

**B-Share Clearing and Settlement Business Guide
of China Securities Depository and Clearing
Corporation Limited, Shanghai Branch**

China Securities Depository and Clearing Corporation Limited, Shanghai Branch

2012-10-8

Revision Notes

Revision Date	Major Revisions
2011-6-24	Alteration of B-share receiving and paying bank account information
2012-8-7	Department setup changes
2012-10-8	<ol style="list-style-type: none">1. Articles on domestic and overseas participants' account statements and non-trade charges added(<i>Guide on B-share Account Statements and Non-trade Charge Reminders and Payment Collection</i> at the same time abolished)2. PROP front-end general ledger and breakdown query time range changed

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Chapter I Basic Principles of Clearing and Settlement

I. Central clearing and settlement system

China Securities Depository and Clearing Corporation Limited, Shanghai Branch (hereafter referred to as "CSDC Shanghai Branch") uses a central clearing and settlement system; all participants must complete clearing and settlement in US dollars with CSDC Shanghai Branch, who acts as a central counterparty.

II. Principle of combining "netting settlement" and "trade-for-trade settlement"

CSDC Shanghai Branch uses a system combining "netting settlement" and "trade-for-trade settlement". Domestic clearing participants carry out "netting settlement" with CSDC Shanghai Branch (except for trades with custodian banks); overseas clearing participants and domestic clearing participants in trades with custodian banks carry out "trade-for-trade settlement".

III. T+3 rolling settlement principle

All trades are settled on T+3 on a rolling basis.

IV. Principle for the settlement of legal persons

Clearing participants carry out fund clearing and settlement with the CSDC Shanghai Branch in the name of a legal entity, while fund clearing and settlement between a participant and its affiliates is organized and completed by the participant.

V. Holidays

The Shanghai B-share market remains open on American holidays, but settlement is suspended till the next working day.

For example: if this coming Thursday is a non-settlement day as an American holiday, then trades on Monday will be settled on Friday, trades on Tuesday will be settled on next Monday, and trades on Wednesday's and Thursday will be settled on next Tuesday.

Chapter II Start, Alteration and Termination of B-Share Clearing and Settlement Service for Participants

Domestic securities institutions can apply to start a B-share clearing and settlement business with the approval of CSDC Shanghai Branch.

Participants engaging in B-share clearing and settlement businesses must fulfill the following responsibilities: acting as the registration agent of CSDC Shanghai Branch for clients; forwarding of equities registration and equity central depository operations to CSDC Shanghai Branch for clients; forwarding of clearing and settlement operations to CSDC Shanghai Branch for clients; and handling of services offered by CSDC Shanghai Branch to clients. Meanwhile, participants shall bear the responsibility to completely fulfill their settlement obligations.

I. Domestic participants

1. Domestic participants starting B-share settlement business

Domestic securities institutions applying to start B-share clearing and settlement businesses with CSDC Shanghai Branch must provide the following documents to the clearing and settlement department of CSDC Shanghai Branch:

- (1) Correctly filled-in *Application Form for Starting a B-Share Fund Clearing and Settlement Business* (standard format);
- (2) A copy of a *Securities Business License* (or its duplicate);
- (3) Two sets of correctly filled-in reserved specimen seals in triplicate, one for registration and depository business and the other for clearing and settlement business (blank seal cards are available from the clearing and settlement department of CSDC Shanghai Branch);
- (4) *Confirmation of Designated B-Share Receiving Bank Account* (standard format)
- (5) Other documents required by CSDC Shanghai Branch.

Notes:

(1) The above documents are only valid with the applicant company chop on each page;

(2) Please pay attention to the following when filling in the *Confirmation of the Designated B-Share Receiving Bank Account*: the reserved account name at the receiving bank must be the applicant or its affiliate business units and clearing centers, for example "xx securities company" or "xx business unit/clearing center of xx securities company".

