



# INSIDE CLEAR TALK

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# **ClearTalk**

Clear Talk is the information bulletin of Hong Kong Securities Clearing Company Limited. All contributions, enquiries, letters to the editor, and any other items of interest are most welcome and should be addressed to:

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## MAJOR FEE DISCOUNTS OF CCASS BETWEEN 1992 - 1996

Stock settlement fee		
1992	1996	↓ 50%
0.01%	0.005%	

Stock custody fee per board lot per month		
1992	1996	↓ 20%
\$ 0.015	\$ 0.012	
Maximum fee : \$100,000		

Stock segregated accounts with statement service fee per account per month		
1994	1996	↓ 90%
\$100	\$10	

Cash dividend collection service fee		
1992	1996	↓ 20%
0.15%	0.12%	
Maximum fee : \$10,000		

Corporate actions service fee per board lot		
1992	1996	↓ 20%
\$ 1	\$ 0.8	
Maximum fee : \$10,000		

## FURTHER DISCOUNTS ON CCASS CHARGES

Hongkong Clearing has implemented further discounts on its fees from 1 July 1996. John Chan, the company chairman said: "This was the fourth discount on fees since the implementation of CCASS in 1992. The effect of this latest discount will be that settlement fees for CCASS participants will be exactly half the amount charged in 1992."

From 1 July, the stock settlement fee has been reduced by 16.67 per cent to 0.005 per cent, subject to a minimum of \$2 and a maximum of \$250 per side per trade for Exchange trades, exercised stock options positions and Settlement Instruction transactions. The minimum fee is unchanged but the maximum has been reduced from \$300.

Stock custody, cash dividend collection and corporate action fees remain unchanged, but the charges for these services have been capped for the first time. The maximum charge for stock custody is \$100,000 per month per participant. Cash dividend collection costs a

maximum of \$10,000 per dividend collection per stock; and the corporate action fee is a maximum of \$10,000 per transaction.

The handling charge for unclaimed entitlements has risen from \$80 to \$200 per claim, reflecting the intense manual processing required in checking these claims. This

year, there have been fewer than 50 claims handled by Hongkong Clearing per month for unclaimed entitlements.

Finally, the charge for stock segregated accounts with statement service has been further reduced from \$50 to

\$10 per month per account. Mr Chan said this was the second reduction in charges for the service this year. "We reduced the charge from \$100 to \$50 per account per month in January. I hope this further reduction will encourage more investors to make use of the service through our participants.

"With the recent discounts, CCASS participants will enjoy \$450 million in fee discounts over a period of four years," Mr Chan said.



John Chan



# HIGHER MARKET TURNOVER AND EFFECTIVE COST MANAGEMENT CONTRIBUTED TO FEE DISCOUNTS

"The healthy performance of Hongkong Clearing over the past years has enabled us to give fee discounts to participants for the fourth consecutive year," said Raymond Au, executive director of Finance Division. "Accumulated surpluses, less reserves set aside as capital for the group's infrastructure and transfers for future development, will as much as possible be relied upon to support fee discounts to participants."

Mr Au told *ClearTalk* that the CCASS tariff was transaction value-based. "Fees are charged according to the value of transactions handled by CCASS or the use of CCASS services by participants, yet participants enjoy maximums, or caps, on various fees. We are in the same boat as participants in the sense that the income of Hongkong Clearing is linked to the turnover of the stock market, and is also subject to fluctuations.

"For the last financial year, the budget was based on the assumption that the average daily market turnover would be \$3.5 billion, but the average turned out to be \$4.2 billion. This year, with

the latest discounts in charges, the assumed average daily turnover is higher at \$4 billion," Mr Au said.

He said the increased number of Settlement Instruction (SI) transactions processed by CCASS reflected more effective use of the system. In 1995, the average daily number of SIs settled in CCASS was 9,788 compared with 12,572 for the first six months of 1996, an increase of 28%.

"The increased use of SIs may be for portfolio movements, or transactions not related to trades on the Stock Exchange, but which require participants to move securities out of their stock accounts through CCASS.

"Securities in CCASS custody in quantity terms has risen from 31.75% of total securities in issue in January 1995 to 39.73% in June 1996," Mr Au said.

Together with the recent discounts in fees, the CCASS custody fee and two major nominee services fees were capped for the first time since the implementation of CCASS, in

addition to the caps on stock settlement fees.

"Initially we did not set a maximum for CCASS custody and nominee services fees because income was not stable and we needed to build up the volume of securities in CCASS. As the percentage of securities in CCASS custody has built up, we are now prepared to set a maximum cap for the benefit of our participants," Mr Au said.

