



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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Norman Chan officiates at the RDP signing ceremony.

Realtime Delivery versus Payment (RDP) for CCASS settlement service was launched on 8 May 1998, the same day when the Investor Participation project was implemented.

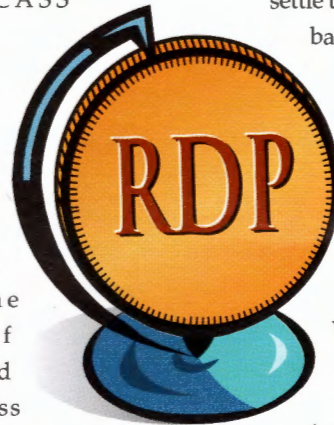
Stewart Shing, Chief Executive of Hongkong Clearing and Vitus Tai, General Manager of Hong Kong Interbank Clearing Limited (HKICL) signed a Service Agreement on Realtime Delivery versus Payment for CCASS Settlement on 28 April 1998.

Under the Delivery versus Payment system, shares are transferred in CCASS from 10:00 a.m. to 4:00 p.m. while cash payments are made overnight through the payment system of HKICL. Delivering Participants are thus exposed to credit risk. With the launch of Real Time Gross Settlement (RTGS) system for electronic payments between banks in December 1996, Hongkong Clearing worked with HKICL to establish an interface arrangement so that RDP is possible for CCASS settlement. RDP means shares are delivered to paying Participants' stock

REALTIME DELIVERY VERSUS PAYMENT ENHANCES STATUS OF HONG KONG AS INTERNATIONAL FINANCIAL CENTRE

accounts upon receipt of payment confirmation from HKICL. RDP will significantly reduce the credit risk involved in CCASS settlement.

Officiating at the ceremony, Norman Chan, Deputy Chief Executive of the Hong Kong Monetary Authority, said: "With the globalisation of financial markets and increased awareness among financial institutions and investors on risk control, financial centres which can better manage the settlement risks of financial transactions will have an important competitive edge.



"After the introduction of the automatic computer interface between RTGS system and CCASS on 8 May, participants can settle the Settlement Instructions on a RDP basis. On the settlement date agreed upon by the two counterparties, the transfer of both shares and value will be done simultaneously thereby eliminating the principal risk in the settlement process. The introduction of RDP settlement will make the clearing and settlement system of our stock market one of the most advanced in the world. I am sure this will provide new impetus for the future growth of the market and further enhance the status of Hong Kong as an international financial centre."



Stewart Shing (right) and Vitus Tai shake hands after signing the Service Agreement on RDP.

Most Commonly-asked Questions and Comments Raised by CCASS Participants about the RDP Service