(3) A. The company name on the seal card must be the same as the company name on the *Application Form for Starting a B-Share Fund Clearing and Settlement Business*; the clearing and settlement member code and start date are to be filled in by CSDC Shanghai Branch; B. The reserved specimen seal must be a special financial seal or a special registration and depository/clearing and settlement seal of the legal entity and a personal seal of the relevant people; C. The reverse side of the seal card must have the company seal and signature of the legal person; if signed by an authorized person, a power of attorney with the legal person's signature and corporate seal must be submitted at the same time.

After submitting the above documents as required, applicants must remit a USD200,000 risk fund to the designated account of CSDC Shanghai Branch and attend B-share business training and relevant business tests organized by CSDC Shanghai Branch.

With approval to start a B-share clearing and settlement business, participants must retain the business processing result notifications issued by CSDC Shanghai Branch and one copy each of the returned clearing and settlement/registration and depository seal cards for verification.

2. Alteration of participants' B-share clearing and settlement business

(1) Changing the participant's name

Participants in the clearing and settlement system must submit a participant rename application to CSDC Shanghai Branch if the participant's name changes due to merger and acquisition, company rename, etc. (refer to *Guide on Clearing and Settlement Account Management and Fund Settlement Business*).

(2) Changing basic participant information

If participants change their basic information, such as their address, contact person, telephone number, legal representative, etc., the relevant documents with the company chop must be submitted to CSDC Shanghai Branch in a timely manner to go through with the change procedures.

(3) Changing the reserved specimen seal

If participants need to change their reserved specimen seal, they can obtain blank seal cards from CSDC Shanghai Branch, fill in the new seal together with the originally reserved seals/signatures and submit it to CSDC Shanghai Branch. Please refer to the "subscription to clearing and settlement service" section for notes on filling out the cards.

(4) Changing the designated B-share receiving bank account

Participants must submit a *Confirmation of Change of Designated B-Share Receiving Bank Account* (standard format) with the company chop and valid seal to CSDC Shanghai Branch to go through with the change procedures.

Note:

(a) The above mentioned bank account changes refer to changes to the receiving bank account reserved at CSDC Shanghai Branch by the participant; this does not include changes to the participant's designated B-share fund receiving and paying banks (Citibank or Bank of China);

(b) When filling in the *Confirmation of Change of Designated B-Share Receiving Bank Account*, if the Bank of China is chosen as the B-share receiving and paying bank, then the "clearing and settlement member code, account opening date, account number and account opening bank name" are required entries; if Citibank is chosen as the B-share receiving and paying bank, all items in the confirmation document must be filled in in both Chinese and English, where the "account opening bank type, intermediary bank type" are to be filled in in US dollars received and payment systems like "SWIFT", "CHIPS", etc. and "account opening bank code, intermediary bank code" are to be filled in with the code of the bank in the abovementioned system. Moreover, the account name at the designated receiving bank must be the applicant or the applicant's affiliated business units, clearing centers, etc., for example "xx Securities Company" or "xx business unit/clearing center of xx Securities Company".

(5) Changing the designated receiving and paying bank

A participant in the clearing and settlement system can choose either one of CSDC Shanghai Branch's B-share receiving and paying banks-Citibank or Bank of China-for B-share settlement fund transfer. CSDC Shanghai Branch does not specify the participants' account opening bank. As required by specific businesses, if participants need to change their B-share receiving and paying bank, an *Application for Change of B-Share Settlement Fund Receiving and Paying Bank* (standard format) with the company chop must be submitted to CSDC Shanghai Branch. Upon approval, CSDC Shanghai Branch will notify the applicant to submit a *Confirmation of Change of Designated B-Share Receiving Bank Account* and process the change in designated B-share receiving bank account information on the applied date.

3. Termination of participants' B-share clearing and settlement business

Participants can apply to terminate their B-share clearing and settlement business with CSDC Shanghai Branch after settling all B-share related debts with CSDC Shanghai Branch and confirming there are no trading units or designated trading/designated settlement investors under its name.

A participant applying to terminate a B-share clearing and settlement business must submit an *Application for Termination of a Fund Clearing and Settlement Business* (standard format) to CSDC Shanghai Branch. With termination due to merger and acquisition and applied for by the successor, CSRC approval documents must be submitted as an appendix to the application. All the above documents must be stamped with the company chop.

