

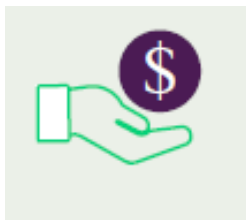
# Bond Connect Securities as Eligible Collateral at the HKFE Clearing Corporation Limited (HKCC) and The SEHK Options Clearing House Limited (SEOCH)

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CMU 迅清結算  
OmniClear

# Margin Collateral Arrangement for Bond Connect Securities at HKCC & SEOCH

## Eligible Securities



**China Government Bonds** or **Policy Bank Bonds** in the China Interbank Bond Market (CIBM) traded via **Northbound Bond Connect** and held with CMU



## Eligibility and Onboarding Criteria



**WHO**

**Northbound Bond Connect Investors who either be:**

- Clearing Participant of HKCC/SEOCH (CP);
- or
- A client of a CP

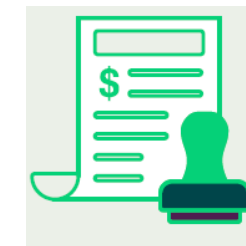


**HOW**

Submit the **Registration form (Appendix T.14b)** via a **Bond Connect Custodian** (a CMU Member) [Link](#)



## Operational Arrangement



**Instruction Input Channel:**  
CMT/ SWIFT/ Paper Form

**Operating hours:**  
8:30-18:30 (HKT) on each Hong Kong business day

Bond Connect Investor's CMU Account

HKCC/SEOCH's CMU Account

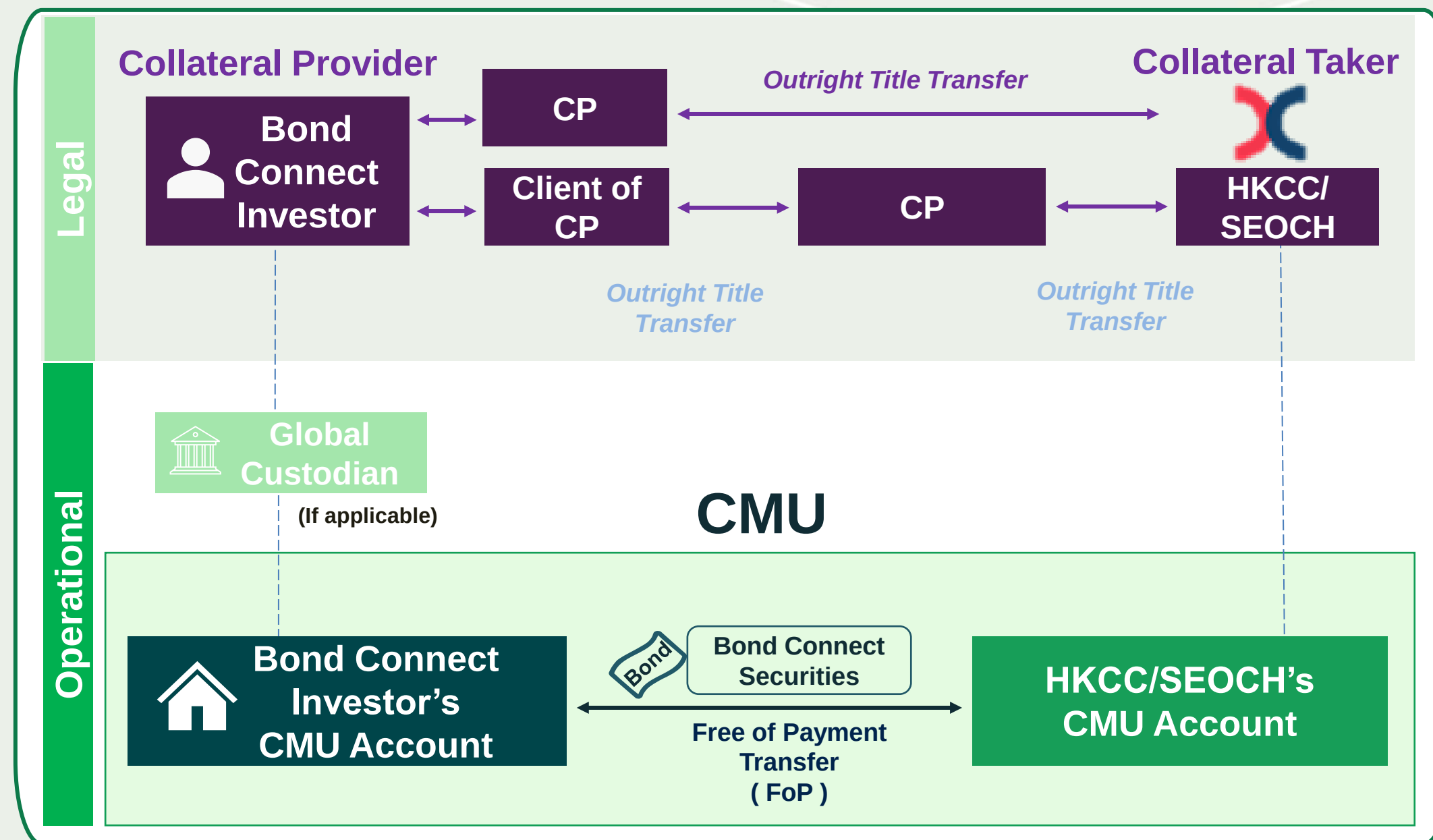


Security transfer (FoP)



# Collateral Movement Flow Illustration

## Outright Title Transfer Arrangement



- The **Bond Connect Investor** instructs their Bond Connect Custodian to transfer the eligible securities, on a Free of Payment (FoP) basis, from the investor's Bond Connect account in CMU to the relevant HKCC/SEOCH account in CMU.
- The **CMU** verifies the Bond Connect Securities are transferred **only** between the designated Bond Connect account and HKCC/SEOCH account in CMU as stipulated in registration form T.14b.

# Corporate Action (CA) and Liquidation Arrangement

## CA Entitlement

Under the title transfer arrangement, HKCC and SEOCH are the beneficial owner upon the Bond Connect Securities are posted to HKCC and SEOCH as margin collateral.

As such, where Bond Connect Securities held in HKCC and SEOCH's CMU account are subject to coupon payment or other CA on the record date, the entitlement of the CA or the income proceeds will belong to HKCC/SEOCH.

If any adjustment the income payment entitlement is required, it will be handled outside the CMU system by HKCC/SEOCH and the end investors. Participants should refer to the detailed operational arrangements published by HKCC and SEOCH for further information on coupon payments and CA.

## Liquidation of Bond Connect Securities

1

### Notification

HKCC/SEOCH notifies CMU of the nominal amount and bond details to be liquidated.



2

### Securities Transfer

Securities are transferred from HKCC/SEOCH's CMU accounts to a separate HKSCC Liquidation Account in CMU.



3

### Execution

Hong Kong Securities Clearing Company Limited (HKSCC) carries out the liquidation process on behalf of HKCC/SEOCH.



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