- Q1 :** Will RDP settlement facilities be available for CNS transactions?
- A1 :** RDP facility will be offered to Participants in two phases. In phase 1, the facility will be available for settlement of SI only. It will be extended to non-SI settlement such as cash prepayments for CNS settlement in phase 2.
- Q2 :** Hongkong Clearing should consider more CCASS settlement runs in order to spread the transaction volume over the day.
- A2 :** According to CCASS settlement statistics, more than 30% of SI are settled in the first Batch-settlement-run and 40% settled in the second Batch-settlement-run. In addition to the Batch-settlement-run, a delivering Participant may settle by Delivery Instruction (DI). For SI to be settled on a RDP basis, shares will be put on hold when delivering Participants input DI. Once shares are put on hold for settlement of a RDP SI, the receiving Participant can arrange for payment.
- Q3 :** What is the anticipated turnaround time for RDP transactions?
- A3 :** Before a paying bank initiates a CHATS payment for its client, it may need to perform credit assessment on the client. Moreover, the payment will only be executed under RTGS provided the paying bank has sufficient funds. Therefore, the turnaround time for RDP transactions varies from case to case. However, upon confirmation of payment by HKICL, CCASS will release shares to the paying Participant immediately.
- Q4 :** Should the payment of a RDP SI fail, will CCASS still carry out settlement and generate an EPI for settlement or simply let the transaction fail?
- A4 :** For SI to be settled under RDP mode, if a payment is not confirmed by the cut-off time (at around 3:30 p.m. each settlement day), shares-on-hold will be released to the delivering Participant before the final Batch-settlement-run. EPI will not be generated for such SI by day end. If shares are still available in the delivering Participant's account the next Settlement Day, they will be put on hold again pending payment from the receiving Participant.
- Q5 :** Please clarify whether the DI requirement will apply to RDP transactions.
- A5 :** DI will also apply to RDP transactions. Please refer to A2 for details.
- Q6 :** If a Participant revokes a matched RDP SI after CCASS has sent out the payment instruction, how will Hongkong Clearing notify the paying bank to stop payment? If the payment cannot be stopped, who will be liable for claims?
- A6 :** Before HKICL effects CCASS related CHATS payments, it will check with Hongkong Clearing. Hongkong Clearing only approves payments for a SI after shares have been put on hold for the SI. A matched SI with share-on-hold ("H") status can only be revoked by the paying Participant.
- Q7 :** CCASS should provide the Designated Banks with the Participants' account numbers. They need this information to facilitate payment.
- A7 :** Bank account numbers of both the paying and receiving Participants will be provided to the paying Participant's Designated Bank to facilitate payment.
- The bank account number of delivering Participant will also be available to paying Participant who may instruct any bank to make payment on its behalf.
- Q8 :** Under normal banking business hours, payments can be effected up to 5:00 p.m. What will be the liability of the paying bank if by the end of CCASS deadline at 3:30 p.m., it cannot confirm the payment as a result of the credit decision process?
- A8 :** Whether the paying bank is liable for late payment depends on its agreement with the respective client.
- Q9 :** The cost of a CHATS payment may discourage Participants from using the RDP function, given the cost of just HK\$0.80 per EPI.
- A9 :** Hongkong Clearing charges on a cost recovery basis. The money settlement fee for each RDP SI is HK\$0.80, same as the fee currently charged for EPI. The level of bank charges on CHATS payments is a business decision made by each bank.

Enhanced CCASS Terminal Updates

ECT Presentation for Hong Kong Stockbrokers Association

Hongkong Clearing held a presentation on the Enhanced CCASS Terminal (ECT) for 20 representatives of Hong Kong Stockbrokers Association in April 1998. The Association requested the briefing to learn more about the new functions and security provided by the ECT, such as Host-to-Host connection and the control of Settlement Instructions (SIs) and Investor Settlement Instructions (ISIs).

Using the ECT Host-to-Host connection, the data for upload of SIs and ISIs can be transmitted directly from the participants' back-office computer systems to CCASS as an additional security measure.

Participants can also set transaction limits for online input of SI or ISI. Any online input of SI or ISI performed by participants via CCASS Terminal or ECT will be subject to the assigned limit. Any transactions exceeding the assigned limit will be changed to pending status.

To perform the SI or ISI upload via the Host-to-Host function, participants should install a software called MQ/Series and develop applications in their back-office computer system.

ECT application forms are available from Participant Admission Department (Tel.: 2597 0621). For enquiries, please call the Customer Services Hotline at 2852 8000.

VISITS *by* KUALA LUMPUR STOCK EXCHANGE *and* PHILIPPINE CENTRAL DEPOSITORY

Mr Mohd Azlan Hashim, Executive Chairman of the Kuala Lumpur Stock Exchange, and two executives of the Exchange visited Hongkong Clearing in May 1998. Mr Stewart Shing, Hongkong Clearing's Chief Executive gave them a briefing on the Company's latest developments and strategic plans. Mr Shing discussed with Mr Hashim on the direction for future developments of central securities depositories. The visitors were also taken on a tour of the CCASS Depository.



Alan Lee, Executive Director of Operations Services Division (first from right), explains to Mohd Azlan Hashim, Executive Chairman of the Kuala Lumpur Stock Exchange (second from right) and two other delegates the handling of share withdrawals and deposits at the CCASS Depository. Second from left is Chief Executive Stewart Shing.

Meanwhile, three executives from the Philippine Central Depository (PCD) came to Hongkong Clearing for a two-day visit in April 1998. Ms Nellie Dagdag, Vice President of PCD's Planning and Development, said the group was given a thorough briefing on various aspects of the operations of CCASS. Since PCD is planning to establish an Internal Audit Department, she found the visit to Hongkong Clearing's Internal Audit Department very useful as a case study. The delegates were also very interested in Hongkong Clearing's new projects like Investor Participation in CCASS and Stock Lending and Borrowing.

