCASS money settlement process, unless otherwise specified below.

HKSCC will not collect the required Marks, ~~and~~ Margin ~~and Concentration Collateral~~ in respect of Clearing Agency Transactions to be settled under the CNS System and to which a Clearing Participant is a party from the Clearing Participant direct if the Clearing Participant, in its capacity as a SEOCH Participant, has effected and maintained with the Clearing Agency Participant an arrangement for the Clearing Agency Participant to collect from the Clearing Participant and pay to HKSCC the required Marks, ~~and~~ Margin ~~and Concentration Collateral~~. The Clearing Participant, in its capacity as a SEOCH Participant, shall pay the amount of such required Marks, ~~and~~ Margin ~~and Concentration Collateral~~ in cash to the Clearing Agency Participant. The Clearing Agency Participant shall transfer such cash amount to HKSCC on the Business Day following the day on which the Clearing Agency Transactions are reported to HKSCC, at such time and in such manner as HKSCC and the Clearing Participant may agree. HKSCC will record the cash amount received by it from the Clearing Agency Participant as credit entries in the CCMS House

Collateral Account of the Clearing Participant, and the cash amount will be treated as Contract Currency Collateral of the corresponding Clearing Participant.

(For further details, reference should also be made to Sections 10.10, 10.10A and 10.11 which shall also apply to Clearing Agency Transactions for settlement under the CNS System.)

(ii) Collateral

HKSCC monitors its risk exposure to Participants on a continuous basis. From time to time, circumstances peculiar to a particular Participant may warrant HKSCC taking additional risk management measures against it.

In appropriate cases, HKSCC will require a Participant to provide it with Collateral in the form of cash or Collateral Securities, subject to the Rules.

The amount of Collateral ~~other than Concentration Collateral~~ required to be provided by a Participant will be decided by HKSCC, taking into account HKSCC's exposure posed by that Participant.

(For further details, reference should also be made to Section 10.11 which shall also apply to Clearing Agency Transactions settled under the CNS System.)

(iii) Securities-on-hold

On each Settlement Day, HKSCC will, in respect of Eligible Securities made available to it by Participants with short stock positions under the CNS System, allocate such Eligible Securities to the stock accounts of Participants with long stock positions under the CNS System.

Since under the current design of the CCASS money settlement process, payment by Participants to HKSCC via their Designated Banks (as part of CCASS money settlement process) will only be confirmed good and irrevocable at day end after the Eligible Securities have been delivered to Clearing Participants under the CNS System in CCASS, HKSCC faces significant risk exposure during the period from the time of delivery of Eligible Securities under the CNS System in CCASS to the time when confirmation of good and irrevocable payment is issued by the Designated Banks of Participants and the receiving bank of HKSCC.

To guard against this risk exposure, the Rules provide that until such time as HKSCC is satisfied that (i) it has received payment in full in respect of Eligible Securities delivered by HKSCC to a Clearing Participant or a Clearing Agency Participant (in each case, as a party to a Clearing Agency Transaction under the CNS System) on a Settlement Day; and (ii) such payment is good and irrevocable, or unless otherwise agreed by HKSCC, title and property in such Eligible Securities shall not pass to such Clearing Participant or Clearing Agency Participant, as the case may be. Until then, Clearing Participants and Clearing Agency Participants who are parties to Clearing Agency Transactions will not be allowed to use or withdraw some or all of such Eligible Securities, except as permitted by HKSCC.

The quantity of Eligible Securities allocated to the Stock Clearing Account of a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction under the CNS System on a Settlement Day, which will not be permitted to be used or withdrawn by the Participant will depend on the amount to be paid by the Participant to HKSCC under the CNS System on such Settlement Day.

If a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction wishes to make use of any of such Eligible Securities allocated to its Stock Clearing Account before payment of the amount due to HKSCC is confirmed good and irrevocable, HKSCC may permit such use of any such Eligible Securities provided the value of such allocated Eligible Securities which will remain in the Stock Clearing Account of the Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction (determined by using the Mark-to-market values of the relevant Eligible Securities at the time), discounted by a percentage to be decided by HKSCC (normally, ten per cent), shall not be less than the total amount due to HKSCC from such Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction.

When payment of the amount owed to HKSCC is confirmed good and irrevocable, all Eligible Securities allocated under the CNS System to the Stock Clearing Account of a Clearing Participant or Clearing Agency Participant which is a party to a Clearing Agency Transaction will become freely available for use by the Participant.

For Clearing Participants and Clearing Agency Participants which are parties to Clearing Agency Transactions that have outstanding payment obligations to HKSCC, but wish to utilize any or all of the Securities-on-hold covering such outstanding payment obligations for any purpose, including to settle SI Transactions and Isolated Trades during the Settlement Day, they may make payment through same day available funds to HKSCC to reduce or satisfy their monetary payment obligations. As such, the equivalent discounted market value of Securities-on-hold will be released for settlement.

(For further details reference should also be made to Section 10.12, which shall also apply to Clearing Agency Transactions settled under the CNS System.)

(iv) Eligible Securities subject to expiry

In relation to Clearing Agency Transactions in Eligible Securities which are subject to expiry (e.g. warrants) and which are to be settled under the CNS System, the delivering Clearing Participant which is (being a party to the Clearing Agency Transaction) must ensure that when the details of Clearing Agency Transactions are reported to HKSCC by the Clearing Agency Participant for settlement under the CNS System, the relevant delivering Participant has readily available evidence showing that, on or before the due date for settlement of the transaction under the CNS System, it has or will have the required quantity of Eligible Securities in its Stock Accounts in CCASS for settlement. The delivering Participant, as the case may be, shall provide the evidence to HKSCC upon request.

If at any time HKSCC is not satisfied that such Participant has or will have the Eligible Securities, which are subject to expiry, on the due date for settlement of the transaction under the CNS System, HKSCC may direct that Participant to immediately execute or arrange the execution of a Buy-in on the Exchange to purchase the Eligible Securities required by such Participant to settle its obligations in respect of such transaction under the CNS System.

(v) Closing-out

On the occurrence of an Event of Default against a Participant, HKSCC may declare the Participant a Defaulter and if so, will effect Closing-out in respect of all of the unsettled obligations of the Participant under the CNS System.

If as a result of Closing-out the Participant owes money to HKSCC, HKSCC will apply

the Marks, Margin and Collateral, if applicable, provided by the Participant (as well as all other assets and property of such a Participant which may be permitted by law to be applied by HKSCC for such purpose) towards such indebtedness. For the avoidance of doubt, Marks, Margin and Collateral provided by the Participant include the Marks, Margin and ~~Concentration~~ Collateral collected from such Participant (in its capacity as a SEOCH Participant) by a Clearing Agency Participant and transferred by the Clearing Agency Participant to HKSCC pursuant to Sections 12.2.9(i) and 12.2.9(ii) respectively.

If a Clearing Participant which is an Exchange Participant is declared a Defaulter, HKSCC will notify the Exchange forthwith and will request the Exchange to suspend the Clearing Participant from trading. HKSCC will also request the Exchange to suspend from trading any of the NCPs of the GCP which does not have in place immediately upon suspension of the GCP a binding, valid and effective Clearing Agreement with another GCP. If a Clearing Participant is not an Exchange Participant is declared a defaulter, HKSCC will request the Exchange to suspend from trading any of the NCPs of the GCP which does not have in place immediately upon suspension of the GCP a binding, valid and effective Clearing Agreement with another GCP.