When the B-share clearing and settlement termination procedure is complete, CSDC Shanghai Branch must issue business processing result notifications to the applicant for record and return risk funds as well as the clearing and settlement provisions account balance to the applicant.

4. Settlement provisions account

When a B-share domestic clearing participant gets approval from CSDC Shanghai Branch for starting a B-share clearing and settlement business, CSDC Shanghai Branch will open a B-share settlement provisions account (hereinafter referred to as "provisions account") dedicated to B-share settlement between the participant and CSDC Shanghai Branch.

Domestic clearing participants receive a six-digit provisions account, encoded as a 5-digit participant code and a 0. For example, a participant code of 00999 would go with a provisions account of 009990.

CSDC Shanghai Branch pays interest on the balance of B-share domestic clearing participants' provisions accounts on a quarterly basis, with the interest rate for the USD demand deposit interest rate as stipulated by the B-share clearing and settlement banks; the interest settlement date is recorded as one B-share settlement day after the B-share clearing bank settlement date, the interest start date as the interest settlement date of the previous quarter, the interest end date as the current interest settlement date minus one natural day, summarized as interest yield from (interest start date) to (interest end date). If a B-share domestic clearing participant cancels B-share clearing and settlement business, CSDC Shanghai Branch will settle the interests separately and deregister the provisions account as applied by the clearing participant. The clearing participant can check the provisions account's available balance, previous day's balance, account details and interest settlement certificate through the "B-share capital" function in the updated PROP2000 settlement module (see Chapter V).

5. Sending participant account statements and collecting non-trade charges

After completing the end of day processing on the last trading day of each month, our company will send a B-share provision account (settlement account) statement with breakdowns for that month to domestic B-share clearing and settlement participants through the PROP2000 platform; the document name will be "bs4XXXXX.mdd" (XXXXXX as the B-share clearing and settlement participant code).

After completing the end of day processing on the seventh trading day of each month, our company will send outstanding B-share non-trade charges with breakdown data as of the end of the previous month to domestic B-share clearing and settlement participants through the PROP2000 platform; the document name will be "bs5XXXXX.mdd".

At the end of each month, our company will deduct non-trade charges for the previous month from domestic participants' B-share provisions accounts. Participants can check non-trade charge deduction details through the PROP2000 platform.

II. Overseas participants

1. Overseas participants starting B-share clearing and settlement business

Overseas securities institutions applying to start a B-share clearing and settlement business with CSDC Shanghai Branch must provide the following documents to the clearing and

settlement department of CSDC Shanghai Branch:

(1) Correctly filled-in *Application Form for Opening Participant of the Clearing and Settlement System and Starting a B-Share Clearing and Settlement Business* (for overseas institutions) (standard format);

(2) PROP user opening application documents;

(3) A copy of the *Qualification Certificate for Dealing with Foreign Currency Shares Business*;

(4) Two sets of correctly filled-in reserved specimen seals in triplicate, one set for registering depository business and the other set for registering clearing and settlement business (blank seal cards are available at the clearing and settlement department of CSDC Shanghai Branch);

(5) *Certificate of Incorporation/Business Registration Certificate* issued by the administration authority at the place of registration;

(6) Others.

Note:

(1) The above documents are only valid with the applicant company chop on each page;

(2) In the *Application Form for Opening Participant of the Clearing and Settlement System and Starting a B-Share Clearing and Settlement Business*, "account opening bank type, intermediary bank type" must be filled in with the US dollars received and payment systems like "SWIFT", "CHIPS", etc., and "account opening bank code, intermediary bank code" must be filled in with the code of the bank in the abovementioned system.

After submitting the above documents as required, applicants must attend B-share business training organized by CSDC Shanghai Branch, complete PROP2000 installation and data upload testing on their own, and remit USD50,000 for a risk fund to a designated account of CSDC Shanghai Branch.

With the approval to start a B-share clearing and settlement business, the participants must retain business processing result notifications issued by CSDC Shanghai Branch, one copy each of the returned clearing and settlement/registration and depository seal cards for verification.