NEW HONGKONG CLEARING CD-ROM

In addition to the corporate brochure and the recently launched website, Hongkong Clearing introduced a new communications initiative, a corporate CD-ROM, in May 1998.

Divided into nine sections, the CD-ROM provides detailed information on topics ranging from the Company's corporate profile and services to a list of publications for sale.

The CD-ROM has two operating modes: self-running or automatic mode, which provides a guided tour of operations; and interactive mode, which allows viewers to explore the information in any order they like. Viewers can also choose from Cantonese, Putonghua and English soundtracks.

Copies of the CD-ROM have been distributed to CCASS Participants and Designated Banks.



self running interactive

The duration of this self-running presentation will be as follows

Company Profile	3:10
CCASS Highlights	2:30
Clearing and Settlement Services	4:00
Risk Management	3:15
Depository Services	1:15
Common Nominee Services	1:15
Share Registration Services	2:00
Customer Services	1:10
List of Publications for Sale	0:15
Total Time	18:50

HONGKONG CLEARING 香港結算

back pause play forward main menu volume help quit

Broker's default

Hongkong Clearing declared Forluxe Securities Ltd (Forluxe) a defaulter on 6 May 1998 due to Forluxe's failure to meet money obligations of about HK\$270,000 under the Continuous Net Settlement (CNS) system. Hongkong Clearing pursuant to its default procedures effected closing-out of the unsettled

stock positions of Forluxe. Shares allocated to Forluxe's account but not paid for were sold at the prevailing market price. Hongkong Clearing also effected buy-in to settle outstanding stock positions of Forluxe in CCASS. The closing-out action enabled Hongkong Clearing to meet its obligations under the CNS system to other broker participants. All the outstanding positions of Forluxe were successfully closed-out.

Report On Financial Market Review

In response to calls for reviewing the financial systems following the Financial Turmoil in October 1997, the Financial Services Bureau launched a comprehensive review and issued a detailed report in April 1998. Following are the extracts from the report related to Hongkong Clearing.

Operation of the market

Notwithstanding the exceptional volatility and high turnover, the market had been able to continue to operate efficiently and orderly throughout the period....Overall, the settlement and clearing systems of Hongkong Clearing continued to function efficiently and effectively and provided a solid foundation for the risk management system of the securities market.

Short Selling and Stock Borrowing and Lending

Short selling is a regular and common practice in major international financial centres. Stock Borrowing and Lending (SBL) is a complementary activity to short selling. Clearing houses are best placed to serve as this central intermediary given their knowledge of who has uncommitted securities available for lending and possibly who has the need for them. Their transaction and settlement systems can also help reduce transaction costs involved in a SBL for both the borrowers and the lenders. To help develop a local SBL market, Hongkong Clearing will introduce its SBL service in early 1999. This centralised SBL service will make on-shore stock borrowing and lending services much more attractive and accessible. By pooling together a much bigger stock of shares than in the overseas SBL market, the Hongkong Clearing will provide a more level-playing field for all market participants. It will also help improve the transparency and surveillance of SBL activities in the market.

Link-up of CCASS and RTGS

In order to make delivery versus payment (DvP) close together in time for settlement of securities transactions, Hongkong Clearing has been working with the Hong Kong Monetary Authority, Hong Kong Association of Banks and Hongkong Interbank Clearing Limited (HKICL) to establish a message link between CCASS and the RTGS, the money settlement system among banks, so that confirmation of money payment can be communicated from the RTGS to CCASS spontaneously. A real time DvP can further reduce market risks of settlement. Hongkong Clearing is able to introduce real time DvP in early May 1998.

Real time DvP will initially be available for SI (Settlement Instruction) transactions only. The facility will be considered for expansion to CNS (Continuous Net Settlement) transactions and other non-SI transactions, such as intra-day marks, cash prepayment etc. at a later stage.

Investor Participation in CCASS

To provide a more comprehensive service for the market and to answer the need of investors, Hongkong Clearing has recently decided to extend its service to enable individual and corporate investors to participate directly in CCASS through individual accounts. Under the Investor Participation Scheme, individual and corporate investors can open individual investor accounts with CCASS.