A Clearing Participant or Clearing Agency Participant declared a Defaulter may also be suspended or restricted from further activities in CCASS.

(For further details reference should also be made to Section 10.14, which shall also apply to Clearing Agency Transactions settled under the CNS System.)

Section 14

Money Settlement

14.3 INSTRUCTIONS BY HKSCC TO DESIGNATED BANKS

14.3.3 Amounts arising out of transactions settled in CCASS

The amounts to be debited or credited to Designated Bank Accounts of Participants for different transactions in CCASS have been explained elsewhere.

In brief, in relation to settlement of transactions in securities or transfer of securities on a DVP basis:

- (i) for CNS stock positions of a Clearing Participant or Clearing Agency Participant arising from Exchange Trades, settled on each Settlement Day, the related money positions will be set-off against each other and the net sum, subject to (iv) below, due from or to the Clearing Participant or Clearing Agency Participant will be settled by HKSCC issuing a DDI or a DCI to the Designated Bank of the Clearing Participant or Clearing Agency Participant (see Section 10.5.6 and Section 14.4);
- (ia) for CNS stock positions of a China Connect Clearing Participant arising from China Connect Securities Trades, settled on each Settlement Day, the related money positions for all the China Connect Markets will be set-off against each other and the net sum will be settled by HKSCC issuing a CPI to the Designated Bank of the China Connect Clearing Participant or a bank designated by HKSCC (see Section 10A.4 and Section 14.7) on T+1 day;
- (ib) for fees, expenses, levies and taxes relating to China Connect Securities Trades to be settled by a China Connect Clearing Participant on each Mainland Business Day, including those collected by HKSCC on behalf of the relevant China Connect Clearing House, China Connect Market, regulatory or tax authority or relevant third parties, HKSCC will issue debit entries to the respective sub-accounts of the Money Ledger of the China Connect Clearing Participant;
- (ii) for Exchange Trades of a Clearing Participant settled under the Isolated Trades System on a DVP basis, on each Settlement Day, in respect of each such Exchange Trade settled under the Isolated Trades System, HKSCC will issue an EPI for the amount (as notified by the Exchange as the price for such Exchange Trade) to each of the Designated Banks of the two Clearing Participants concerned in each case, so as to effect payment by the Clearing Participant receiving Eligible Securities to the delivering Clearing Participant (see Section 14.5). The EPIs issued for each Exchange Trade in interest bearing Debt Securities will include the accrued interest;
- (iii) for ISI or SI Transactions of a Participant settled on a DVP basis on each Settlement Day, in respect of each such ISI or SI Transaction, HKSCC will issue an EPI for the amount (as detailed in the ISIs or SI relating to the ISI or SI Transaction respectively) to each of the Designated Banks of the two Participants concerned in each case, so as to effect payment by the Participant receiving Eligible Securities to the delivering Participant (see Section 14.5);
- (iv) for Clearing Agency Transactions between Clearing Agency Participants and Participants settled under the CNS System on each Settlement Day, the related money positions will

be set-off against each other and further set-off against any money positions of the CNS stock positions arising from Exchange Trades of such Participants. The net sum due from or to the Participants will be settled by HKSCC issuing a DDI or DCI to the Designated Bank of the Participant (see section 12.2.6 and section 14.4). For Clearing Agency Transactions between Clearing Agency Participants and Participants settled under the Isolated Trades System on a DVP basis, on each Settlement Day, in respect of each such Clearing Agency Transaction, HKSCC will issue an EPI for the amount (as notified by the Clearing Agency Participants as the price for such Clearing Agency Transactions) to each of the Designated Banks of the two Participants concerned in each case, so as to effect payment by the Participant receiving Eligible Securities to the delivering Participant (see Section 14.5) ; and

- (v) for STI Transfers of a Clearing Participant or a Custodian Participant effected on a DVP basis on each Business Day, in respect of each such STI Transfer, HKSCC will issue an EPI for the amount (as detailed in the STI) to the Designated Bank of the Clearing Participant or Custodian Participant and the receiving bank of the SSA Statement Recipient concerned, so as to effect payment by the Clearing Participant or Custodian Participant to its SSA Statement Recipient in respect of the transfer of Eligible Securities from the SSA with Statement Service to another Stock Account of the Clearing Participant or Custodian Participant.

For ISI or SI transactions of a Participant to be settled on a RDP basis on each Settlement Day, subject to availability of Eligible Securities in respect of such ISI or SI transactions, HKSCC will issue a CPI for the amount (as detailed in the ISIs or SIs relating to the ISI or SI transactions respectively) to the Designated Banks of the receiving Participant concerned in each case, so as to effect CHATS payment to the delivering Participant. Upon receipt of confirmation of payment from the Clearing House of HKAB for the relevant Eligible Currency, delivery of Eligible Securities takes place immediately on-line in CCASS.

For any cash prepayment request or intra-day marks of a Clearing Participant to be settled via CPIs on each Business Day, HKSCC will issue a CPI for the amount ~~(as stated in the cash prepayment instructions or the Participant's Intra-day Marks and Collateral Collection Report)~~ to the Designated Bank of the paying Participant, so as to effect CHATS payment to the respective bank account of HKSCC or the HKSCC HKD RTGS Account, as applicable.

For any accepted Intra-day Payment Standing Instruction covering intra-day refund to a Clearing Participant of surplus cash arising from overpaid cash prepayment and/or intra-day settlement of money obligations due to Clearing Participants from HKSCC under the CNS System on a Settlement Day, HKSCC will issue an Intra-day Payment Instruction covering the amount (as stated in the "Enquire Intra-Day Payment Summary" in CCASS Terminal) of the surplus cash refund and/or intra-day settlement of money obligations due to the Clearing Participant from HKSCC under the CNS System included in the Intra-day Payment to the Designated Bank of the Clearing Participant to effect intra-day payment on each Settlement Day (See Section 14.8).

14.4 DDIs AND DCIs

14.4.2 ~~PROCEDURES~~Procedures

The following is a brief description of the procedures relating to DDIs/DCIs issued by HKSCC:

- (i) periodically, based on the balance of the relevant sub-accounts of the Money Ledger of Participants (i.e. the Settlement Account, the Marks and Margin ~~and Pending Marks~~ Account, ~~the Overdue Position Marks Account~~, the Entitlements Account, and the Miscellaneous Account), HKSCC will generate DDIs/DCIs to collect or pay sums from

or to Participants for value on the same day. Subject to HKSCC's right to offset credit and debit balances in the sub-accounts of the Money Ledger of a Participant, relevant DDIs or DCIs will be generated by HKSCC in respect of balances in the sub-accounts of the Money Ledger of the Participant as follows:

- in respect of the Settlement Account, on each Settlement Day; and
 - in respect of the Marks and Margin ~~and Pending Marks~~ Account, ~~the Overdue Position Marks Account~~, the Entitlements Account and the Miscellaneous Account, on each Business Day;
- (ii) except for balances in the Entitlements Account and the Billing Account, HKSCC will normally offset the credit and debit balances in the sub-accounts of the Money Ledgers of Participants before issuing relevant DDIs or DCIs (usually, the credit balances in the sub-accounts of the Money Ledger will be applied in the following order, namely, Miscellaneous Account, ~~Overdue Position Marks Account~~, Settlement Account and the Marks and Margin ~~and Pending Marks~~ Account);
- (iii) the DDIs/DCIs, so generated by HKSCC on each day for same day settlement and for settlement on the next Business Day, are forwarded to the Clearing House of HKAB for the relevant Eligible Currency by HKSCC. Special arrangements have been made by HKSCC with the Clearing House of HKAB for each relevant Eligible Currency pursuant to which extra clearing runs will be conducted by that Clearing House and files and/or reports will be provided to the Designated Banks of Participants by that Clearing House on the same day;
- (iv) Designated Banks will be able to obtain via their CCASS Terminals and Participant Gateways details of DDIs/DCIs affecting the Participants they act for, which will be contained in (a) the "DDI/DCI/EPI Listing for Designated Bank" and the "DDI/DCI/EPI Exception Report" or (b) the "DDI/DCI/EPI Listing for IP Related Transactions", as the case may be (see Section 16.7). Designated Banks will reconcile the details with the information they received from the Clearing House of HKAB for the relevant Eligible Currency and will report any discrepancies to HKSCC for clarification;
- (v) The "Statement of Money Ledger" and "DDI/DCI/EPI Summary for Participant" (see Section 16.6), containing details of the DDIs/DCIs issued by HKSCC, will be available to Participants other than Investor Participants via their CCASS Terminals and Participant Gateways. In the case of Investor Participants, activity statements containing the relevant information will be posted on the CCASS Internet System and the activity statements will also be mailed to Investor Participants who have elected to receive their activity statements by mail on the Business Day following the issue of DDIs/DCIs by HKSCC (see Section 16.6.2). Activity statements will not be mailed to Investor Participants who have not elected to receive their activity statements by mail and such Investor Participants should enquire the details of their activity statements through the CCASS Internet System; and
- (vi) Designated Banks of Participants are required to confirm to HKSCC via their CCASS Terminals (a) the payment status of DDIs and DCIs affecting Participants other than Investor Participants and (b) the payment status of DDIs affecting Investor Participants, at the time or times and in the manner as set out in Section 14.4.3.

In addition to the above procedures, Designated Banks must follow the prescribed procedures of the Clearing House of HKAB for each Eligible Currency in relation to DDIs/DCIs.

Section 16

Statements and Reports

16.1 STATEMENTS AND REPORTS AVAILABLE

~~CCASS and RMS will generate statements and reports for Participants other than Investor Participants and Designated Banks throughout the day after completion of different processes as The various statements and reports that are to be made available by HKSCC to Participants and Designated Banks and the times at which those statements and reports are to be made available are~~ set out in Section 16.6.1, Section 16.6.1A and Section 16.7. Where a report is stated in Section 16.6.1, Section 16.6.1A or Section 16.7 to be available “daily”, the report will be available on each Business Day or Mainland Business Day only and will not be available on a Saturday unless expressly stated otherwise. Further, full descriptions of the information contained in the reports for Participants other than Investor Participants and Designated Banks are set out in the CCASS Terminal User Guide for Participants, the RMS Guide and the CCASS Terminal User Guide for Designated Banks.

Participants other than Investor Participants and Designated Banks may retrieve such reports ~~and statements~~ through their CCASS Terminals or Participant Gateways or RMS (see Section 16.3) ~~or download the data image of such reports and statements to the hard disk of their CCASS Terminals or Participant Gateways (see Section 16.4).~~

In the event that a Clearing Participant or a Custodian Participant authorises HKSCC to furnish statements and reports relating to SSA with Statement Service to SSA Statement Recipients, such statements and reports are to be made available by HKSCC as set out in Section 16.8.

Investor Participants will receive statements from HKSCC relating to activities and balances of their Stock Accounts as described in Section 16.6.2.

16.2 ACCESS RIGHTS TO REPORT RETRIEVAL FUNCTIONS

The access rights of ~~an Authorised User of~~ a Participant other than an Investor Participant to retrieve reports ~~through CCASS Terminals or Participant Gateways~~ are stated/discussed in Sections 3.5 and 3.5A.

16.3 RETRIEVAL OF REPORTS ~~THROUGH CCASS TERMINALS/PARTICIPANT GATEWAYS~~

The ~~arrangement/procedures~~ for retrieving—

(a) CCASS reports ~~and statements through CCASS Terminals~~ are set out in the CCASS Terminal User Guide and the CCASS Terminal User Guide for Designated Banks; and

(b) RMS reports are set out in the RMS Guide ~~Reports are available for printing via CCASS Terminals or Participant Gateways for a period of two Settlement Days from the date of issue of such reports by HKSCC.~~

16.4 [Repealed] DOWNLOADING OF REPORT DATA IMAGE

~~For internal processing, Participants other than Investor Participants and Designated Banks can, upon application to HKSCC, download the CCASS report data image of certain of the CCASS reports onto the hard disks of their CCASS Terminals or Participant Gateways. The procedures for downloading report data image onto the hard disk of CCASS Terminals and the layout of the report data files through CCASS Terminals are set out in the CCASS Terminal User Guide for Participants and the CCASS Terminal User Guide for Designated Banks. HKSCC has the right to limit the number of Participants who are allowed to utilise the report data image download function.~~

16.5 REQUEST FOR RE-PRINTS

In relation to ~~back~~-copies of reports which are no longer available for printing or retrieval via ~~their~~ CCASS Terminals, ~~or~~ Participant Gateways or RMS, Participants other than Investor Participants may apply to HKSCC for re-prints of such reports. HKSCC may in its absolute discretion provide these re-prints in any form.

Re-prints of reports are subject to extra charges as outlined in HKSCC's current schedule of costs and expenses (see Section 21).

16.6 REPORTS AND STATEMENTS FOR PARTICIPANTS

16.6.1 Reports and Statements for Participants other than Investor Participants to be retrieved from CCASS Terminals or Participant Gateways

Report ID	Report name	Frequency	Time available
CCLTN04	Provisional Clearing Statement	Twice daily	shortly after 5:00 p.m. (for current day's Exchange Trades); Shortly after 8:00 p.m. (for current day's Exchange Trades and Clearing Agency Transactions)
CCLTN05	Final Clearing Statement	Daily	shortly after 2:00 p.m. (for previous day's Exchange Trades and Clearing Agency Transactions)
		Daily	shortly after 4:00 p.m. (for current day's China Connect Securities Trades) upon completion of the clearing process for the China Connect Markets
CCLID01	Intra-day Trade File (available in data format file only)	Ten times a day	shortly after 9:45 a.m., 10:15 a.m., 10:45 a.m., 11:30 a.m., 12:00 noon, 1:15 p.m., 2:00 p.m., 2:45 p.m., 3:30 p.m. and 4:25 p.m. (for current day's Exchange Trades effected on or reported to the Exchange by the NCPs of a GCP)
		Eight times a day	shortly after 9:45 a.m., 10:15 a.m., 10:45 a.m., 11:45 a.m., 1:15 p.m., 2:00 p.m., 2:30 p.m. and 3:30 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by the NCCCPs of a GCP)
CCLSI02	SI Activity Report	Daily	from the time when the report retrieval function is available (for previous day's SI activities)
CCLSI01	SI Status Report	Daily	from the time when the report retrieval function is available (for previous day's SI results)
CCLUS01	Unmatched SI Report	Nine times a day	around 9:45 a.m., 10:30 a.m., 12:00 noon, 2:00 p.m., 3:00 p.m., 3:30 p.m., 4:15 p.m., 5:30 p.m. and 6:30 p.m. (for unmatched SI results as of the completion of each SI matching run for Eligible Securities other than China Connect Securities)
		Nine times a day	around 12:00 noon, 2:00 p.m., 3:15 p.m., 5:00 p.m., 5:15 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m.