2. Alterations to participants' B-share clearing and settlement business

(1) Changing the participant's name

Overseas participants in the clearing and settlement system must submit a participant rename application to the CSDCC Shanghai Branch if the participant's name is changing due to a merger and acquisition, company rename, etc. and submit the following documents:

- (a) PROP user information change application;
- (b) Correctly filled-in *Application for Change of Clearing and Settlement System Participant Name* (for overseas institutions) (standard format);
- (c) *Confirmation for Change of Designated B-Share Receiving Bank Account* (standard format);
- (d) *New Qualification Certificate for Dealing with Foreign Currency Shares Business*;
- (e) *Certificate of Incorporation on Change of Name/Business Registration Certificate* issued by the administration authority at the place of registration;
- (f) New reserved specimen seal or signature list.

After completing the name change procedures, participants must retain business processing result notifications issued by CSDC Shanghai Branch, one copy each of the returned clearing and settlement/registration and depository seal card for verification.

(2) Changing basic participant information

If overseas participants change their basic information, such as their address, contact person, telephone number, legal representative, etc., the relevant documents with the company chop must be submitted to CSDC Shanghai Branch in a timely manner to go through with the change procedures.

(3) Changing the reserved specimen seal

If participants need to change their reserved specimen seal, they can obtain blank seal cards from CSDC Shanghai Branch, fill in new seal together with the originally reserved seals/signatures and submit it to CSDC Shanghai Branch.

(4) Changing the designated B-share receiving bank account

Overseas participants must submit a *Confirmation of Change of Designated B-Share Receiving Bank Account* (standard format) with the company chop and valid seal to CSDC Shanghai Branch to go through with the change procedures.

Note:

When filling in the *Confirmation of Change of Designated B-Share Receiving Bank Account*, "account opening bank type, intermediary bank type" must be filled in with the US dollars received and payment systems like "SWIFT", "CHIPS", etc., and "account opening bank code, intermediary bank code" are to be filled with the code of the bank in the abovementioned system.

3. Termination of B-share clearing and settlement business

An overseas participant can apply to terminate a B-share clearing and settlement business from CSDC Shanghai Branch after settling all B-share related debts with CSDC Shanghai Branch and confirming there are no trading units or designated trading/designated

settlement investors under the participant's name. The application must include the reasons for termination, the return path for any US dollar balance (in principle, this could only be returned to the originally reserved receiving bank account), the contact person, address, etc.; the applicant must promise not to act as an agent for account opening and B-share trading starting from the date of the application.

Participants applying to terminate a B-share clearing and settlement business must submit an application for the termination of the business. When the B-share clearing and settlement termination procedure is complete, CSDC Shanghai Branch must issue business processing result notifications to the applicant for record and return the risk fund and fund account balance to the applicant.

4. Sending participant account statements and collecting non-trade charges

After completing the end of day processing on the last trading day of each month, our company will send B-share settlement account statements with breakdowns for that month to overseas B-share clearing and settlement participants through the PROP2000 platform; the document name will be "bs4XXXXX.mdd" (XXXXXX as the B-share clearing and settlement participant code).

After completing the end of day processing on the seventh trading day of each month, our company will send the outstanding B-share non-trade charges with breakdown data as of the end of the previous month to overseas B-share clearing and settlement participants through the PROP2000 platform; the document name will be "bs5XXXXX.mdd".

After receiving the outstanding B-share non-trade charge breakdown documents, the overseas participants must pay accordingly; the payment method is the same as usual B-share settlement. The remittance purpose is specified in the summary column or debit instructions stamped with the reserved seal faxed to our clearing and settlement department for us to directly deduct non-trade charges from the settlement account or trading receivables based on the instructions.

For overseas participants with balances in their settlement accounts, if non-trade charges are not paid for more than three months, our company will directly deduct the sum from the settlement account by the beginning of the following month; if there is an insufficient balance, our company will deduct non-trade charges from the trading receivables.

III. B-share trading unit related business

To add or cancel B-share trading units, participants only need to log onto the Shanghai Stock Exchange members' trading system for an application. CSDC Shanghai Branch will be responsible for adding or canceling the B-share trading unit clearing path based on business notifications from the Shanghai Stock Exchange; no extra business application documents are required at CSDC Shanghai Branch.