Like other companies in Hongkong, Hongkong Clearing faces high rental and operating costs. As CCASS services are highly computerised, outgoings on information technology and telecommunications are another major area of expenditure. However, the company has always been cost

conscious, which has enabled it to continue its service development to meet the demands and needs of the market while cutting fees at the same time.

"The back-office operations of Hongkong Clearing were moved to Quarry Bay two years ago to reduce rental expenditure, while frontline operations remained in

WE ARE IN THE SAME BOAT AS PARTICIPANTS .....

THE COMPANY HAS ALWAYS BEEN COST CONSCIOUS, WHICH HAS ENABLED IT TO.....



Central for the convenience of participants. Further automation brought by the in-house depository,

opened in January this year, has streamlined many manual

**INCREASED NUMBER OF SIs REFLECTED MORE EFFECTIVE USE OF THE SYSTEM.....**

processes and kept depository headcount growth under control. Purchase of a new mainframe and the use of the previous mainframe for development purposes and as the backup provide further security and flexibility in use of system resources and cost savings," Mr Au said.

In addition to fee discounts, Hongkong Clearing has also achieved other cost savings for participants through innovative ways of providing services.

**SECURITIES IN CCASS CUSTODY HAVE RISEN TO 39.73%.....**

In June 1993, Hongkong Clearing introduced the jumbo certificate arrangement and modified the share application and allotment procedures using 'yellow application forms' to allow CCASS participants to register shares allotted to their clients in the name of the common nominee. The shares are held in large denomination, or jumbo certificates at the CCASS Depository. This arrangement provides cost savings, and raises the efficiency and security of share allotments by eliminating the

need for the physical delivery and mailing of share certificates to applicants.

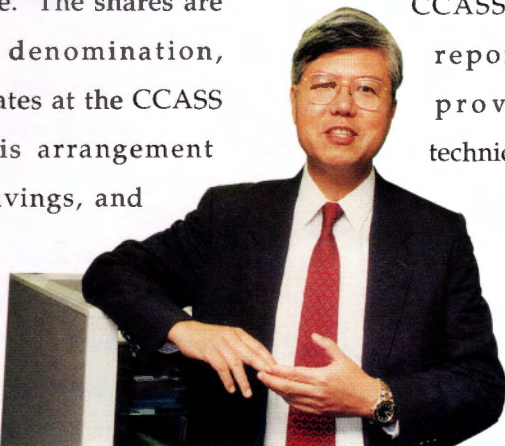
"Jumbo certificates also save money for listed companies by reducing the printing, mailing and handling costs of share certificates.

"The new share application and allotment procedures through yellow application forms also allow successful applicants for new shares to receive allotted shares through CCASS participants. These procedures save the applicants' stamp duty on transfer deeds when they sell the allotted shares for the

first time and future scrip fees," Mr Au said.

He said participants also enjoy free maintenance of their multiple money ledger accounts, stock accounts; transmission of CCASS reports and statements; and there are free telephone hot-line enquiry services for all CCASS matters as well as

CCASS terminal fault-reporting services provided by our technical staff.



Raymond Au

## UPDATED LIST OF SECURITIES LENDERS DISTRIBUTED

Hongkong Clearing has distributed to all participants an updated list of securities lenders of Hongkong stocks. The list was first issued in January 1996 to provide participants with more information on where to contact stock lenders.

Kelvin Lee, director of Planning and Development, said that system development work was underway to display the list of lenders as well as stock loan requests from participants on the CCASS screen. The new service is expected to start in the last quarter of this year.

Meanwhile, seminars on securities borrowing and lending, co-organised by the Stock Exchange of Hong Kong and the Pan Asia Securities Lending Association (PASLA), were held during June and July for members of the Exchange. Over 260 people attended the seminars during which members of PASLA gave presentations on topics related to short selling, the stock loan market and securities lending in Hong Kong as well as related issues, rules and procedures.



A seminar on securities borrowing and lending held at the Stock Exchange.



# DTC SENIOR EXECUTIVES IMPRESSED BY DEPOSITORY DEVELOPMENTS

"The achievements of the CCASS Depository in its first six months of operation are very impressive," said John Colangelo, Senior Vice President, Operations, of The Depository Trust Company (DTC), New York, after a tour to the CCASS Depository in preparation for a two-day seminar in Hong Kong.

The in-house seminar, held in July 1996, was organised by Hongkong Clearing to provide executives with an opportunity to share and learn from the experience of DTC, the biggest depository in the world with US\$10,000 billion worth of securities in custody.

DTC, a service company established in 1973 and owned by members of the financial industry, is a national clearing house for the settlement of securities trades and a custodian for its participant banks and broker-dealers. In 1995, participants delivered US\$41,000 billion of securities through the depository's book-entry system. DTC's primary mission is to reduce the cost of securities services offered to the public by its participants.



