

Clearing and Settlement Rules of Micro Connect (Macao) Financial Assets Exchange

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Chapter 1 General Provisions

Article 1 The Rules are formulated by Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as "MCEX" or the "Exchange") in accordance with relevant laws, regulations, provisions, as well as the General Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "General Rules") with an aim to regulate the clearing and settlement business of the Products traded on the Exchange, safeguard the legitimate rights and interests of issuers, Members and other market participants, maintain the market order of clearing and settlement, and prevent the related risks.

Article 2 Pursuant to the laws, regulations and regulatory provisions of the Macao Special Administrative Region of the People's Republic of China (hereinafter referred to as "Macao"), the Rules shall apply to the clearing and settlement business in relation to the Exchange Products issued on the Exchange. Where there are no corresponding provisions in the Rules, other relevant Rules of the Exchange shall apply. More detailed rules related to Products clearing and settlement shall be specified in the rules for such type of Product.

Where the laws and regulations of Macao and the Monetary Authority of Macao (hereinafter referred to as "AMCM") provide otherwise in relation to the matters covered by the Rules, such provisions shall prevail.

Article 3 Unless the context otherwise requires or unless otherwise provided in the General Rules, the following terms in the Rules shall have the following meanings:

- (I) Clearing: the behaviour of the Exchange in calculating the number of Products and the amount of funds receivable and payable in accordance with the established rules.
- (II) Settlement: the behaviour of the Exchange in fulfilling the settlement of funds and assets through the final delivery of Products and funds in accordance with the determined clearing results.
- (III) Trading account: a bookkeeping account opened by the Exchange for a Member and registered in the name of such Member for recording the type, quantity, registration and custody of the Product held by the Member, and its changes thereof.
- (IV) Fund account: a bookkeeping account opened by the Exchange for a Member and registered in the name of such Member for supporting the trading, settlement and recording changes in the Member's funds.

Article 4 The Exchange shall follow the principles of fairness, safety and high efficiency in conducting Product clearing and settlement activities.

Chapter 2 Trading Clearing and Settlement

Article 5 The Exchange shall, by Product type, trading method, risk status and other factors, provide

Members with clearing and settlement services for the trading through clearing and settlement methods permitted by the Exchange.

Article 6 Unless otherwise stipulated in the relevant Rules of the Exchange, on each trading day (T-day), the Exchange shall calculate the units receivable or payable for the relevant Products under the trading account of the Member, the amount receivable or payable by the fund account, and the amount receivable or payable by the Listing Applicant in accordance with the Product trading results, the fees and other relevant data, to generate the trading clearing results for that day.

For the avoidance of doubt, the trading clearing results for T-Day shall be completed before the commencement of business on the next trading day, and the Member and the listing applicant may view the trading clearing results through the channels provided by the Exchange.

Article 7 The Exchange shall, based on the clearing results, arrange for Products payable or receivable by the Members to be transferred out of or into the corresponding trading account, and the funds payable or receivable to be transferred out of or into the corresponding fund account. The Exchange shall also provide means for the Members holding the Products to access the corresponding Product certificate (if applicable).

Article 8 The Exchange shall arrange for settlement based on the principle of delivery versus payment (hereinafter referred to as "DVP"). DVP indicates that during the settlement by the Member of the Exchange, the settlement of Products and funds is mutually conditional. When and only when a Member fulfils the obligation to settle funds, the corresponding Products shall be settled, and vice versa.

Article 9 In order to ensure the normal conduct of trading clearing and settlement, when a Member places a buy order or sell order in relation to a Product, the Member shall ensure that there are sufficient funds (including relevant trading fees) payable in its relevant cash account, or sufficient Products payable in its relevant trading account.

Article 10 Unless otherwise provided by the relevant Rules of the Exchange, after a Member places an order, the corresponding Product units in the Member's trading account, or the corresponding funds in the cash account (including relevant trading fees) shall be frozen depending on the order.

In the event of order matching failure, oversubscription, or any other circumstances that result in a Member having frozen funds or Product units more than its final payable fund amount or Product units, the excess amount shall be unfrozen after the clearing and settlement process by the Exchange.