			p.m. (for unmatched SI results as of the completion of each SI matching run for China Connect Securities)
CSESP01	Settled Position Report	Daily	<p>shortly after 6:00 p.m. (for accumulated settlement results for Eligible Securities other than China Connect Securities as of current day)</p> <p>Shortly after 8:00 p.m. (for accumulated settlement results for China Connect Securities of current day)</p>
CSESP04	Intra-day Settled Position Report	Three times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for settlement results as of the completion of first, second and third Batch-settlement-runs for Eligible Securities other than China Connect Securities)
		Four times a day	around 5:15 p.m., 6:00 p.m., 6:45 p.m. and 7:30 p.m. (for CNS stock positions and SIs settlement results as of the completion of the first to fourth Batch-settlement-runs for China Connect Securities)
CSESE01	Settlement Report	Daily	from the time when the report retrieval function is available (for previous day's settlement results)
CSESB01	Daily Stock Balance Report	Daily	from the time when the report retrieval function is available (for previous day's stock balances and value in their account and total portfolio value)
CSESM01	Statement of Stock Movement (By Stock) Report	Daily	from the time when the report retrieval function is available (for previous day's stock movements sorted by stocks)
CSESM02	Statement of Stock Movement (By Account) Report	Daily	from the time when the report retrieval function is available (for previous day's stock movements sorted by accounts)
CSEMS08/ CSEMA08	Statement of Money Ledger	Daily	CSEMS08: from the time when the report retrieval function is available (for previous day's Money Ledger movements); and CSEMA08: around 4:30 p.m. (for current day's Money Ledger movements)
CSEMP02	CCASS Funding Projection Report for Participant	Four times a day	around 11:30 a.m., 12:30 p.m. and 2:30 p.m. (for funding projection as of the completion of each of the first three Batch-settlement-runs for Eligible Securities other than China Connect Securities) and around 3:30 p.m. (for funding projection as of the completion of the sixth SI matching for Eligible Securities other than China Connect Securities)
CCNPT06	Nominee Fees Refund Report	Daily	from the time when the report retrieval function is available (for refund of the over-charged nominee fees arising from multi-counter stocks, i.e. scrip fee and dividend collection fee)

CSEMS28/ CSEMA28/ CSEMN28	DDI/DCI/EPI Summary for Participant	Daily	CSEMS28: from the time when the report retrieval function is available (for DDIs/DCIs/EPIs generated on the previous day); CSEMA28: around 4:05 p.m. (for DDIs/DCIs/EPIs generated on the current day for same day settlement); and CSEMN28: around 8:15 p.m. (for EPIs generated on the current day for same day Night Settlement)
CSEMS29/ CSEMA29/ CSEMN29	Settlement Related EPI Listing	Daily	CSEMS29: from the time when the report retrieval function is available (for EPIs generated on the previous day for settlement on the current day in relation to money obligations of Isolated Trades, SI Transactions and ISI Transactions on a DVP basis); CSEMA29: around 4:05 p.m. (for EPIs generated on the current day for same day settlement in relation to money obligations of Isolated Trades and SI Transactions on a DVP basis); and CSEMN29: around 8:15 p.m. (for EPIs generated on the current day for same day Night Settlement)
CSEOP01	Next Settlement Day Due/Overdue Position Report	Daily	from the time when the report retrieval function is available (for current day's due/overdue positions)
CCLEI01	SI Batch Input Control Report	After each SI upload	shortly after each individual SI batch validation (for status of SI batch uploads)
CCMSS05	Collateral Security Batch Input Control Report	After each batch validation	shortly after completion of each Collateral Security batch validation run scheduled at around 10:00 a.m., 12:45 p.m., 5:00 p.m. and 6:00 p.m. (for status of Collateral Security batch file uploads)
CSEBA01	ATI Batch Input Control Report	After each batch validation	shortly after completion of each ATI batch validation run scheduled at around 7:30 a.m., 8:00 a.m., 9:15 a.m., 10:00 a.m., 11:30 a.m., 12:45 p.m., 3:15 p.m., 5:00 p.m., 5:30 p.m. and 8:00 p.m. (for status of ATI batch file uploads).
CCNPT02	Entitlement Statement	Daily	from the time when the report retrieval function is available (for previous day's entitlement updates)
CCNPT01	Nominee Functions Input Activities Report	Daily	from the time when the report retrieval function is available (for previous day's input activities of all nominee functions, Intra-day Payment Standing Instruction in relation to payments arising out of nominee services, Nominee Payment (Evening) Standing Instruction and also voting instructions input by SSA Statement Recipients)
CCNPT05	Elected Quantity Exception Report for Structured Products (Before Election End)	Daily	from the time when the report retrieval function is available (for potential exceptional election instructions for payments relating to Structured Products)

CCNAN05	Corporate Announcement Master Data File (available in data format file only)	Three times a day	around 1:00 p.m., 3:30 p.m. and 6:00 p.m. (for active Corporate Announcements as of the file generation time)
CCNAN06	Corporate Announcement Maintenance Activities Report	Three times a day	around 1:00 p.m., 3:30 p.m. and 6:00 p.m. (for current day's Corporate Announcements' update activities as of the report / file generation time)
CCNDS04	Withdrawal Advice Report	Daily	from the time when the report retrieval function is available (for current day's lapsed/expired securities withdrawal)
	Overnight Report Distribution Summary Report	Daily (including Saturday)	printed overnight (for reports downloaded to the participants during the overnight report printing)
CCVTF01	Inter-counter Transfer/Conversion Instruction Activities Report	Daily	from the time when the report retrieval function is available (for previous day's processed Multi-counter Transfer Instructions and Parallel Trading Conversion Instructions)
CCVTF03	Multi-counter Transfer Instruction Batch Input Control Report	After each batch validation	shortly after completion of each batch validation run on uploaded files containing Multi-counter Transfer Instructions scheduled at around 9:15 a.m., 10:15 a.m., 12:30 p.m. and 2:30 p.m. (for status of Multi-counter Transfer Instruction batch uploads)
CCVTF05	Parallel Trading Conversion Instruction Batch Input Control Report	After each batch validation	shortly after completion of each batch validation run on uploaded files containing Parallel Trading Conversion Instructions scheduled at around 9:15 a.m., 10:15 a.m., 12:30 p.m. and 2:30 p.m. (for status of Parallel Trading Conversion Instruction batch uploads)
CCVWD04	Withdrawal Order Audit Trail Report	Daily	from the time when the report retrieval function is available (for previous day's withdrawal orders input activities)
CCVWD05	Withdrawal Order Status Report	Daily	from the time when the report retrieval function is available (withdrawal order status as at the end of the previous day)
CFIPM01	Marks and Collateral Collection Report	Daily	after day end Marks processing (for current day's Marks obligation)
CFIMC01	Monthly Stock Balance Report	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's Stock Account balance)