**John Colangelo, Senior Vice President, Operations, of DTC: Hongkong Clearing's Depository is impeccable. I am impressed by its structure, its workflow and the volume of certificates processed daily.**

## In-depth presentation and discussion

Mr Colangelo has 25 years' experience with DTC. Another speaker at the seminar, Stuart Fishbein, Vice President and General Auditor, has worked for DTC for 15 years after working for the external auditor of DTC for five years. They gave an in-depth presentation on the operations and developments of DTC to more than 50 executives from Hongkong Clearing.

On the first day of the seminar, the speakers introduced the audience to DTC and its operations, with emphasis on DTC's

conversion from T+5 to T+3 settlement in June 1995 and the transition to Same-Day Funds Settlement completed in early 1996. Other topics included Internal Control, Deposit Processing, Securities Safeguards, Vault Processing, Bearer Bond Risk and Insurance Policies.

The seminar covered risk management issues and future developments on the second day. Areas such as Audit, System Reliability, Physical Security, Billing and DTC's Continuous Improvement Process were also discussed. Two workshops were held concurrently in the afternoon. A workshop on Operations and Control was chaired by Mr Colangelo while Mr Fishbein hosted a workshop on Risk Management and Internal Audit.

## Future developments

Mr Colangelo and Mr Fishbein also outlined DTC's future developments, including dematerialisation or the elimination of share

certificates. Mr Colangelo said that DTC's goal was to find reliable ways of replacing physical evidence of equity ownership or corporate indebtedness with safe, acceptable, and indisputable alternatives that protect customer interests, support market liquidity, and provide full and fair participation of all current and future

financial markets intermediaries between issuers and clients.

This is very similar to an objective of Hongkong Clearing regarding dematerialisation by introducing the

book-entry system and immobilising shares in the Depository. Ultimately, dematerialisation will provide the improved settlement efficiency and reduce the security risks involved in physical delivery of share certificates.

Other future developments of DTC including the introduction of Participant Advisory Boards to solicit opinions from participants and a move to T+1 settlement, were also discussed at the seminar.

## Seminar well-received

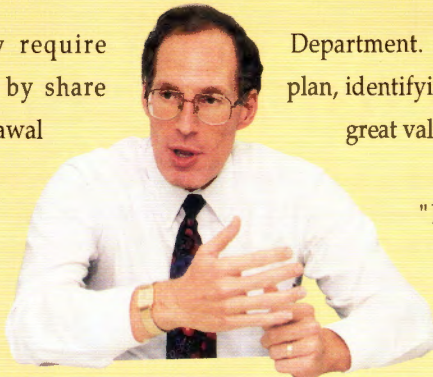
The seminar was well-received by executives of Hongkong Clearing. Peter Tsang, senior manager of the Depository Services Department, said: "Most of the services provided by DTC are being provided by the CCASS Depository. A major difference is that DTC does not maintain a board lot inventory as part of their vault management. Withdrawals by



**John Colangelo and Stuart Fishbein of DTC at the opening session of the seminar.**



DTC participants may require splitting of certificates by share registrars, whereas withdrawal of board lots by our participants will be immediately available from the CCASS Depository."



**Stuart Fishbein, Vice President and General Auditor of DTC: Although the current turnover volume and the complexity of the system have not reached the same level as ours, Hongkong Clearing looks very much like a mirror image of DTC. We hope that we will be able to provide some tips for the future development of Hongkong Clearing.**

"The internal audit staff of Hongkong Clearing and DTC approach the performance of their professional and technical audit functions in similar ways," said Winifred Ng, senior manager of the Internal Audit

Department. "DTC's detailed audit plan, identifying 600 tasks, will be of great value to us," she said.

"DTC sets a good example in managing its credit risk exposure by adopting the Same-Day Funds System and by reducing its defective securities risk exposure through the promotion of immobilisation and dematerialisation. Hongkong Clearing has been making progress in these areas over the

years and is expecting further improvements after the implementation of the Real-Time Gross Settlement System and the continuing development of CCASS services," said John Yiu, senior manager of the Compliance Department.



**A workshop session in progress.**

## CORPORATE COMMUNICATIONS PROPOSALS ARE CIRCULATED FOR COMMENT

Proposals from a Working Group on Corporate Communications aim to improve the flow of corporate communications between listed issuers and non-registered owners of securities held in CCASS.

The Working Group, comprising representatives from the Stock Exchange, Hongkong Clearing, the Securities and Futures Commission and the Federation of Share Registrars, was set up in mid-1995. On the recommendation of the Working Group, the Stock Exchange distributed about 1,600 copies of the consultation document to members of the Exchange, custodians, listed issuers, share registrars and other interested

parties on 18 June. The consultation period will last until 31 July.