Article 11 Where the Exchange cancels a trade according to the relevant laws and regulations or the relevant Rules of the Exchange prior to the commencement of the clearing and settlement process, the Exchange shall not include the relevant trade in the scope of clearing and settlement.

The clearing and settlement process for Products and funds already commenced by the Exchange shall be not interrupted, revoked or changed, and shall be not revoked upon settlement except as otherwise provided in the relevant Rules of the Exchange.

Article 12 The Exchange shall conduct trading clearing and settlement arrangements from Monday to Friday (except for statutory holidays and festivals as stipulated by the laws of Macao). If the Exchange announces other arrangements for market closure or suspension, the relevant clearing and settlement arrangements shall be subject to the notice issued by the Exchange.

Article 13 The Exchange shall also provide other trade clearing and settlement services, the details of which shall be stipulated by the Exchange through separate Rules.

Chapter 3 Clearing and Settlement of Product Revenue

Article 14 The Exchange shall provide Members with clearing and settlement services for Product revenue.

Article 15 The economic benefits of a Product enjoyed by Members, including the scope of the economic rights, the method of revenue distribution, the distribution frequency and the distribution date shall be provided in the relevant Rules of the Exchange and the Product issuance documents.

Article 16 The Exchange shall, in accordance with the relevant Rules of the Exchange and the provisions of the Product issuance document, calculate the revenue corresponding to the Products held by Members and the related taxes and fees, to generate the Product revenue clearing results, and to settle the funds in accordance with the Product revenue clearing results.

Article 17 The Exchange shall provide Members with access for the regular review of the relevant clearing and settlement results based on the Product revenue clearing and settlement status.

Article 18 Members may choose to withdraw the accumulated amount from their fund accounts at any time.

The Exchange shall transfer the corresponding amount to the Members' bank accounts registered with the Exchange within 10 business days upon receipt of the Members' request for fund withdrawal arrangement, unless otherwise stipulated in the relevant Rules of the Exchange. Business days in this Article refer to the normal business days for public business of financial institutions in Mainland China and Macao (excluding statutory holidays and public holidays as stipulated under the laws of Mainland China and Macao).

Chapter 4 Risk Regulation

Article 19 The Exchange may take appropriate risk control measures based on market risk conditions, Members' risk conditions and other relevant factors.

Article 20 The Exchange shall formulate appropriate risk prevention systems and internal control systems in accordance with laws, regulations and relevant provisions.

Members shall have in place appropriate settlement risk control systems in accordance with laws, regulations, relevant provisions and business needs.

Article 21 The Exchange shall have the right to take the following management measures against those that have violated laws, regulations, relevant provisions or relevant Rules of the Exchange as the case may be:

- (I) Verbal warnings;
- (II) Written warnings;
- (III) Classifying the trading accounts as close monitoring accounts;

- (IV) Suspending its eligibility to conduct relevant business on the Exchange;
- (V) Terminating its eligibility to conduct relevant business on the Exchange; or
- (VI) Other management measures stipulated by the Exchange.

Any Member disagreeing with the measures may apply to the Exchange for a review. The Exchange shall have the right to decide whether or not to accept the application for review after examination.

Article 22 Where the clearing and settlement are affected by force majeure, technical system failure, equipment failure, communication failure, power outage and other emergencies beyond the control of the Exchange, the Exchange may take such emergency measures as delaying the data transmission, and delaying the clearing and settlement. If the clearing and settlement results are incorrect due to the above reasons, the Exchange shall correct the results in question, but shall not bear any other responsibilities to the extent permitted by laws and regulations.

Chapter 5 Supplementary Provisions

Article 23 The Exchange may formulate additional Rules related to the content stipulated in the Rules. In the case of any conflicts between the Rules and the additional Rules, the additional Rules shall prevail.

Article 24 The Rules are subject to amendment by MCEX, and the right of final interpretation is reserved by MCEX. Unless otherwise stipulated, any amendment to Rules shall take effect on the date of publication on the MCEX platform, and no further notice shall be given.

Article 25 After the approval by MCEX, the Rules shall take effect and be implemented from the date of publication on the official website of MCEX.

This document is issued in both English and Chinese languages. In case of any conflict of inconsistency between the English version and the Chinese version of the document, the Chinese version shall prevail.