CCDPC02	Monthly Portfolio Fee Collection Report of China Connect Markets	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's portfolio values of each calendar day for calculating portfolio fee of China Connect Securities with details of the portfolio fee shown)
CRMIM01	Intra-day Marks and Collateral Collection Report	Daily/Ad-hoe	upon completion of intra-day Marks processing
CRMMG01	Intra-day Margin Payable Report	Ad-hoe	upon completion of intra-day Margin processing
CRMMG02	Margin Payable Report	Daily	after day-end Margin processing for current day's Margin requirement
CRMNP01	NCP Marks Projection Report	Daily / Ad-hoe	upon completion of intra-day Marks processing
CRMNP02	NCP Marks Projection Report	Daily	upon completion of day-end Marks processing
CRMNP03	NCP Margin Projection Report	Ad-hoe	upon completion of intra-day Margin processing
CRMNP04	NCP Margin Projection Report	Daily	after day-end Margin processing for current day's Margin requirement
CCJCC12	Corporate Communications Event List	Daily	from the time when the report retrieval function is available (for previous day's corporate communications event updated)
CCJCC15	Corporate Communications Recipient Batch Input Control Report	Daily	shortly after each scheduled corporate communications batch validation run (for status of batch file uploads)
CCJCC13	Recipient Master Maintenance Activity Report	Daily	from the time when the report retrieval function is available (for previous day's Recipient master maintenance activities)
CCJCC14	Corporate Communications Event Recipient List Activity Report	Daily	from the time when the report retrieval function is available (for previous day's corporate communications Recipient list maintenance activities)
CCJCC21	Monthly Recipient Master List	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for latest Recipient masters as at end of previous month)
CIPSI01	ISI Status Report	Daily	from the time when the report retrieval function is available (for previous day's ISI results)

CIPSI02	ISI Activity Report	Daily	from the time when the report retrieval function is available (for previous day's ISI activities)
CSEPI01	Payment Instruction Input Activity Report	Daily	from the time when the report retrieval function is available (for previous day's payment instruction on-line activities)
CSESI02	Intra-day ISI/SI Full List	Eight times a day	around 11:30 a.m., 12:30 p.m., 2:30 p.m. and 4:15 p.m. (for settlement results as of the completion of each Batch-settlement-run for Eligible Securities other than China Connect Securities) and around 3:00 p.m., 3:30 p.m., 5:30 p.m. and 6:30 p.m. (for matched SI results as of the completion of the fifth, sixth, eighth and final SI matching runs for Eligible Securities other than China Connect Securities)
		Nine times a day	around 5:00 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for settlement results as of the completion of each Batch-settlement-run for settlement of SI stock positions in China Connect Securities) and around 12:00 noon, 2:00 p.m., 3:15 p.m., and 5:15 p.m. (for matched SI results as of the completion of the first, second, third and fifth SI matching runs for China Connect Securities)
CIPCL03	Monthly ISI Counterparty List	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for the latest ISI counterparty list as at end of previous month)
CIPEI01	ISI Batch Input Control Report	After each ISI upload	Shortly after each individual ISI batch validation (for status of ISI batch uploads)
CBLBR01	Stock Borrowing/Lending Activity Report	Daily	from the time when the report retrieval function is available (for previous day's stock loan activities)
CBLBP01	Stock Borrowing/Lending Position Status Report	Daily	from the time when the report retrieval function is available (stock loan status as at the end of the previous day)
CEPAA01	New Issues Application Input Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's EIPO application instruction and Tender Instruction maintenance activities)
CEPAB01	New Issues Application Input Activity Report	Daily (including Saturday)	shortly after 11:30 a.m. (for current day's EIPO application instruction and Tender Instruction maintenance activities as of the report generation time)
CEPBE01	New Issues Entitlement Report	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's entitlement updates of EIPO application instructions and Tender Instructions)

CEPSA01	Yellow Form Share Allotment Report	Daily (including Saturday)	from the time when the report retrieval function is available (for allotment results of applications for New Issue Shares using yellow application forms)
CEPBV01	EIPO Batch Input Control Report	After each scheduled validation	shortly after each scheduled batch validation run (for status of EIPO application instructions batch file uploads)
CEPBV02	EIPO Confirmation Batch Input Control Report	After each batch validation	shortly after each scheduled batch validation run (for status of EIPO Confirmation batch file uploads)
CEFUV01	Tender Instructions Batch Input Control Report	After each scheduled validation	shortly after each scheduled batch validation run (for status of Tender Instructions batch file uploads)
CCNVT08	CRP Batch Input Control Report	Three times a day	shortly after completion of each CRP batch validation run scheduled at around 11:45 a.m., 2:45 p.m. and 4:15 p.m. (for status of CRP batch file uploads)
CCNPT03	Participant Voted Quantity Exception Report - On Voting Deadline	Daily	shortly after the 4:15 p.m. voting validation run (for voting instructions being scaled down or cancelled)
CSEMP04	CCASS Funding Projection Report (Night Settlement) for Participant	Five times a day	around 5:00 p.m., 5:45 p.m., 6:30 p.m., 7:15 p.m. and 8:00 p.m. (for funding projection as of the completion of each Batch-settlement-run for China Connect Securities)
CCNPT04	Participant Voted Quantity Exception Report - Before Voting Deadline	Daily	normally around 8:45 p.m. (for potential exceptional voting instructions of Eligible Securities other than China Connect Securities)
		Daily	normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for potential exceptional voting instructions of China Connect Securities)
CSEOP09	GEM Settlement Information Report	Daily	from the time when the report retrieval function is available (for previous day's settlement results in relation to transactions in securities listed on the Growth Enterprise Market of the Exchange)
CSECP03	Cash Prepayment / TSF Payment / Intra-day Payment Instruction Maintenance A/T Report	Daily	from the time when the report retrieval function is available (for previous day's maintenance activities of Cash Prepayment, TSF Payment and Intra-day Payment Standing Instruction)

CCSSG01	Stock Segregated Account with Statement Service Master Listing	Daily	from the time when the report retrieval function is available (for the previous day's latest master information of SSA with Statement Service)
CCSSG02	Stock Segregated Account with Statement Service Maintenance Activity Report	Daily	from the time when the report retrieval function is available (for previous day's maintenance activities of SSA with Statement Service)
CCSSU01	SSA Batch Input Control Report	Daily	shortly after the SSA batch input file validation run (for status of SSA batch uploads)
CSEAT02	STI Activity Report	Six times a day	shortly after completion of each STI batch transfer run scheduled at around 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for Eligible Securities other than China Connect Securities)
		Eleven times a day	shortly after completion of each STI batch transfer run scheduled at around 8:00 a.m., 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 6:15 p.m., 7:00 p.m., 7:30 p.m. and 8:00 p.m. (for accumulated STI activities as of the report generation time for China Connect Securities)
CSEAT01	STI Batch Input Control Report	After each batch validation	shortly after completion of each STI batch validation run scheduled at around 7:30 a.m., 8:00 a.m., 9:15 a.m., 10:00 a.m., 12:45 p.m., 3:30 p.m., 5:00 p.m., 5:30 p.m., 7:30 p.m. and 8:00 p.m. (for status of STI batch uploads)
CRMAC04	China Connect- Additional Cash- Collateral Payable- Report	Daily	after the completion of additional cash collateral processing for Clearing Agency Participant which is a China Connect Clearing House
CCNPT07	Participant Shareholding Category Disclosure Activity Report	Daily	from the time when the report retrieval function is available (for previous day's Shareholding Category Disclosure maintenance activities)
CCNPT08	Participant Shareholding Category Disclosure Exception Report - On Voting Deadline	Daily	shortly after 4:15 p.m. voting validation run (for Shareholding Category Disclosure instructions being cancelled)