Investor Participation Scheme provides an additional choice for investors to safekeep their shares and represents the continuing effort of

In order to improve overall risk management at the market level, the Securities and Futures Commission is reviewing the feasibility of having cross margining between related products traded on the Stock Exchange of Hong Kong and Hong Kong Futures Exchange. Cross margining has the potential to reduce overall risk within the clearing and settlement system. It will also allow for a more efficient use of capital for the intermediaries. The result of the review may also contribute to the longer term project to study the feasibility of integrating the three separate clearing systems currently serving the various segments of the securities and futures market.

Stock Collateral

Under the existing clearing arrangements, Hongkong Clearing marks to market the open positions held by the individual broker and collects the net marks on a daily basis. Brokers are required to meet the marks or default procedures will be triggered otherwise. In time of market volatility and heavy turnover, the arrangement may create considerable credit burden and liquidity problem on brokers, especially on the small ones.

In order to relieve the credit burden borne by brokers and provide extra flexibility to brokers' funding arrangement, Hongkong Clearing had amended the CCASS Rules to enable it to accept stock collateral in payment of mark-to-market obligations which could previously be settled with cash only. The new service was introduced on 29 December 1997.

Access to Corporate Information

Since the introduction of CCASS in 1992, the number and value of securities held in custody by the CCASS Depository have substantially increased. The immobilised share certificates are registered in the name of HKSCC Nominees Limited instead of the underlying beneficial owners and the latter as a result would not receive from the listed companies the corporate information which is distributed according to record on the share registrars.

In order to ensure that these non-registered shareholders would receive corporate communications from the companies the shares of which they hold through the CCASS Depository, the Stock Exchange of Hong Kong had changed its Listing Rules to place an obligation on the listed companies to send corporate communications to all non-registered holders behind CCASS Depository. The change has taken effect since 23 February 1998.



Hongkong Clearing in the improvement of risk management of the market. The scheme is also expected to help enhance investor confidence in Hong Kong's securities market by permitting them a better control over their shareholdings deposited with CCASS. The Investor Participation Scheme will be introduced in May 1998.

Cross Margining

Currently, the securities and futures markets are segmented in terms of trades settlement. As a result of the segmentation, each exchange and its clearing house(s) will only have partial access to the overall position of the market and individual brokers, which will in turn limit their assessment of the overall exposures.

CCASS STATISTICS

The market became active in the month of February, but it slowed down again in March 1998. Hang Seng Index closed at 11,518 on 31 March 1998.

Exchange Trades

In February, an average of 115,641 trades were processed daily in CCASS, involving nearly 5.0 billion shares with a value of \$10.6 billion. In March, the daily average trades handled by CCASS reduced to 83,966, involving 4.0 billion shares with a value of \$7.9 billion.

During the months of February and March, 99.97 per cent of Exchange trades were processed daily in CCASS.

Netting efficiency of CNS trades

In February, an average of 114,388 Exchange trades valued at \$10.1 billion went through CCASS daily for CNS. An average of 14.6 per cent of the novated contracts created were due for settlement daily.

The daily average number of trades went through CCASS for CNS in March decreased to 82,905 valued at \$7.3 billion. After novation and netting, 18.2 per cent of the novated contracts were due for settlement daily.

In February, novated contracts generated a daily average of \$20.2 billion in money obligations which were netted to \$5.9 billion. Daily average funds netting efficiency was 72.6 per cent. In March, \$14.7 billion a day in money obligations were netted to \$3.7 billion. Daily average funds netting efficiency was 74.2 per cent.

Settlement efficiency of CNS stock positions

The daily average settlement efficiency rate of CNS stock positions for February was 95.8 per cent on the due day and 99.8 per cent on the settlement day following the due day. The corresponding figures for March were 96.1 per cent and 99.9 per cent.

Settlement Instructions (SIs)

In February, an average of 26,292 SIs were settled daily in CCASS, involving 5.9 billion shares with a market value of \$27.8 billion.

In March, the figures decreased to 22,399 SIs, involving 4.8 billion shares with a value of \$24.9 billion.

Depository transactions

In February, the CCASS Depository handled an average of 5,475 deposit and withdrawal transactions per business day. The number of share certificates processed daily amounted to 83,000. The corresponding figures for March reduced sharply to 2,185 transactions involving 32,000 share certificates per business day.

