

香港中央結算有限公司

(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: Amendments to the General Rules of CCASS and the CCASS Operational Procedures

Enquiry: CCASS Hotline 2979 7111

CCASS participants are requested to note that the Securities and Futures Commission has approved amendments to the General Rules of CCASS and the CCASS Operational Procedures in relation to the implementation of participant admission appeal procedures.

The amendments, as set out in the Appendices, will come into effect on Friday, 31 March 2017.

The marked-up version of the amendments can be downloaded from the following sections of the HKEX website:

- "Rule Update - General Rules of CCASS"
- "Rule Update - CCASS Operational Procedures"

Ferheen Mahomed
Group General Counsel

GENERAL RULES OF CCASS

CHAPTER 1

INTERPRETATION

101. Definitions

When used herein, the following expressions shall, unless the context otherwise requires, bear the following meanings:

“Participant Admission Appeals Committee”	means the committee convened to hear any appeal against the decisions by HKSCC on any application to admit as a Participant other than an Investor Participant;
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CHAPTER 3

ADMISSION OF PARTICIPANTS

304. Approval of admission

Approval of an application for admission as a Participant is entirely at the discretion of HKSCC.

The approval of an application may be subject to such conditions as HKSCC sees fit.

If HKSCC rejects an application to admit as a Participant, the applicant (other than applicant for Investor Participantship) may, within 14 Business Days after it is notified of HKSCC’s decision, appeal in writing to the Participant Admission Appeals Committee whose decision will be final and conclusive.

CCASS OPERATIONAL PROCEDURES

Definitions

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

“Participant Admission Appeals Committee”

means the committee convened to hear any appeal against the decisions by HKSCC on any application to admit as a Participant other than an Investor Participant;

Section 2

Participants

2.1 ADMISSION OF PARTICIPANTS

2.1.4 Processing of applications

An application will usually take HKSCC up to eight weeks to process and applicants will be notified in writing of HKSCC’s decision.

Before being formally admitted as a Participant, an applicant has to fulfil the admission criteria and other requirements including the payment of an admission fee for Participants other than Investor Participants and signing of the Participant Agreement or Terms and Conditions, as applicable.

If HKSCC rejects an application to admit as a Participant, the applicant (other than applicant for Investor Participation) may within 14 Business Days after it is notified of HKSCC’s decisions, appeal in writing to the Participant Admission Appeals Committee in accordance with Section 2.8. The decision of the Participant Admission Appeals Committee will be final and conclusive.

2.8 APPEAL TO THE PARTICIPANT ADMISSION APPEALS COMMITTEE

2.8.1 Membership of the Participant Admission Appeals Committee

The Participant Admission Appeals Committee shall have 3 members, and all 3 members must attend the hearing to form a quorum. The three members shall be:

- (a) an independent non-executive director of HKEX who is also the chairman of the Clearing Consultative Panel (CCP). He shall be appointed as the chairman of the Participant Admission Appeals Committee. If he cannot attend a hearing, the deputy chairman of the CCP or an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee can act as his proxy;

- (b) a director of the Board who is not involved in the day to day operations of HKSCC to be appointed by the chairman of the Participant Admission Appeals Committee; and
- (c) an independent non-executive director of HKEX to be appointed by the chairman of the Participant Admission Appeals Committee.

2.8.2 Secretary

The Participant Admission Appeals Committee shall have a secretary to carry out any administrative functions.

2.8.3 Time for appeal

If HKSCC rejects an application to admit as a Participant, the applicant (other than applicant for Investor Partnership) may appeal to the Participant Admission Appeals Committee by service of a notice in writing to the secretary within 14 Business Days of being notified of HKSCC's decision.

2.8.4 Notice of appeal

A notice of appeal shall set out the name of the appellant, the decision appealed against, the grounds of appeal, all material facts and attaching copies of all documents relevant to the appeal.

The appellant shall provide HKSCC with all information for the application to admit as a Participant before seeking to appeal against HKSCC's rejection.

The appellant shall not seek to present to the Participant Admission Appeals Committee new information or evidence that was not previously submitted with its application to admit as a Participant.

If the secretary upon receipt of the appeal application discovers that the appellant seeks to adduce any new information, the secretary shall request the appellant to withdraw its appeal application and re-submit an application to admit as a Participant.

2.8.5 Notice of hearing

The Participant Admission Appeals Committee shall fix a date for the hearing within 30 Business Days after receipt of the appellant's written application together with the information required under first paragraph of Section 2.8.4 and the secretary shall notify the appellant of the date of hearing.

The secretary's notice to the appellant shall set out the time, date and place of the hearing and shall be delivered to the business address of the appellant by hand or by registered mail no later than 14 Business Days before the hearing.

2.8.6 Attendance

The hearing will be held in private. The appellant can attend the hearing by the personal attendance of an appropriate and authorised representative.

The appellant shall have the right to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee. If the appellant wishes to be represented by a solicitor and/or counsel at the hearing before the Participant Admission Appeals Committee, it shall notify the secretary of the name of the solicitor and/or counsel representing it at least 7 Business Days before the hearing takes place.

The Participant Admission Appeals Committee may seek external legal representation at the hearing.

At least 3 Business Days before the hearing, the appellant shall provide the secretary with a list of all persons attending the hearing and the respective capacity in which such persons will attend the hearing.

If the appellant fails to attend the hearing before the Participant Admission Appeals Committee, the Participant Admission Appeals Committee hearing may proceed in the absence of the appellant and dispose of the matter in whatever manner as it sees fit.

2.8.7 The hearing

The appellant and/or its legal representatives may make an oral presentation or submission before the Participant Admission Appeals Committee in the hearing. The Participant Admission Appeals Committee may ask any persons attending the hearing any questions relevant to the admission application.

At any hearing, the Participant Admission Appeals Committee may, at its full discretion, admit or reject any evidence adduced, whether oral or written, and attach such weight to the evidence as the Participant Admission Appeals Committee considers appropriate in its discretion.

2.8.8 Decisions on appeal

The Participant Admission Appeals Committee will consider the evidence, written and oral, presented to it in coming to its decision.

The secretary shall notify the appellant in writing of the decision of the Participant Admission Appeals Committee as soon as practicable and in any event no later than 30 Business Days after the hearing. The decision of the Participant Admission Appeals Committee shall be final and conclusive.