In addition, as required by the business, CSDC Shanghai Branch can assist participants in handling cross-legal entity transfers of B-share investor-designated trading. Applicants on both sides must fill in an *Application for Transfer of B-Share Investor Designated Trading* in the standard format. The transfer of B-share investor-designated trading takes effect on the working day following the day of the operation. If specific dates are required, applicants on both sides should also provide a *Confirmation for an Operation Time for Transfer of B-Share Investor-Designated Trading* to specify an exact operation time. The transferee must confirm in advance whether B-share trading units are available under its name; if not, the transferee

must add B-share trading units for transfer.

Note:

When applying to add B-share trading units, participants must make sure they have started a B-share clearing and settlement business at CSDC Shanghai Branch, opened a B-share clearing and settlement provisions account, and obtained a B-share clearing code so as to avoid business delays due to unavailable clearing and settlement services.

When a participant applies to cancel B-share trading units from the Shanghai Stock Exchange, if the trading units to be canceled are the last B-share trading units under the participant's name, the participant must complete a transfer of designated trading before canceling this trading unit. In addition, a participant must make sure not to apply for new securities account designated trading through this B-share trading unit.

Chapter III Clearing

I. Netting

CSDC Shanghai Branch provides netting settlement for domestic participants' trades not involving custodian banks with the following process:

1. At the close of day T trading, CSDC Shanghai Branch receives B-share trading data from the Shanghai Stock Exchange and conducts clearing according to the business rules.
2. CSDC Shanghai Branch sends a *Settlement Notification* (document prefix BC1) to the relevant participants before 24:00 on day T. The *Settlement Notification* includes the participants' trade breakdown, trading and settlement expenses, as well as the settlement amount for day T. Participant can conduct a secondary clearing with their affiliates using the above data.
3. Netting settlement does not require settlement instruction matching, and participants completing trades must fulfill their settlement responsibilities without any conditions.

II. Trade for trade

CSDC Shanghai Branch conducts trade for trade settlement for overseas participants and domestic participants with custodian banks and handles settlement instruction matching with the following process:

1. At the close of day T trading, CSDC Shanghai receives the B-share trading data from the Shanghai Stock Exchange and conducts data clearing for the prescribed fees based on the business rules.
2. CSDC Shanghai Branch sends a *Settlement Notification* (document prefix BC1) to the relevant participants before 24:00 on day T. The *Settlement Notification* includes the participants' trade breakdown, trading and settlement expenses, as well as the settlement amount for day T.
3. Participants should confirm the settlement for their trades. Securities company participants and custodian bank participants should send clearing and settlement instructions to CSDC Shanghai Branch through PROP2000 with the file name of TINS (broker item by item confirmation), OINSBK (broker trade for trade settlement) and OINSCB (custodian bank trade for trade settlement); the deadline for broker participants is before 13:00 on day T+2 and for custodian bank participants is before 13:00 on day T+3. The item by item confirmation instructions are for broker participants to confirm each closed transactions' settlement number and confirmation sign; the trade for trade settlement instructions are combined from the same trading day, securities account, securities code and trading direction, with the contents of the trading date, securities account code, payment method, trading symbol(buy or sell), trading volume, settlement amount, custodian bank receiving and paying amount, etc. (refer to the *Registration and Settlement Data Interface Standard for Clearing and Settlement Participants* for the relevant data interfaces)
4. CSDC Shanghai Branch finishes pre-matching for all settlement instructions before 14:00 on day T+2 and sends pre-matching results to the relevant participants through PROP2000

with the document prefix BC2 (B-share T+2 trade by trade confirmation pre-matching results) and BC3 (B-share T+2 item by item confirmation pre-matching results) (please refer to the definitions and notes on B-share data sending and receiving interfaces for the relevant data formats). Participants should check pre-matching results in a timely manner; if there are instructions that are not successfully matched in the above documents, the participants should promptly investigate the reason and send revised settlement instructions to CSDC Shanghai Branch by 12:00 noon on day T+3 at the latest. The latest settlement instructions before the deadline will be used for the final settlement.