CCNPT09	Participant Shareholding Category Disclosure Exception Report - Before Voting Deadline	Daily	normally around 8:45 p.m. for SSE Market and 9:15 p.m. for SZSE Market (for Shareholding Category Disclosure instructions to be cancelled)
CCNPT10	CA ISO Message Service Subscription Audit Trail Report	Daily	from the time when the report retrieval function is available (for previous day's CA ISO Message Service subscription activities)
CCNPT11	CA ISO Message Service Monthly Billing Report	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's CA ISO Message Service subscription fee and list of ISO Messages)
CSEAT03	STI Status Report	Daily	from the time when the report retrieval function is available (for previous day's STI results)
CFIBI01	Buy-in Notification Report	Daily	<p>after 5:00 p.m. (for Buy-in of Eligible Securities other than China Connect Securities to be executed by HKSCC on the following Trading day and those executed on previous Trading day)</p> <p>after 7:15 p.m. (for Buy-in of China Connect Securities to be executed by HKSCC on the following Trading day and those executed on current Trading day for each China Connect Market)</p>
CCMIA14	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shenzhen)	Quarterly	from the time when the report retrieval function is available on the first Business Day of each quarter (for previous quarter's interest)
CRMGF03	Mainland Security Deposit Payable Report (Shenzhen)	Monthly	from the time when the report retrieval function is available on the first Business Day of each month
CRMSD04	Mainland Settlement Deposit Payable Report (Shenzhen)	Daily	after calculation for current day's Mainland Settlement Deposit requirement
CRMSD09	Intra-day Mainland Settlement Deposit Payable Report (Shenzhen)	Daily	after calculation of intra-day Mainland Settlement Deposit requirement

CCLTA01	Trade File of Special Segregated Accounts (available in data format file only)	Daily	Around 4:15 p.m. (for current day's China Connect Securities Trades effected via a Trading Link by a China Connect Exchange Participant for Special Segregated Accounts)
CRMSD07	Intra-day Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation of intra-day Mainland Settlement Deposit requirement
CSEAS05	A-share Sellable Balance Adjustment Report	Twice daily	from the time when the report retrieval function is available (for previous day's sellable balance adjustment) and around 8:15 a.m. (for current day's sellable balance adjustment)
CSEAS07	A-share Sellable Balance Adjustment Audit Trail Report	Daily	from the time when the report retrieval function is available
CSETF03	TSF FX Transaction / Stock Release Activity / Status Report	Daily	from the time when the report retrieval function is available (for previous Trading day's (i) Stock Release Request maintenance activities; and (ii) settlement status of TSF FX Transactions and Stock Release FX Transactions)
CSETF07	TSF Confirmation Report	Daily	around 6:00 p.m. (for (i) current Trading day's TSF FX Transactions and Stock Release Requests; (ii) the preceding Trading day's TSF FX Positions and Stock Release FX Transactions; (iii) a summary of the quantity of TSF Stocks to be earmarked and de-earmarked and money positions of the TSF CCASS Participants; and (iv) the applicable FX rates)
CSETF13	TSF Exception Handling Fee Report	Daily	from the time when the report retrieval function is available (for previous day's TSF exception handling fee)
CCMPY01	Posting/ Collateralisation Result Report	Each marks batch run	before the completion of scheduled intra-day marks batch processing runs, or ad-hoc marks batch processing run (if any)
CCMPY02	Posting/ Collateralisation Result Report	Daily	After the completion of day-end marks batch processing runs
CCMSU04	Special-Use Collateral Balance Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's special-use collateral balance)
CCMCA02	Collateral Account Balance Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral balance)

CCMMV01	Participant Collateral Account Movement Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral movements)
CCMIA02	Monthly Interest & Accommodation Fee Report – Detail	Monthly	from the time when the report retrieval function is available on the first Business Day of each month (for previous month's interest and accommodation fee)
CCMIR02	Collateral Parameters Information List	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (previous day's interest rates, retention rates, accommodation fee rate, exchange rate and exchange haircut)
CCMDS01	Statement of Collateral Account	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's collateral account activities)
CCMSC01	Specific Cash Collateral Instruction Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's Specific Cash Collateral instruction activities)
CCMPS01	Maintain Preferred Single Settlement Currency Activity Report	Daily (including Saturday)	from the time when the report retrieval function is available on each Business Day and Saturday (for previous day's activities in relation to Preferred Single Settlement Currency)
<u>CCMMM01</u>	<u>Marks and Margin for ChinaClear Southbound Payable Report</u>	<u>Daily</u>	<u>around 8:00 p.m. (after generation of the current day money obligations for next Business Day settlement)</u>
<u>CCMDF02</u>	<u>Statement of Default Fund Contributions</u>	<u>Monthly & ad hoc</u>	<u>Around 12:00 noon, following completion of monthly review of Guarantee Fund to be conducted on the first Business Day of each month or completion of any ad hoc review of Guarantee Fund</u>
CCMIA12	Quarterly Interest Report for Mainland Settlement Deposit and Mainland Security Deposit (Shanghai)	Quarterly	from the time when the report retrieval function is available on the first Business Day of each quarter (for previous quarter's interest)
CRMGF01	Mainland Security Deposit Payable Report (Shanghai)	Monthly	from the time when the report retrieval function is available on the first Business Day of each month
CRMSD01	Mainland Settlement Deposit Payable Report (Shanghai)	Daily	after calculation for current day's Mainland Settlement Deposit requirement

DMSDA01	Disabled User Listing	Daily (including Saturday)	Ad hoc
DMSDA02	SRN Listing	Daily (including Saturday)	Ad hoc
DMSDA03	User Group Listing (with Accessible Functions)	Daily (including Saturday)	Ad hoc
DMSDA04	User Profile Listing	Daily (including Saturday)	Ad hoc
DMSDA05	User Profile Maintenance Report	Daily (including Saturday)	Ad hoc
CETMB02	Broadcast Message Listing	Daily (including Saturday)	from the time when the report retrieval function is available (for previous day's broadcast messages)
GFR608	Statement of Guarantee Fund Contributions	Monthly/Ad-hoc	around 12:00 noon after completion of the Guarantee Fund review processing
GFR616	NCP(s) Guarantee Fund Contributions Projection By Position	Monthly/Ad-hoc	around 12:00 noon after completion of the Guarantee Fund review processing
CRMAC01	Additional Cash Collateral Payable Report	Daily	after the completion of additional cash collateral processing
CSECC03	Handling Fee Collection Report for the Early Release of Securities-on-hold for China Connect Markets	Daily	from the time when the report retrieval function is available (for previous day's handling fee)

The allotment results in the Yellow Form Share Allotment Report and the allotment results of EIPO application instructions in the New Issues Entitlement Report are based on the relevant allotment information provided by the Issuer or its agent. Where the relevant allotment information is not provided to or received by HKSCC soon enough, HKSCC shall not be required to make the Yellow Form Share Allotment Report and/or the allotment results of EIPO application instructions in the New Issues Entitlement Report available to the Participants as stated in this Section 16.6.1 and the Participants may receive the allotment results of applications for New Issue Shares using yellow application forms and/or EIPO application instructions from the Issuer or its agent.