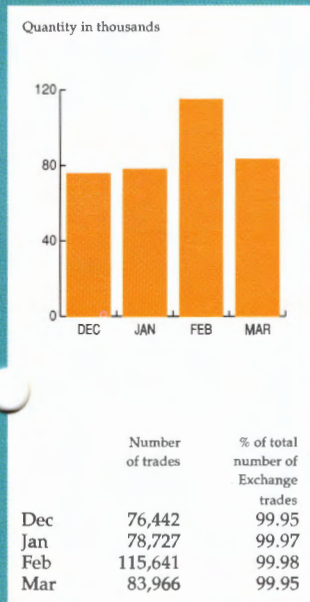
As at the end of March, 1,416 stocks had been admitted into CCASS for clearing and settlement. About 432.1 billion shares were under the custody of the CCASS Depository, representing 54.4 per cent of the total number of shares of the admitted stocks in issue. The total market value of the shares was \$958.9 billion, representing 29.1 per cent of the total market capitalisation of the admitted stocks.

Participants

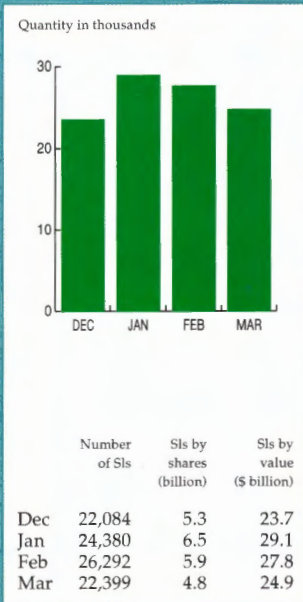
At the end of March, there were 570 CCASS participants, comprising 498 broker participants, 63 custodian participants, eight stock pledgee participants and one clearing agency participant.

OPERATIONS HIGHLIGHTS (DEC 97-MAR 98)

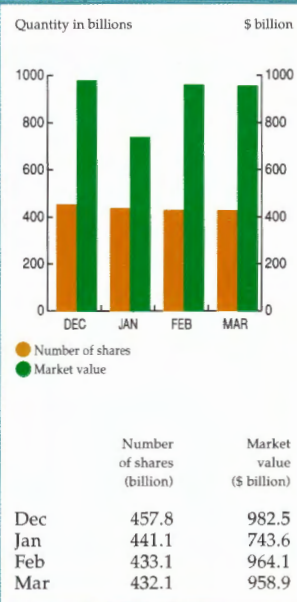
Average daily Stock Exchange trades processed in CCASS
(including CNS trades, isolated trades and cross trades)



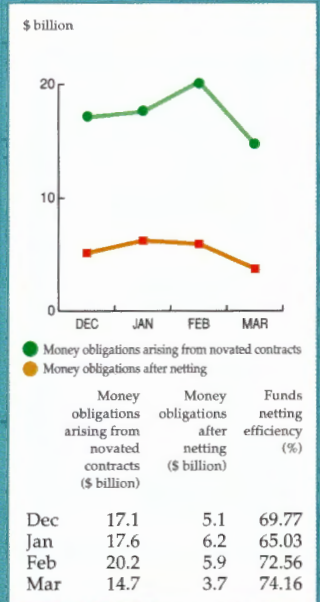
Average daily settlement instructions (SIs) settled in CCASS
(both receiving and delivering SIs are counted)



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



Average daily funds netting efficiency under CNS



Quick Quiz

1. If a delivering participant wants to settle a stock transaction by a Delivery Instruction (DI) on a particular settlement day, when is the latest input time?

2. How often are Broker Participants' contribution to the Guarantee Fund reviewed?

3. Are Stock Pledgee Participants eligible to deposit securities in CCASS?

Answers on page 8.

CCASS NOTICE BOARD

ENHANCEMENTS FOR INVESTOR ACCOUNT SERVICE AND RDP PAYMENT

1. Maintenance and Enquiry Functions for Investor Settlement Instructions

With the launch of Investor Account Service in CCASS on 8 May 1998, CCASS Broker and Custodian Participants are able to initiate stock transfers between their stock accounts and the Investor Accounts by inputting an Investor Settlement Instructions (ISIs), which have to be affirmed by the Investor Participants.

New Maintenance and Enquiry Functions for ISIs are introduced. Online input and enquiry functions for ISIs are similar to those of Settlement Instructions (SIs). In addition, CCASS participants who have subscribed to the

SI Batch File Transfer service can also make use of the existing User ID and password to upload the new ISI Batch File to CCASS via the 'General File Transfer Session'.