The Working Group has recommended a framework that it believes can be developed within the existing market structure, and which will give non-registered owners the same access to corporate information as registered owners.

The working model proposes that listed issuers be required under the Exchange's Listing Rules to dispatch corporate documents to non-registered owners of securities which are deposited in CCASS, and registered in the name of the common nominee, HKSCC Nominees Limited, in accordance with lists supplied by Hongkong Clearing.

Broker and custodian CCASS participants will provide lists of clients to company registrars through Hongkong Clearing. Non-registered owners of securities will be free to choose whether they wish to receive corporate documents and listed issuers will be obliged to send corporate documents to those who have chosen to receive them.

All non-registered owners of securities held in CCASS and all CCASS segregated accounts statement recipients will be eligible to participate in the service. Compilation of client lists will be event driven, with new lists being compiled for each document dispatched by a listed issuer. This will help ensure that the lists are kept current by broker and custodian participants.

The need to improve the flow of corporate information has arisen with the increase in the number of securities held in the CCASS Depository and registered in the name of HKSCC Nominees Limited.

On 30 June 1996, 39.73 per cent of the issued shares of companies whose securities had been admitted to CCASS were in the custody of the CCASS Depository.

Under the proposed working model, broker and custodian participants will be encouraged to provide the service to their clients.

The Working Group examined the arrangements in other markets, before



recommending the working model for consultation.

In the United States and Canada, issuers send search cards to the intermediaries who inform them of the number of copies of corporate communications needed for their clients. The intermediaries are responsible for mailing the documents and are reimbursed for some of their costs by the issuers.

Intermediaries in Australia are responsible for sponsoring their clients onto issuers' mailing lists by daily updates through online communications with issuers and registrars. The United Kingdom is understood to be planning a similar system.

Investors in Singapore can open direct accounts in the central depository system and issuers send documents directly to the account holders.

In Taiwan, the central depository is commissioned by broker participants to maintain the securities accounts of their clients. Usually twice a year, the central depository provides the names and addresses of account holders to listed issuers for corporate communication purposes.

The Working Group took into account business, legal, operational and financial factors before coming up with its recommended working model. It is the most generally acceptable design for the market, taking into account the costs and workload to be borne by each party.

## CURRENT SYSTEM OF DISTRIBUTION

Conventionally, owners of securities would look after their securities themselves or entrust them to an intermediary. If owners of securities decide to keep the securities themselves and have the securities registered in their own names, they are called registered owners. Registered owners are entitled to receive corporate information and entitlements, such as cash dividends and bonus shares, directly from the share registrars of listed issuers and have the rights to vote.

Before the implementation of CCASS, if investors entrusted their securities to an intermediary for custody, those securities would be registered in the name of the intermediary or their nominees. Investors relied on the intermediaries to receive corporate communications.

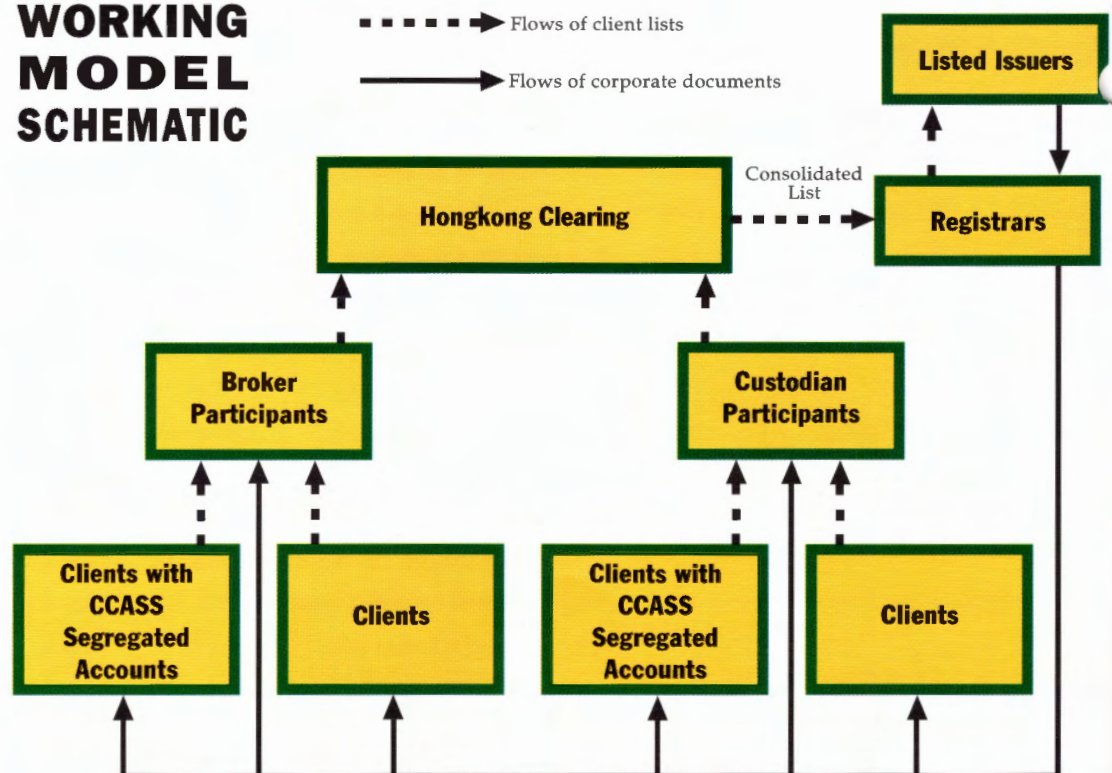
The public, including non-registered owners, could request listed issuers to add their names and addresses to listed issuers' mailing lists for free