16.6.1A Reports for Participants other than Investor Participants to be retrieved from RMS

<u>Report ID</u>	<u>Report name</u>	<u>Frequency</u>	<u>Time available</u>
<u>DWH0081C</u>	<u>Daily Participant Margin Multiplier Report</u>	<u>Once daily</u>	<u>from the time when the report retrieval is available (for report generated overnight)</u>
<u>DWH0229</u>	<u>Corporate Action Event Report</u>	<u>Once daily</u>	<u>around 10:00 a.m.</u>
<u>DWH0303</u>	<u>IPO Indicator Report</u>	<u>Once daily</u>	<u>from the time when the report retrieval is available (for report generated overnight)</u>
<u>DWH0305</u>	<u>Series Price Report</u>	<u>Four / Five times daily</u>	<u>1) from the time when the report retrieval is available (for report generated overnight)</u> <u>2) around 11:45 a.m., after the intra-day Margin calculation process</u> <u>3) around 2:45 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable</u> <u>4) around 3:45 p.m., after the early Margin estimation process</u> <u>5) around 5:30 p.m., after the Margin estimation process</u>
<u>RMADF01</u>	<u>Default Fund Requirement Report</u>	<u>Once daily, with monthly and/or ad hoc, if applicable</u>	<u>1) around 9:00 p.m., after the end of day Guarantee Fund calculation process</u> <u>2) around 10:30 a.m., after the completion of the monthly and/or ad hoc Guarantee Fund review processing</u>
<u>RMAMP01</u>	<u>Marginable Position Report</u>	<u>Four / Five times daily</u>	<u>1) around 11:30 a.m., after the intra-day Margin calculation process</u> <u>2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable</u> <u>3) around 3:30 p.m., after the early Margin estimation process</u> <u>4) around 5:15 p.m., after the Margin estimation process</u> <u>5) around 9:00 p.m., after the end of day Margin calculation process</u>

<u>Report ID</u>	<u>Report name</u>	<u>Frequency</u>	<u>Time available</u>
<u>RMAMR01</u>	<u>MTM and Margin Requirement Report</u>	<u>Four / Five times daily</u>	<u>1) around 11:30 a.m., after the intra-day Margin calculation process</u> <u>2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable</u> <u>3) around 3:30 p.m., after the early Margin estimation process</u> <u>4) around 5:15 p.m., after the Margin estimation process</u> <u>5) around 9:00 p.m., after the end of day Margin calculation process</u>
<u>RMAMR03</u>	<u>MTM and Margin Requirement Report Summary Version</u>	<u>Four / Five times daily</u>	<u>1) around 11:30 a.m., after the intra-day Margin calculation process</u> <u>2) around 2:30 p.m., after the intra-day Margin calculation process on the day before a public holiday, if applicable</u> <u>3) around 3:30 p.m., after the early Margin estimation process</u> <u>4) around 5:15 p.m., after the Margin estimation process</u> <u>5) around 9:00 p.m., after the end of day Margin calculation process</u>
<u>RMAST01</u>	<u>Risk - Stress Testing Report</u>	<u>Once daily</u>	<u>around 9:00 p.m. on each business day</u>
<u>RMCMN01</u>	<u>Risk - Northbound MSTD Requirement Report</u>	<u>Three times daily</u>	<u>1) around 12:00 noon, after the intra-day Mainland Settlement Deposit calculation process</u> <u>2) around 4:00 p.m., after the Mainland Settlement Deposit estimation process</u> <u>3) around 8:00 p.m., after the end of day Mainland Settlement Deposit calculation process</u>
<u>RMCMN03</u>	<u>Risk - Northbound MSCD Requirement Report</u>	<u>Once monthly</u>	<u>around 9:30 a.m. of the first business day of each month after the monthly calculation process</u>
<u>RMCSM01</u>	<u>Southbound Margin Requirement Report</u>	<u>Once daily</u>	<u>at around 9:00 p.m., after the end of day Margin calculation process</u>
<u>RPF01</u>	<u>Initial Margin Risk Parameter File</u>	<u>Once daily</u>	<u>Day-end</u>
<u>RPF02</u> <u>RPF03</u> <u>RPF04</u>	<u>Stress Testing Risk Parameter Files</u>	<u>Once daily</u>	<u>Day-end</u>
<u>RPF05</u> <u>RPF06</u> <u>RPF07</u>	<u>Risk Parameter Files for ChinaClear</u>	<u>Once daily</u>	<u>around 9:00 a.m. on a business day</u>

Section 17

Suspension of Services

17.2 TYPHOONS AND EXTREME CONDITIONS

17.2.3 CCASS Terminals, Participant Gateways, RMS, the CCASS Phone System and the CCASS Internet System

Except for the services provided in Section 17.2.1 or otherwise specified by HKSCC, CCASS Terminals, ~~and~~ Participant Gateways and RMS will normally cease to be available for use by Participants fifteen minutes after a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced and operations will normally resume two hours after the lowering of the Typhoon Signal and cancellation of Extreme Conditions (where applicable), if it takes place at or before 12:00 noon on a Business Day (or 9:00 a.m., on a Saturday). If a Typhoon Signal No. 8 or above is still hoisted or Extreme Conditions are still in force at 12:00 noon (or 9:00 a.m., on a Saturday), no CCASS services or facilities will be available to Participants other than Investor Participants on that day except those provided in Section 17.2.1 or otherwise specified by HKSCC.

Unless otherwise specified by HKSCC, the CCASS Phone System and the CCASS Internet System will continue to be available for use by Investor Participants in accordance with their normal service hours. However, ISI (without affirmation) and the subscription instructions input and ISI (with affirmation) affirmed by Investor Participants during the period when a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced will only be processed by CCASS after the Typhoon Signal is lowered and Extreme Conditions are cancelled (where applicable) and when normal CCASS and CCASS Depository services and facilities resume.

Unless otherwise specified by HKSCC, access to SSA with Statement Service in CCASS via the CCASS Phone System and the CCASS Internet System will continue to be available to SSA Statement Recipients in accordance with the normal service hours.

However, STI (with affirmation) affirmed by SSA Statement Recipients during the period when a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced will only be processed by CCASS after the Typhoon Signal is lowered and Extreme Conditions are cancelled (where applicable) and when normal CCASS and CCASS Depository services and facilities resume.

17.2.6 Clearing and settlement of Exchange Trades

If a Typhoon Signal No. 8 or above is hoisted or Extreme Conditions are announced before 9:00 a.m. and the Typhoon Signal is not lowered or Extreme Conditions are not cancelled at 12:00 noon on a Business Day, that day will not be treated as a Settlement Day for the purpose of determining the date of settlement of Exchange Trades under a T+2 settlement system. Otherwise, it will still be treated as a Settlement Day notwithstanding the fact that part of the day may have been affected by a typhoon or Extreme Conditions.

The issue of outstanding PCSs by HKSCC to Clearing Participants and Clearing Agency Participants in respect of a Business Day's Exchange Trades will take place as soon as practicable following the resumption of CCASS services.

In relation to Exchange Trades where counterparty Exchange Participants have not had any opportunity to effect Trade Amendments, where trading resumes during the morning trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be allowed on that day as announced by the Exchange and FCSs (giving details of relevant Trade Amendments) will be issued in accordance with the CCASS Terminal User Guide for Participants and the RMS Guide~~Section 6.2~~. Where trading resumes during the afternoon trading session (as specified in the Exchange Rule 501(1)) on the Exchange, Trade Amendments will be

allowed until 3:00 p.m. that day in accordance with Exchange Rules and FCSs will normally be issued by HKSCC two hours thereafter on that day.