2. Enquiry Function for RDP Payment Instructions

The Realtime Delivery versus Payment (RDP) service is a new money settlement option for CCASS participants, in addition to the existing Delivery versus Payment (DVP) and Free of Payment (FOP) money settlement methods. In the first phase of the service starting from 8 May 1998, RDP service is available for the settlement of SIs and ISIs.

Paying parties can enquire the details and current status of payment instructions. Online enquiry function is also available to both delivering and receiving participants of SIs and ISIs specified to be settled on a RDP basis. They can monitor the payment status, and thus the settlement status, of the transactions.

For details of the new Maintenance and Enquiry Functions for ISIs and Enquiry Function for RDP Payment Instructions, please refer to section 4.33-4.36, 5.25, 5.27, 6.3, 6.4, 8.5 and 8.6 of the CCASS Terminal User Guide.

DIRECT STOCK ADMISSIONS

During the two months of March and April 1998, a total of 38 eligible new issues were admitted to CCASS of which 4 issues adopted Jumbo Certificate arrangement.

	Ordinary Shares	Preference Shares	Registered Warrants	Debts	Rights	Total
Eligible new issues listed on the Stock Exchange and admitted to CCASS	4	-	27	-	7	38
Issues adopted Jumbo Certificate arrangement	4	-	-	-	N/A	4

Quick Quiz

1. The delivering participant has to input the DI into CCASS before 3:45 pm on the settlement day.

2. Broker Participants' contribution to the Guarantee Fund are reviewed on a quarterly basis in January, April, July and October.

3. Stock Pledgee Participants are not entitled to deposit securities in CCASS.

RETIRED BUSINESSMAN WINS AWARD AS FIRST APPLICANT FOR INVESTOR ACCOUNT SERVICE

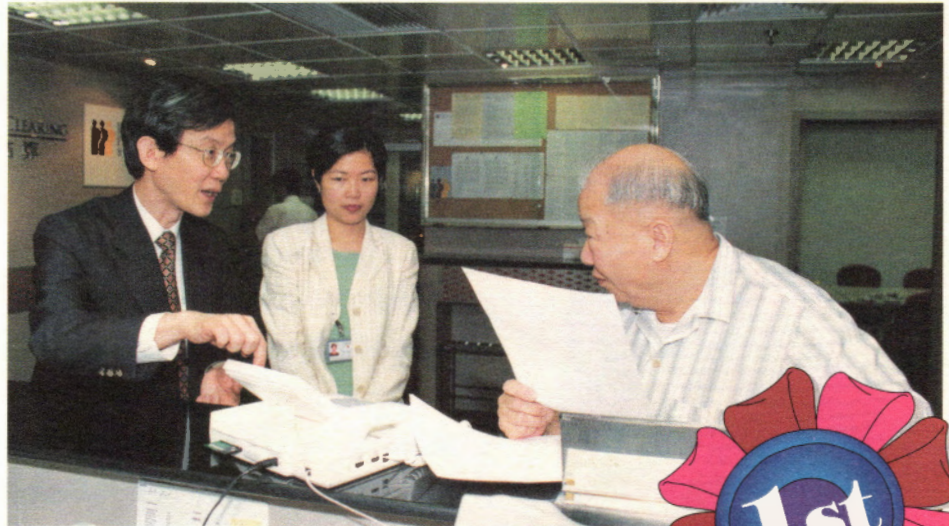
A retired businessman, Mr Li Kin Hing, was pleasantly surprised when he learned that he would be given an award as the first person to apply for the Investor Account Service launched by Hongkong Clearing on 8 May 1998. The award was given by Hongkong Clearing in the form of a one-year waiver of his monthly \$200 service fee.

Mr Li was presented with a letter confirming his award by Mr Stewart Shing, Hongkong Clearing's Chief Executive, at the Company's Investor Service Centre, where Mr Li and his wife chatted with Mr Shing at a tea reception before the presentation.

Mr Shing and Ms Polyana Hung, Manager of the Customer Services Department, explained the operation of the Investor Account Service by using a screen phone.



Mr Stewart Shing (left) presents Mr Li Kin Hing with a letter confirming his award as the first applicant for the Investor Account Service at the Investor Service Centre.



Mr Li Kin Hing (right) is briefed by Mr Stewart Shing (left) and Ms Polyana Hung on how to operate the Investor Account.