copies of corporate communications. However, listed issuers have the discretion to approve or reject these requests.

At present, if investors entrust their securities to brokers or custodians, the brokers and custodians can either register the securities in their own names (or in the name of their nominees), or keep the securities in the CCASS Depository. Because securities deposited into the CCASS Depository will be registered in the name of HKSCC Nominees Limited, owners of securities will no longer be registered shareholders. They will then receive corporate communications through their own brokers or custodians.

The investing public, including non-registered owners, can still request listed issuers to add their names and addresses to listed issuers' mailing lists for free copies of corporate communications. As before, listed issuers have the discretion to approve or reject these requests.

## WORKING MODEL SCHEMATIC





# FOUR STEPS TO OPEN STOCK SEGREGATED ACCOUNTS WITH STATEMENT SERVICE

Hongkong Clearing has reduced the fee for stock segregated accounts with statement service from \$50 to \$10 per month per account with effect from 1 July 1996.

Under the service, CCASS participants may operate a segregated account for a single client or any person, and instruct Hongkong Clearing to send statements of stock movements and monthly balances of the segregated account directly to their clients or designated recipients.

The statements provide recipients with a full and accurate account of stock movements and balances in the accounts and assist them to reconcile their records and monitor activities in the accounts. Each participant is entitled to operate up to 1,000 stock segregated accounts with statement service.

## STEPS TO OPEN THE ACCOUNTS

- 1** Obtain an application form from the service counters at CCASS Depository.
- 2** Fill in the application form. Remember to state the effective date for the statement service in the application form. Participants should allow two to three working days for approval.
- 3** Return the application form to our Customer Services Department on the 7th floor of Vicwood Plaza.

**4** On the effective date, participants can examine their new stock segregated accounts with statement service through their CCASS terminals. They will also receive letters from Hongkong Clearing confirming the opening of the new accounts.

## OPERATIONS MADE EASIER

Hongkong Clearing will implement one new service in August, to provide participants with more flexibility in executing share transfers and to help them utilise the stock segregated accounts with statement service.

The company extended the input time from 5:00 pm to 7:00 pm for Account Transfer Instructions (ATIs) in mid-April. This allows participants more time to handle stock movements in their stock segregated accounts. As a further step to streamline participants' operations, Hongkong Clearing will introduce ATI Batch File Transfer in August.

### ATI Batch File Transfer

This function is designed for CCASS participants with high transaction volumes. Similar to the SI Batch File Transfer function, CCASS participants can transfer a file containing details of ATIs into CCASS between 10:00 am and 7:00 pm by using the ATI Batch File Transfer service.

"The ATI Batch File Transfer function streamlines the back office operations of participants by saving the time required to key ATIs manually into CCASS. Participants just have to save the ATIs in a prescribed format in their hard disk, or on a floppy disk, and send the file to us by uploading (file transfer)," said Kelvin Lee, director of the Planning and Development Department.

Processing of ATI upload files will be

performed after 7:00 pm (after the day-end batch runs have been completed). The processing sequence of the files is determined by the date and time of the CCASS terminals used for uploading. The file with the earliest date and time recorded in the upload files will be processed first. An ATI Batch Input Control Report, which includes a summary of the result of the batch ATI processing and a list of the rejected ATIs, will be generated on next business day after uploading.

ATI Batch File Transfer is provided free and is available to all CCASS participants through application to our Customer Services Department. Application forms can be obtained from the service counters on the 2nd floor at Vicwood Plaza. Participants will collect a password and testing diskette from Hongkong Clearing when the application is approved.