5. CSDC Shanghai Branch will process final order matching before 13:00 on day T+3 and send the T+3 order matching results to participants before 14:00 on day T+3 respectively with the document prefix BC5 (B-share T+3 item by item confirmation order matching results) and BC6 (B-share T+3 trade for trade confirmation order matching results) (please refer to the definitions and notes on B-share data sending and receiving interfaces for the relevant data formats). CSDC Shanghai Branch will complete settlement for successfully matched instructions, and unsuccessfully matched trades will be pending for settlement.

III. Revision of clearing participant code

If a participant types in the wrong participant code during trading, the participant with the wrong information should apply for a revision in writing and submit the complete trade data to CSDC Shanghai Branch before 13:00 on day T+2; the application should also be confirmed by a participant with the right information. CSDC Shanghai Branch will review and revise the code and send an updated settlement notification (BC1 document) to the relevant parties through PROP2000. Participants should receive updated clearing data and conduct clearing and settlement based on the new data in a timely manner.

Chapter IV Settlement

I. Settlement process

1. Domestic participants' fund settlements are finalized in their provisions accounts. On settlement day, CSDCC Shanghai Branch will increase or decrease the participant's provisions account amount according to the clearing results and complete a final irrevocable settlement. There is no minimum amount requirement for the account.

Domestic participants should check their provisions account balance on time through PROP2000; if the provisions account balance is insufficient for the settlement, the position should be covered before 12:00 noon (arrival time at the bank) on the settlement day; otherwise, the case will be handled as an overdraft. On the afternoon of the settlement day, CSDC Shanghai Branch credits day T receivables to the participant's provisions account or deducts payables from the participant's provisions account, finishes fund settlement and accounting procedures for that day, and then based on the transfer instructions of the domestic participant, sends remittance instructions to the receiving and paying bank and transfers the corresponding amount to the participant's designated receiving bank account.

2. Overseas participants should remit daily settlement payables to CSDC Shanghai Branch bank account before 12:00 noon (arrival time at the bank) on the settlement day; otherwise, the case will be treated as an overdraft. On the afternoon of the settlement day, after finishing fund settlement for that day, CSDC Shanghai Branch will send remittance instructions to the receiving and paying banks to transfer the overseas participants' settlement receivables for that day to the participants' designated receiving bank accounts.

3. After completing the current day's fund settlement and securities settlement, CSDC Shanghai Branch will send *remittance confirmation documents* with the prefix of BS3 and *settlement confirmation documents* with the prefix of BS1 to the participants (please refer to the definitions and notes on B-share data sending and receiving interfaces for the relevant data formats), and finally participants should confirm with the investors concerning B-share trading settlement in accordance with the settlement confirmation documents.

II. Pending settlement

For a settlement involving a custodian bank, if the broker and custodian bank dissent on the settlement details, CSDC Shanghai Branch will conduct pending settlement operations and send pending settlement confirmation documents with the prefix of BS2 to the relevant participants. For purchases, a broker should assume settlement payment responsibilities on that day. CSDC Shanghai Branch will deduct the settlement amount from the domestic broker's provisions account; for an insufficient balance, domestic brokers should remit the appropriate amount to the bank account of CSDC Shanghai Branch before 12:00 noon on the next day, and the arrival time of the remittance at the bank for overseas brokers should be before 12:00 noon on the next day; otherwise, such cases will be treated as overdrafts. For sales, CSDC Shanghai Branch will freeze the relevant amount in the broker account, and at the same time, CSDC Shanghai Branch will accordingly freeze stocks with a pending settlement until the settlement is finally confirmed.

III. Fund transfer

Inward transfers

Each participant can choose only one B-share receiving and paying bank and reserve only one receiving bank account at CSDC Shanghai Branch.

Participants should remit a settlement fund for that day to CSDC Shanghai Branch bank account (see appendix) before 12:00 noon of the settlement day and indicate their participant code "CP*****" with no spaces between the characters in the remittance information section.