Mr Li used to own a glass manufactory before his retirement many years ago. He told *Clear Talk* that the question of protection of his asset is a major consideration when he makes an investment. When he read about the Investor Account Service in an advertisement, he immediately applied to Hongkong Clearing to use the service.

Mr Li said: "At present I have physical possession of my share certificates. But I feel more secure now because my certificates can be placed with Hongkong Clearing for safekeeping. The service will also enable me to take a more active part in stock trading. I feel I will have no problems in operating my account after a few trials.

"I believe that investors should think about protection and not only just about the monthly cost. The extra protection of asset which investors are offered by the Investor Account Service is worth the \$200 monthly fee."

Mr Li also enquired about the deadline for money settlement of his share transactions so as to maximise the interest earned from his bank account. Mr Shing explained the options available under the Delivery versus Payment (DVP) method and the new Realtime Delivery versus Payment (RDP) method for CCASS money settlement. Mr Li told Mr Shing that he would prefer to use the RDP method and pay the extra bank charge as RDP will significantly reduce credit risk.

Through the Investor Account Service, investors enjoy the convenience of Hongkong Clearing's book-entry clearing and settlement system, and secure legal and physical control over their shares. Investors can also obtain nominee services, receive annual reports and other corporate communications, and apply for new share issues by submitting yellow forms directly to issuers or their agents.



APPLICATIONS FOR INVESTOR ACCOUNTS INCREASING

The operation of Investor Accounts in CCASS has been functioning satisfactorily since the launch of the service on 8 May 1998, Mr Stewart Shing, Chief Executive, said.

Many of the functions have been used by Investor Participants including affirmation of stock transfers to or from Broker/Custodian Participants' Accounts, checking stock balances via the CCASS Phone System as well as deposits of physical share certificates into the CCASS Depository.

Mr Shing said, "On 21 and 22 May, CCASS started to distribute cash dividends for two separate stocks to Investor Participants, on the same day that it distributed dividends to Broker/Custodian Participants. The dividends are credited directly by Hongkong Clearing into the Investor Participants' designated bank accounts. This is just one of the benefits that Investor Participants enjoy through our book-entry clearing and settlement system. Investors who entrust their shares to Broker/Custodian Participants, will have to wait until their Brokers/Custodians re-distribute the dividends to them.

"As for the money settlement in CCASS, all three payment methods - Free of Payment, Delivery versus Payment and Realtime Delivery versus Payment - have been used by Investor Participants.

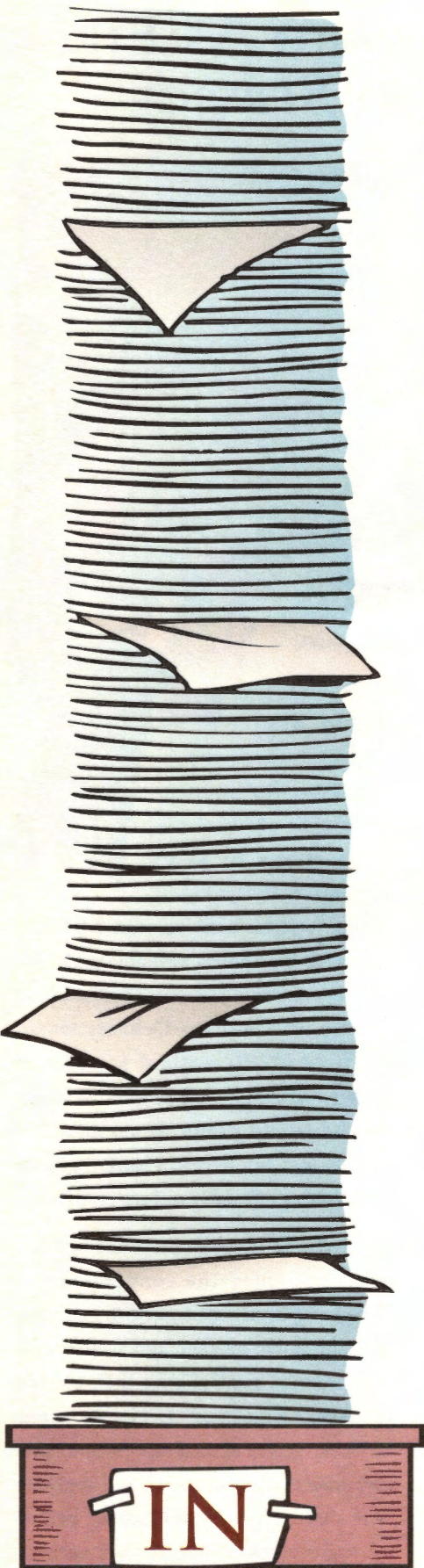
"We hope that more and more investors will open Investor Accounts in CCASS as they become more aware of the benefits through our publicity efforts and through the 'word of mouth' of existing Investor Participants."