## IMPROVED REPORTING TO PARTICIPANTS

Together with the improvement to ATI, Hongkong Clearing will also introduce three new reports, Statement of Stock Movement (By Stock) Report, Statement of Stock Movement (By Account) Report and Daily Stock Balance Report, in August to replace the existing Statement of Stock Accounts.

"Splitting the existing report into three reports will provide clearer, more specific and more informative reports to participants. Currently, all the details regarding stock accounts, including stock balances and stock movements, are shown in one report, which makes the report too long. In addition, the portfolio value is not shown in the report," Mr Lee said.

All three reports may be retrieved by the Request Download function the following morning. Both the Statement of Stock Movement (By Stock) Report and the Daily Stock Balance Report will also be available through overnight report distribution.



# CCASS STATISTICS

Following the market's downward trend in March, trading figures dropped further in April but recovered slightly in May.

## Exchange Trades

In April an average of 29,063 trades were processed daily in CCASS, involving nearly 1.3 billion shares with a value of \$3.8 billion. In May, the daily average trades handled by CCASS rose to 31,835, involving 1.4 billion shares with a value of \$3.8 billion.

During the months of April and May, 99.93 per cent of Exchange trades were processed daily in CCASS.

## Netting Efficiency of CNS Trades

In April, an average of 28,367 Exchange trades valued at \$3.4 billion went through CCASS daily for CNS. An average of 25.67 per cent of the novated contracts created were due for settlement daily.

The daily average number of trades went through CCASS for CNS in May increased to 31,136 valued at \$3.4 billion. After novation and netting, 25.67 per cent of the novated contracts were due for settlement daily.

In April, novated contracts generated a daily average of \$6.8 billion in money obligations which were netted to \$2.3 billion. Daily average funds netting efficiency was 65.96 per cent. In May, \$6.7 billion a day in money obligations were netted to \$2.3 billion. Daily average funds netting efficiency was 66.29 per cent.

## Settlement Efficiency of CNS Stock Positions

The daily average settlement efficiency rate of CNS stock positions for April was 95.57 per cent

on the due day and 99.80 per cent on the settlement day following the due day. The corresponding figures for May were 94.82 per cent and 99.80 per cent.

## Settlement Instructions (SIs)

In April, an average of 10,383 SIs were settled daily in CCASS, involving 2.5 billion shares with a market value at \$14.5 billion.

In May, the figures dropped to 10,265 SIs, involving 2.1 billion shares with a value of \$11.8 billion.

## Depository Transactions

In April, the CCASS Depository handled an average of 1,006 deposit and withdrawal transactions per business day. The number of share certificates processed daily amounted to 43,000. The corresponding figures for May were 1,084 transactions involving 40,000 share certificates per business day.

As at the end of May, 784 stocks had been admitted into CCASS for clearing and settlement. About 173.9 billion shares were under the custody of the CCASS Depository, representing 38.66 per cent of the total number of shares of the admitted stocks in issue. The total market value of the shares was \$780.8 billion, representing 26.54 per cent of the total market capitalisation of the admitted stocks.

## Participants

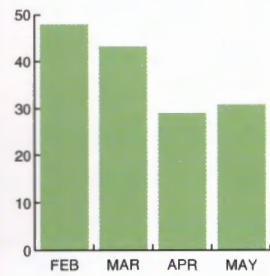
At the end of May, there were 570 CCASS participants, comprising 502 broker participants, 63 custodian participants, 4 stock pledgee participants and one clearing agency participant.



# OPERATIONS HIGHLIGHTS (FEB - MAY 1996)

Average daily Stock Exchange trades processed in CCASS  
(including CNS trades, isolated trades and cross trades)

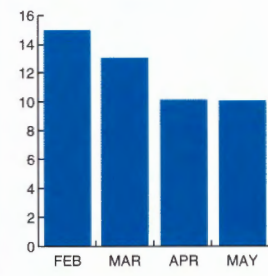
Quantity in thousands



	Number of trades	% of total number of Exchange trades
Feb	48,419	99.92
Mar	43,658	99.94
Apr	29,063	99.93
May	31,835	99.93

Average daily settlement instructions (SIs) settled in CCASS  
(both receiving and delivering SIs are counted)

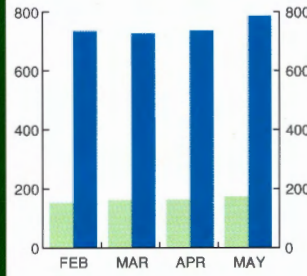
Quantity in thousands



	Number of SIs	SIs by shares (billion)	SIs by value (\$ billion)
Feb	14,965	3.2	19.0
Mar	13,477	2.4	15.0
Apr	10,383	2.5	14.5
May	10,265	2.1	11.8

Securities under CCASS custody  
(balances at the end of each month)

