編號 Ref. No.:	CD/CDCO/CCASS/114/2016
日期 Date:	18/05/2016

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(香港交易及結算所有限公司全資附屬公司)
HONG KONG SECURITIES CLEARING COMPANY LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

通告 CIRCULAR

Subject: **Further CCASS Service Enhancements (July 2016 Batch and Q4 2016 Batch)**
Enquiry: **CCASS Hotline at 2979 7111 or China Connect Hotline at 2979 7123**

Reference is made to the circular issued by HKSCC on 8 April 2016 (See circular ref: RMD/CCRM/016/2016). In addition to the CCASS service enhancement mentioned in that Circular, HKSCC is pleased to announce that further CCASS service enhancements are planned to be rolled out in two separate batches in 2016.

July 2016 Batch

This batch of CCASS Service Enhancement is tentatively scheduled to be launched in July 2016. Enhancement details of this batch are set out in Attachment 1, including:

1. Enhancement of collection and refund of additional cash collateral from Clearing Participants ("CPs") with material Continuous Net Settlement ("CNS") positions in Hong Kong market ***(Applicable to Participants)***
2. Removal of the 07:45 Settlement Instruction ("SI") Batch-settlement-run ("BSR") as well as the two morning SI matching runs at 07:30 and 07:45 for China Connect Securities ***(Applicable to Participants)***; and
3. Strengthening of the security measure by shortening the idle time before CCASS automatic logout ***(Applicable to Participants and Designated Banks)***

HKSCC has also published the information packages with relevant report / file specifications and sample files on the HKEX website today (Please click here).

Participants are advised to consult their internal IT support units or system vendors and assess whether changes need to be made to their back office systems to implement the above CCASS service enhancements.

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Q4 2016 Batch

A further batch of enhancements is tentatively scheduled for implementation in the fourth quarter of 2016. The proposed scope is as follows:

1. **Remove the restriction to block all delivery SIs of the same China Connect Security in which a CCCP has an overdue CNS short position** - Currently, if a China Connect Clearing Participant ("CCCP") has an overdue CNS short position in a China Connect Security, CCASS will block all delivery Settlement Instructions ("SIs") from transferring that stock out of the CCCP's accounts until the overdue CNS short position is settled. This enhancement will allow the CCCP to transfer the stock out of the CCCP's accounts via SIs up to the amount where the remaining balance concerned in CCCP's accounts is not less than the CNS overdue short amount
2. **Enhance Stock Connect settlement operation efficiency** - Introduce additional SI matching runs at 16:30 and 18:15, an additional SI BSR for SPSA at 18:15, and additional STI validation and STI transfer runs at 19:30
3. **Further automation of Nominee Service** - New function in voting for disclosure of Shareholding Category Information via CCASS terminal for China Connect Securities to replace the manual procedure as specified in the circular with reference of CD/DNS/CCASS/274/2014; and
4. **Netting of Northbound Collateral** - Allow surplus Mainland Security Deposit ("MSCD") to net off with Mainland Settlement Deposit ("MSTD") shortfall in China Connect Market

Finalized scope and details on the Q4 2016 batch of enhancements will be published at a later stage.

Should you have any enquiries, please contact CCASS hotline at 2979-7111 or China Connect Hotline at 2979 7123.

Vicky Chan
Senior Vice President
Cash and Derivatives Clearing Operations

附件一
Attachment 1

List of CCASS Service Enhancements to be implemented in July 2016

1. Enhancement of collection and refund of additional cash collateral in Hong Kong market **(Applicable to Participants)**

   - Currently, HKSCC may collect additional cash collateral from a CP with material CNS positions by reference to its apportioned liquid capital in HKSCC. HKSCC notifies the relevant CP of the required amount of additional cash collateral by facsimile.
   - CCASS will be enhanced to generate three periodic broadcast messages (at around 14:50, 16:05 and 16:45[1]) showing the estimated additional cash collateral requirement to CPs who are subjected to additional cash collateral requirement mentioned above.
   - After the enhancement, HKSCC will publish the following new CCASS report to inform CPs of the required amount of additional cash collateral to replace the current facsimile arrangement:

   New Report for Participants:

Report ID	Report Name	Market	Generation time
CRMAC01	Additional Cash Collateral Payable Report	HKMK	~20:30

2. Removal of the 07:45 Settlement Instruction ("SI") Batch-settlement-run ("BSR") as well as the two morning SI matching runs at 07:30 and 07:45 for China Connect Securities **(Applicable to Participants)**

   - For China Connect Securities, as a short term function for custodians to deliver stock before market open to cope with the pre-trade check requirement, morning SI BSR and SI matching runs were added
   - Following the implementation of the Special Segregated Account ("SPSA") model, the morning SI BSR as well as the two morning SI matching runs are no longer needed. Therefore, the morning SI BSR (at 07:45) and SI matching runs (at 07:30 and 07:45) for

[1] Generation of the third periodic broadcast message will be deferred to 17:00 after implementation of Closing Auction Session (CAS) in Hong Kong market.

China Connect Securities will be removed and the updated report generation schedule for the related SI processes will be as follows:

Report ID	Report Name	Market	Generation time
CCLUS01	Unmatched SI Report	MAMK	~~~08:00,~~ ~12:00, ~14:00, ~15:15, ~17:15, ~17:45, ~19:15, ~20:00
CSESP04	Intra-day Settled Position Report	MAMK	~~~08:15,~~ ~18:00, ~19:30
CSESI02	Intra-Day ISI / SI Full List	MAMK	~~~08:00,~~ ~12:00, ~14;00, ~15:15, ~17:15, ~17:45, ~19:15, ~20:00,

3. Strengthening of the security measure by shortening the idle time before CCASS automatic logout **(Applicable to Participants and Designated Banks)**

- To further strengthen the security measure, the idle timeout of CCASS will be changed from 30 minutes to 15 minutes