Up to 27 May 1998, Hongkong Clearing has received a total of 419 applications from investors to open Investor Accounts. Seventy-four Broker and seven Custodian Participants have input a total of 939 Investor Settlement Instructions for share transfers. 74 deposit orders of physical certificates by Investor Participants have been received by the CCASS Depository.

Investors can call Hongkong Clearing's Investor Service Enquiry Hotline on 2979-7000 and

- Get more information about the Investor Account Service
- Learn how to open an Investor Account
- Register for Hongkong Clearing's Investor Account Seminars

Investors can also visit Hongkong Clearing's website at <http://www.hkclearing.com.hk>. Click on the 'Investor Participation in CCASS' section for the latest information on the service



NOTICES TO INVESTOR PARTICIPANTS

1. Special Offer

To facilitate the portfolio transfer of stocks from Broker and / or Custodian Participants' stock accounts to the Investor Accounts, no stock settlement fee will be charged on ISI transactions-without-trade-value-data-input within the first ten settlement days from the date of opening the Investor Account. Credit for registration and transfer fee will also be granted to the Investor Participants on such transferred stock balances.

2. CCASS Phone Operations Hotline

Some of the Investor Participants have called the Investor Service Hotline at 2979 7000 to connect to Hongkong Clearing's operators. In fact, a CCASS Phone Operations Hotline at 2979 7888 has been set up to serve Investor Participants exclusively and Investor Participants can call the CCASS Phone Operations Hotline and press '0' to connect to a customer service representative.



In general, Hongkong Clearing charges Investor Participants the same CCASS service fees as it charges other CCASS Participants like brokers and custodians. This includes charges for individual transactions, such as settlements, custody services, dividend collections and corporate actions. The CCASS service fees will

DO I HAVE TO PAY MORE TO MAINTAIN AN INVESTOR ACCOUNT IN CCASS?

be deducted from the \$200 minimum monthly fee. In fact, investors who have not opened accounts in CCASS are paying these service fees directly or indirectly to their brokers or custodians.

The only additional fees charged to Investor Participants for the Investor Account Service are the stock settlement fee and money settlement fee for 'Investor Settlement Instructions'. However, as Investor

Participants get comprehensive custody and nominee services from Hongkong Clearing, they do not have to pay their brokers/custodians for their administrative costs in providing the custody and nominee services and thus enjoy savings in these areas.

For details on each fee item, investors can refer to the list of CCASS Service Fees distributed by Hongkong Clearing.

Speaking Face to Face with Investors

Hongkong Clearing's new Investor Account Service was promoted at its booth at the MoneyWorld Asia - HK '98 Exhibition held at the Hong Kong Convention and Exhibition Centre from 15 to 17 May, 1998. Over 40 local and international financial organisations participated in the Exhibition to promote various services to investors.

Some 3,000 investors visited Hongkong Clearing's booth. Company representatives provided information on the operations and benefits of the Investor Account Service, and distributed more than 3,500 application forms at the Exhibition.

The Company also organised a seminar at the Exhibition on 17 May 1998 at which the Investor Account Service was explained in greater detail.

This was the third time that Hongkong Clearing had participated in the MoneyWorld Asia Exhibition.



What services are provided to Investor Participants?

- Stock transfers
- Electronic money settlement
- Deposit and withdrawal of share certificates
- Comprehensive nominee services
- Activity and monthly statements
- Use yellow application forms to apply for new issues



Investors watch the Investor Account Video to learn more about the service.

Investors collect Investor Account application forms.

What are the benefits to Investor Participants?

- Control movements of their shares deposited in CCASS
- Receive evidence of their shareholdings in CCASS
- Receive corporate information directly from listed issuers
- Enjoy better legal protection of their shareholdings in CCASS