Quantity in billions

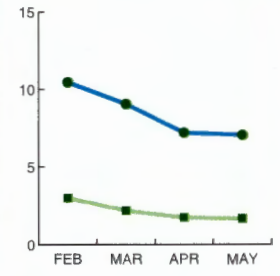


● Number of shares  
● Market value

	Number of shares (billion)	Market value (\$ billion)
Feb	159.1	738.7
Mar	161.8	731.4
Apr	168.7	738.7
May	173.9	780.8

Average daily funds netting efficiency under CNS

\$ billion



● Money obligations arising from novated contracts  
● Money obligations after netting

	Money obligations arising from novated contracts (\$ billion)	Money obligations after netting (\$ billion)	Funds netting efficiency (%)
Feb	10.7	3.2	70.04
Mar	9.2	2.8	68.92
Apr	6.8	2.3	65.96
May	6.7	2.3	66.29

## Quick Quiz

1. Which listed securities first adopted the Jumbo Certificate Arrangement? When?

2. What is the Broadcast Message scroll limit?

3. Does Hongkong Clearing have any shareholders?

Answers on page 10.



## CCASS NOTICE BOARD

### NEW ITEMS ON CCASS MONTHLY STOCK BALANCE REPORT

Following the introduction of a maximum stock custody fee of \$100,000 per month per participant effective 1 July 1996, two additional items are listed on the Monthly Stock Balance Report. They are:

- Item 15--Gross Custody Fee Total
- Item 16--Custody Fee Billing Total

Item 15 shows the gross amount of CCASS custody fee before maximum discount. Item 16 indicates the actual amount to be paid by participant after applying the cap.

Participants will enjoy unlimited benefits for further deposit of securities into CCASS after reaching the maximum charge. The caps are intended to encourage increased use of CCASS services and the immobilisation of shares.

## CSRC AND SHENZHEN REPRESENTATIVES VISIT HONGKONG CLEARING

Representatives from the China Securities Regulatory Commission (CSRC), the Shenzhen Stock Exchange (SSE) and the Shenzhen Securities Central Clearing Company Limited (SSCC) visited Hongkong Clearing recently.

Picture shows Tu Guangshao (middle), CSRC's Director of Trading, Wan Nan Yang (second from right), Vice-General Manager of SSCC and Liu Miao Zhou (left), Computer Engineering Manager of SSE touring the Depository, accompanied by Hongkong Clearing's assistant director of Customer Services, Ellen Lam (second from left) and senior manager of Corporate Communications, Betty Chan (right).



## DIRECT STOCK ADMISSIONS

During the two months of May and June 1996, a total of 36 eligible new issues were admitted to CCASS of which 8 issues adopted Jumbo Certificate arrangement.

	Ordinary Shares	Registered Warrants	Rights	Total
Eligible new issues listed on the Stock Exchange and admitted to CCASS	8	25	3	36
Issues adopted Jumbo Certificate arrangement	8	0	N/A	8

## Quick Quiz

1. On 15 July 1993, Tsingtao Brewery Company Limited was the first listed security in Hong Kong to adopt the Jumbo Certificate Arrangement.
2. The existing limit for broadcast message is 40 pages. When the maximum is reached, an error message, Scrolling Limit Reached, will appear on the Enquire Broadcast Message

screen. Hongkong Clearing will then delete some outdated or less important messages to provide space for new messages. Effective from 5 August, the scroll limit for broadcast message will be doubled to 80 pages.

3. No. Because Hongkong Clearing has no issued share capital. Hongkong Clearing is limited by a guarantee of \$50 million provided by its six members: The Stock Exchange of Hong Kong Limited, Bank of China, Hang Seng Bank Limited, Standard Chartered Bank, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited.



Following is a revised tariff schedule effective on 1 July 1996.

## I. Clearing and Settlement Services

Fee Nature	Transaction Nature		Fee Amount
Stock clearing fee	Exchange trade		Nil
	SI transaction	SI input	\$1 per input
		SI amendment or revocation	\$1 per input
Stock settlement fee	Exchange trade	Broker-broker trade	0.005% of gross value of an Exchange trade subject to a minimum fee of \$2 and maximum of \$250 per side per trade
		Exercised stock options positions (between the clearing agency participant and broker participants)	
		Crossed trade (that is where the buy and sell of an Exchange trade is handled by the same broker participant)	
	SI transaction	Broker-custodian/clearing agency participant transaction (with trade value data input)	0.005% of gross value of a SI transaction, subject to a minimum fee of \$2 and maximum of \$250 per side per SI transaction
		Broker-custodian/clearing agency participant transaction (without trade value data input)	0.005% of value of eligible securities on settlement day (using nominal prices of previous trading day), subject to a minimum fee of \$2 and maximum of \$250 per side per SI transaction
		Other SI transactions (eg stock borrowing/lending, stock pledging and portfolio movement)	
Stock transfer fee	Movement of eligible securities between stock accounts of the same participant (effected by ATI)		Nil

Notes: SI Settlement Instruction                      ATI Account Transfer Instruction  
 Concessions on stock clearing and settlement fees may be granted to participants for portfolio transfers involving SI transactions due to change of business.