For same-bank transfers to CSDC Shanghai Branch's Bank of China Shanghai Branch account and Citibank Shanghai Branch account, participants should handle remittance procedures at the account opening bank at the bank's prescribed time in the morning of the settlement day; for transfers to CSDC Shanghai Branch's Citibank New York Branch account, due to the time difference, participants should handle remittance procedures at the account opening bank at the bank's prescribed time one working day before the settlement day. After completion of the remittance procedures, participants should confirm with the opening bank that the fund arrival is on time.

Participants can check on the arrival information of inward transfers in remittance confirmation documents prefixed with BS3 from CSDC Shanghai Branch.

Outward transfers

As needed, domestic participants may transfer funds to their reserved receiving bank account if the settlement demands are met and there is a balance available in CSDC Shanghai Branch's provisions account. Participants should fully consider the funds in transit and the overall fund settlement demands, ensure an adequate and stable settlement fund, and avoid overdrafts due to fund allocation reasons.

Outward transfer amounts for domestic participants should not exceed the available amount in the provisions account, where the current available amount = last day ending account balance + current day netting settlement amount - current day item by item purchase settlement amount - historical sale pending-settlement amount - current day transfer instructions amount with successful feedback. Participants can check their available amounts in their provisions account through the "B-share fund" function in the PROP2000 settlement module.

At 15:00 on the settlement day, based on the domestic participants' fund transfer instructions, CSDC Shanghai Branch will send the current day's remittance data to the fund transfer bank, and the bank will transfer the fund to the participant's designated receiving bank account based on the participant's instructions.

1. Transfers through a PROP2000 broker terminal

Domestic participants may send fund transfer instructions to CSDC Shanghai Branch through the B-share fund transfer function in the updated PROP2000 settlement module and check all fund transfer instructions and success symbols via the platform. Participants should pay attention to the following points when using the PROP2000 broker terminal for outward fund transfers:

- (1) Domestic participants can use the PROP2000 for B-share provisions account fund transfers from the hours of 9:00 to 14:00 on each B-share settlement day.
- (2) The receiving account must be a receiving bank account reserved at CSDC Shanghai

Branch by a domestic participant, and the funds in the provisions account can only be transferred to the reserved receiving bank account; there is no need for the participant to enter account information in the PROP2000 broker terminal.

(3) The maximum amount of an outward transfer is the available balance of the provisions account.

(4) CSDC Shanghai Branch provides instructional feedback for domestic participants' current reserved receiving bank account information; if participants change their reserved receiving bank account on the same day, CSDC Shanghai will transfer the funds to the new account.

(5) If the fund transfer authorization password needs to be changed, that can be completed through the "change fund transfer password" menu under the "B-share fund transfer" function in the updated PROP2000 settlement module. Passwords must be safeguarded by people who will protect them and handed over in a timely manner after post adjustments.

(6) To ensure the safety of the settlement fund and ensure normal settlement and transfer operations, participants should keep their IC cards in the care of people who will protect them; the usage of the IC card for system authorization and fund transfers (entry, review, and authorization) must take into full consideration personnel rights allocation and dual control mechanisms.

2. Transfers based on written instructions

When a PROP2000 is not available for fund transfer due to a technical failure or other reason, participants should contact CSDC Shanghai Branch and carry out the transfer through fax with approval from CSDC Shanghai Branch; the written transfer application (standard format) must be stamped with the reserved seal and faxed to and confirmed by CSDC Shanghai Branch.

Remittance charges

For funds transferred through Citibank, our company charges remittance fees on behalf of the bank: USD 4.00 for each inward transfer and USD 6.00 for each outward transfer.

IV. Overdraft penalties

If, on a settlement day, a domestic participants' provisions account balance cannot cover the current day's settlement and becomes overdrawn, or if an overseas participant cannot remit settlement payables on time and becomes overdrawn, the CSDCC Shanghai Branch will fine a penalty of 0.5% of the overdraft amount every day starting from the settlement day. For overdraft due to an outstanding purchase, a penalty at 0.5% of the overdraft amount per day will be charged starting from the day when the trade becomes outstanding. Days of overdraft include national holidays and non-trade days.