In relation to settlement under the CNS System and the Isolated Trades System, the date of "delivery" by Clearing Participants to effect settlement of stock positions may be postponed as a result of a day not being counted as a Settlement Day and any measures which will be taken by HKSCC as a result of late deliveries or defaults may be postponed accordingly. In addition, accrued interest of affected Debt Securities positions may be adjusted by HKSCC to cover the deferred period. In case Debt Securities issuers change last registration day or extend interest period owing to typhoons or Extreme Conditions, or where other circumstances warrant, HKSCC may also adjust the accrued interest in line with market practice. Adjustments will be shown on FCSs, Next Settlement Day Due/Overdue Position Reports, Settled Position Reports and Settlement Reports, where applicable.

However, the adoption of risk management measures by HKSCC will not normally be affected by a typhoon or Extreme Conditions except where it will not be possible to implement such measures in the usual way. For instance, Marks, Margin and Collateral on ~~pending and overdue~~ stock positions of a Clearing Participant and Clearing Agency Participants under the CNS System will be determined in the normal way and will be collected unless CCASS money settlement is affected by a typhoon or Extreme Conditions.

17.3 RAINSTORMS

17.3.3 CCASS Terminals, Participant Gateways, RMS, the CCASS Phone System and the CCASS Internet System

CCASS Terminals, ~~and~~ Participant Gateways and RMS will remain available for use by Participants if a Black Rainstorm Warning is issued at or after 9:00 a.m. on any Business Day. If a Black Rainstorm Warning is issued before 9:00 a.m. and is cancelled at or before 12:00 noon on any Business Day (or 9:00 a.m., on a Saturday), CCASS Terminals, ~~and~~ Participant Gateways and RMS will normally be available for use two hours thereafter. When a Black Rainstorm Warning is issued before 9:00 a.m. and remains in effect at 12:00 noon on any Business Day, no CCASS services or facilities will be available to Participants other than Investor Participants on that day.

The CCASS Phone System and the CCASS Internet System will continue to be available for use by Investor Participants in accordance with their normal service hours if a Black Rainstorm Warning is issued. However, if a Black Rainstorm Warning is issued before 9:00 a.m., the ISI (without affirmation) and the subscription instructions input and ISI (with affirmation) affirmed by Investor Participants during the period when the Black Rainstorm Warning is issued will only be processed by CCASS after the Warning is cancelled and when normal CCASS and CCASS Depository services and facilities resume.

The CCASS Phone System and the CCASS Internet System will continue to be available to SSA Statement Recipients for access to enquiry functions and voting services for the account of Clearing Participants or Custodian Participants in relation to SSA with Statement Service in CCASS in accordance with the normal service hours if a Black Rainstorm Warning is issued. However, if a Black Rainstorm Warning is issued before 9:00 a.m., the STI (with affirmation) affirmed by SSA Statement Recipients during the period when the Warning is issued will only be processed by CCASS after the Warning is cancelled and when normal CCASS and CCASS Depository services and facilities resume.

Section 18

Guarantee Fund

18.2 CALCULATION OF CONTRIBUTIONS

18.2.1 Determination of amount

~~For the purpose of this Section, “daily CNS position”, in relation to a Clearing Participant, refers to the higher of (i) the aggregate of the value of the total cross-day net long CNS stock positions of the Clearing Participant and the money settlement obligations of the Clearing Participant on that day and (ii) the value of the total cross-day net short CNS stock positions of such Clearing Participant on that day, each subject to adjustments which HKSCC may from time to time consider appropriate. The adjustments may include (but will not be limited to) adjustments for Multi-counter Eligible Securities of the same class of an Issuer, Collateral Security and Specific Cash Collateral provided by the Clearing Participant. The values of the CNS stock positions in Eligible Securities, including positions in China Connect Securities, are computed with reference to the Mark to market value of the relevant CNS stock positions determined by HKSCC. “Money settlement obligations” of a Clearing Participant refers to the amounts payable by the Clearing Participant for the settlement of its Market Contracts.—~~

Each Clearing Participant shall pay to HKSCC both the Basic Contribution and the Dynamic Contribution to the Guarantee Fund.

The amount of the Basic Contribution required from a Clearing Participant will be determined by reference to the Clearing Participant’s share of the average Expected Uncollateralised Loss ~~daily CNS positions~~ of all Clearing Participants during the most recent 60 Business Days, subject to a minimum cash Basic Contribution. The minimum cash Basic Contribution by each DCP shall be HK\$50,000 or HK\$50,000 in respect of each Stock Exchange Trading Right held by such DCP, whichever is the higher. The minimum cash Basic Contribution by each GCP shall be HK\$150,000 or the aggregate of HK\$50,000 in respect of each Stock Exchange Trading Right held by it and HK\$50,000 in respect of each NCCCP with whom such GCP has entered into a Clearing Agreement, whichever is the higher. The size of the aggregate Basic Contributions required from all Clearing Participants shall generally be not less than HK\$100,000,000 provided that HKSCC reserves the right to determine from time to time the required size of the aggregate Basic Contributions.

A Clearing Participant’s share of the average Expected Uncollateralised Loss ~~daily CNS positions~~ of all Clearing Participants during the most recent 60 Business Days as mentioned above will also be used by HKSCC as the basis for calculating the Clearing Participant’s share of the Dynamic Contribution calculated in respect of all Clearing Participants. The “Dynamic Contribution calculated” in respect of all Clearing Participants means the required size of the Guarantee Fund determined by HKSCC (which is an amount below or equal to the Guarantee Fund Threshold) following a review of the size of the Guarantee Fund by HKSCC, less:

- (i) the aggregate Basic Contributions required from all Clearing Participants;
- (ii) resources amounting to 10% or such other percentage of the Guarantee Fund size as HKSCC may determine from time to time which may be appropriated by HKSCC as contributions to the Guarantee Fund; and
- (iii) any other amounts which HKSCC, in its absolute discretion, considers as appropriate to reduce the Dynamic Contribution calculated in respect of all Clearing Participants. Such Clearing Participant’s share of the Dynamic Contribution calculated in respect of all Clearing Participants, in money terms, will be the Dynamic Contribution calculated in respect of the Clearing Participant.

The Dynamic Contribution calculated in respect of the Clearing Participant, determined as above, will be compared with the Dynamic Contribution Credit allowed to the Clearing Participant to determine the Dynamic Contribution required from the Clearing Participant in the following manner: –

- (i) If the Dynamic Contribution calculated equals to the Dynamic Contribution Credit, no Dynamic Contribution will be required and the Dynamic Contribution Credit will be treated as fully utilized by the Clearing Participant.
- (ii) If the Dynamic Contribution calculated exceeds the Dynamic Contribution Credit, the excess amount will be the Dynamic Contribution required and the Dynamic Contribution Credit will be treated as fully utilized by the Clearing Participant.
- (iii) If the Dynamic Contribution calculated is less than the Dynamic Contribution Credit, no Dynamic Contribution will be required. The amount of Dynamic Contribution calculated will be the amount of Dynamic Contribution Credit utilized by the Clearing Participant.

~~In the case of~~ When calculating the Expected Uncollateralised Loss arising from CNS stock positions in Eligible Securities denominated in an Eligible Currency other than Hong Kong dollars, the value of the CNS stock positions will be converted into Hong Kong dollar equivalent at such exchange rates as determined by HKSCC for the purpose of computing the amounts of Basic Contributions and Dynamic Contributions required from Clearing Participants. HKSCC reserves the right to collect the required amounts of Basic Contributions and Dynamic Contributions in an Eligible Currency other than Hong Kong dollars.