## II. Electronic Money Settlement Services

Fee Nature	Transaction Nature	Fee Amount
Money settlement fee	# Exchange trade	\$0.80 for each EPI/DDI/DCI issued by Hongkong Clearing for transactions settled on a DVP basis
	# SI transaction	
	Other miscellaneous amounts to be paid to or collected from participants (eg contributions to the Guarantee Fund)	\$0.80 for each DDI/DCI issued by Hongkong Clearing
Cash prepayment service fee	For releasing securities-on-hold at the request of a broker participant	\$100 per remittance by a broker participant

Notes: # Payable by both sides to a transaction  
 EPI Electronic Payment Instruction                      DCI Direct Credit Instruction  
 DDI Direct Debit Instruction                                  DVP Delivery Versus Payment

## III. CCASS Depository Services

Fee Nature	Transaction Nature	Fee Amount
Stock deposit fee	Deposit of eligible securities into CCASS Depository	Nil
Stock withdrawal fee	Withdrawal of registered eligible securities	\$3.50* per board lot. Odd lots also charged at \$3.50* each (*inclusive of \$2.50 registration and transfer cost which may be subject to change by share registrars)
	Withdrawal of other eligible securities, including provisional allotment letters relating to nil-paid rights, discontinued eligible securities (eg expired warrants), uncertificated or bearer securities.	\$1 per board lot. Odd lots also charged at \$1 each
	Withdrawal of securities entitlements which are not eligible securities	



### III. CCASS Depository Services

Fee Nature	Transaction Nature	Fee Amount
Stock custody fee	Safe-keeping of securities held in CCASS Depository	\$0.012 per board lot per month subject to a maximum of \$100,000 per month per participant. Odd lots also charged at \$0.012 each (Fee calculated on aggregate month-end stock quantity balances in stock accounts of each participant)
Stock segregated accounts with statement service fee	Statements of daily stock movements and monthly balances of a segregated account will be sent directly to a person nominated by a CCASS participant	\$10 per month per account

### IV. Common Nominee Services

Fee Nature	Transaction Nature	Fee Amount
Dividend collection service fee	Collection and distribution of cash dividend/ cash bonus	0.12% of cash amount of dividend subject to a maximum of \$10,000 per dividend collection per stock (Other applicable bank charges will be deducted at source at the time of distribution to participants)
	Collection and distribution of scrip dividend/ bonus shares	Nil
Corporate actions service fee	Common Nominee services provided in relation to all corporate actions other than collection of cash dividend, bonus shares, stock dividends, or corporate voting	\$0.80 per board lot subject to a maximum of \$10,000 per transaction. Odd lots also charged at \$0.80 each (Fee calculated on stock quantity balances on which corporate actions are to be taken)
Handling charge for unclaimed entitlements	Claims made by participants against Hongkong Clearing	\$200 per claim plus other relevant nominee service fees
Registration and transfer fee	Payments for registering eligible securities in the name of HKSCC Nominees Limited	\$2.50* per board lot on net increase in balances in the stock accounts of a participant over the last collection date. Odd lots also charged at \$2.50* each (*Subject to revision if registration and transfer fee is changed by share registrars). Collection date refers to one of the following dates:- (i) Book-close date; (ii) Deemed book-close date, ie either a) book-close date announced by issuer of eligible securities; or b) 31st December if no book-close date is so announced by the issuer of eligible securities in the past 12 months; or c) date on which an eligible security is delisted from trading on the Stock Exchange, if applicable; or (iii) Event date of corporate actions.
		The registration and transfer fee if already charged at previous collection dates of stocks and included in the stock withdrawal fee charged by Hongkong Clearing will be refunded to participants who cease participating in CCASS due to change of business.
Bank charges on foreign currency stock benefits and entitlements distribution		Actual amounts incurred by Hongkong Clearing

### V. Bureau Services

Fee Nature	Fee Amount
Instructions input service fee	\$15 per instruction
Report printing service fee	\$2.50 per page for regular supply of daily or periodic reports (printed by Hongkong Clearing)
	\$10 per page for lost copies or reports at participants' requests (printed by Hongkong Clearing)

CCASS charges are subject to revision from time to time and circulars will be issued detailing the changes. Participants are advised to refer to CCASS Operational Procedures and the circulars for details of the current CCASS tariff.