Overseas participant's overdraft amount = current day outstanding settlement amount + historical outstanding settlement amount + historical purchase pending-settlement amount not paid in advance.

Overdraft amounts for domestic participants are calculated as follows:

(1) No overdraft on the last day:

Before settlement operations, for example, if the last day account balance + current day income - current day expenditure + current day settlement amount - sales trading pending

settlement freeze amount < 0, after settlement, the settlement of the account becomes overdrawn. Overdraft amount = previous day account balance + current day income - current day expenditure + current day settlement amount - sales trading pending settlement freeze amount.

(2) Overdraft on the last day:

Before settlement operations, for example, if the current day income + current day settlement amount - sales trading pending settlement freeze amount - last day overdraft amount < 0, after settlement, the settlement of the account will continue to be overdrawn. Overdraft amount = current day income + current day settlement amount - sales trading pending settlement freeze amount - last day overdraft amount.

For example:

For domestic participants: if a domestic participant's net payable amount to CSDC Shanghai Branch is USD1,000.00 on Friday, the previous day's account balance is USD100.00, and replenishment is not remitted to CSDC Shanghai Branch bank account before 12:00 noon on the same day (arrival time at the bank), and if the following Monday is a non-trade day (American holiday), then even if the participant remits replenishment to CSDC Shanghai Branch bank account on Friday afternoon (13:00 for example), the actual number of days in overdraft would be counted as four days (i.e., Friday, Saturday, Sunday, and the following Monday). Thus, the overdraft penalty = $(1000 - 100) * 0.5\% * 4 = \text{USD}18$.

For overseas participants: if an overseas participant's payable amount to CSDC Shanghai Branch is USD1,000.00 on Friday, the receivable amount is USD400.00, and replenishment is not remitted to CSDC Shanghai Branch bank account before 12:00 noon on the same day (arrival time at the bank), and if the following Monday is a non-trade day (American holiday), then even if the participant remits replenishment to CSDC Shanghai Branch bank account on Friday afternoon (13:00 for example), the actual number of days in overdraft would be counted as four days (i.e., Friday, Saturday, Sunday, and the following Monday). Thus, the overdraft penalty = $1000 * 0.5\% * 4 = \text{USD}20$.

Chapter V Domestic Clearing

Participants' PROP Platform Data

Queries

I. PROP2000 front-end general ledger queries

B-share domestic clearing participants can check general ledger information for their provisions accounts through the "general ledger query" function under "B-share fund" in the updated PROP2000 settlement module during the hours of 8:00 to 15:00 on each settlement day. General ledger query information includes:

(1) Account balance: account balance as of the end of the last settlement day

(2) Overdraft amount: account overdraft amount as of the end of the last settlement day

(3) Available amount: available amount = last day ending account balance + current day netting settlement amount - current day item by item purchase settlement amount - historical sales pending settlement - current day transfer instructions amount with successful feedback

Note: A zero available amount only indicates that there is no available amount for the current day; the current day overdraft amount must be checked and calculated by the participants based on the current day settlement information.

II. PROP2000 front-end breakdown queries

B-share domestic clearing participants can check account breakdown information for B-share provisions through the "breakdown query" function under "B-share fund" in the updated PROP2000 settlement module during the hours of 8:00 to 17:00 on each settlement day.

Participants can choose a query start date and query end date.

Participants can choose a minimum query amount and maximum query amount.

Participants can check all breakdown information for B-share provisions accounts at the given conditions.

III. PROP2000 front-end interest settlement certificate queries

B-share clearing participants can check interest settlement certificates for settled interests through the "interest settlement certificate query" function under "B-share fund" in the updated PROP2000 settlement module during the hours of 8:00 to 17:00 on each settlement day.

Appendix: The CSDCC Shanghai Branch's bank account information at B-share receiving and paying banks.

Account Opening Bank	Account Name	Account Number
BANK OF CHINA LIMITED SHANGHAI BRANCH	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	435159213967
CITIBANK N.A. NEW YORK	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	36955562
CITIBANK N.A. SHANGHAI BRANCH	China Securities Depository and Clearing Corporation Limited, Shanghai Branch	1732168008