

**Operational Rules for Daily Revenue Portfolio Product  
of  
Micro Connect (Macao) Financial Assets Exchange**

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## Chapter 1 General Provisions

### 1.1 Basis of application

The Operational Rules are formulated by Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as "MCEX" or the "Exchange") in accordance with the relevant laws, regulations, provisions and the General Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "General Rules"), the Product Listing Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Product Listing Rules"), the Product Trading Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Product Trading Rules"), the Product Registration and Custody Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Registration and Custody Rules"), the Clearing and Settlement Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Clearing and Settlement Rules"), the Information Disclosure Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Information Disclosure Rules"), and the Membership Management Rules of Micro Connect (Macao) Financial Assets Exchange (hereinafter referred to as the "Membership Management Rules", together with the General Rules, Product Listing Rules, Product Trading Rules, Registration and Custody Rules, Clearing and Settlement Rules, and Information Disclosure Rules, collectively, the "Superior Rules"), with an aim to regulate market trading behaviours, promote the healthy development of the trading market, and protect the legitimate rights and interests of the market participants and the public.

### 1.2 Scope of application

The Operational Rules shall apply to the listing, trading, registration, custody, clearing, settlement, information disclosure and other matters related to DRP Products.

### 1.3 Principle of application

- (1) The Product business as stipulated in the Operational Rules shall be carried out in accordance with the principle of openness, fairness and impartiality.
- (2) The Product trading shall comply with the laws and regulations, provisions, the Operational Rules and other Rules of the Exchange, and follow the principle of voluntariness, honesty and creditworthiness.
- (3) The Exchange may adjust the DRP Product business model or introduce special business arrangements related to DRP Products from time to time according to market conditions.

### 1.4 Product overview

The Daily Revenue Portfolio Products (hereinafter referred to as the "DRP Products") are a structured combination of revenue obligations products issued by DRP Product Issuer based on the Underlying DROs that meet certain principles and standards. DRP Products are based on

the revenue-sharing rights of Underlying DROs, and Investors are entitled to a share of the cash flow generated by Underlying DROs for a specific period of time based on the units of DRP Products they hold.

## 1.5 Definitions

Unless otherwise specified in context, the following terms in the Operational Rules shall have the following meanings:

- (1) Listing Applicant: The entity applying for the listing of DRP Products on the Exchange.
- (2) “Product” or “Exchange Product”: The DRP product.
- (3) DRP Product Issuer: The listing applicant that has obtained approval from the Exchange to list and issue DRP Products on the Exchange.
- (4) “Investors” or “Members”: The regulated financial institutions from major global jurisdictions and other investors approved by the Monetary Authority of Macao that have passed the admission review, anti-money laundering, counter-terrorism financing and other verification process set by MCEX.
- (5) Rules: Individually or collectively, any or all of the MCEX Rules, including the rules, standards, codes, criterion, circulars, guidelines and notices formulated and issued by MCEX.
- (6) DRP Product Document: The documents specified by the Exchange relating to DRP Products, including the Product Manual.
- (7) Underlying DROs: The DRO Products in the DRP Products.
- (8) DRO Products: The Daily Revenue Obligations Products that are listed, registered and traded in accordance with the MCEX Rules.
- (9) Qualified Investor: The Member that has been granted special permission by the Exchange to issue DRP Products.
- (10) DRP Product Subscription Period: the period from the starting date of DRP Product subscription to the ending date of DRP Product subscription.
- (11) Application Date: the date on which the Listing Applicant and the Agent submit the listing application materials. If the listing application materials are submitted in batches, the date of the last submission of listing application materials shall prevail.
- (12) Agent: the third party entrusted by the Listing Applicant to submit the listing application or disclose information to the Exchange.
- (13) Transfer: the trading behaviour between Investors in respect of Products held by them in accordance with the Rules issued by the Exchange from time to time.
- (14) Subscription: the trading behaviour of the Investors to subscribe for the Products listed by the DRP Product Issuer in accordance with the Rules issued by the Exchange from time to time.
- (15) Order placement: the behaviours of an Investor sending an instruction to subscribe for, sell or buy a Product to the Exchange.

- (16) Trading account: A bookkeeping account opened by the Exchange for an Investor and registered in the name of such Investor for recording the type, quantity, registration and custody of the Product held by him/her, and its changes thereof.
- (17) Information Disclosure Obligor: The Listing Applicant and its Agent and other information disclosure obligor.
- (18) Fund account: A bookkeeping account opened by the Exchange for an Investor and registered in the name of such Investor for supporting trading and settlements, and to record changes in investors' funds.

## Chapter 2 Product Listing

### 2.1 Eligibility of the Listing Applicant

2.1.1 Listing Applicant intending to apply for listing on the Exchange in connection with the issuance of DRP Products shall meet the following requirements:

- (1) The Listing Applicant shall be the legal holder of the Underlying DROs corresponding to the DRP Products;
- (2) The Listing Applicant shall be an entity that is registered or established in accordance with the laws of the place where it is registered or established and effectively exists, and has no legal compliance defects deemed inappropriate by the Exchange on the listing Application Date;
- (3) The Listing Applicant shall have obtained the internal authorisation and third-party permission (if any) necessary for the issues involved in the issuance of DRP Products, submission of listing application to the Exchange, issuance of DRP Products, and making relevant information disclosure in accordance with the relevant Rules of the Exchange;
- (4) A Listing Applicant shall be a Qualified Member of the Exchange, or a Member that has been approved by the Exchange to issue DRP Products through other means on the day of listing application;
- (5) The Listing Applicant's issuance of DRP Products shall not violate the applicable law, nor shall it violate any court judgement, ruling, arbitral tribunal award, administrative decision, order, etc. binding on or applicable to the Listing Applicant; and
- (6) Other eligibility criteria that the Exchange requires Listing Applicants to meet.

2.1.2 The Exchange may adjust and update the eligibility requirements of Listing Applicants as provided in this chapter from time to time according to the requirements of AMCM, market conditions or different types of revenue-sharing rights business forms.

### 2.2 Conditions for the listing of DRP Products

2.2.1 Listing Applicant intending to apply for listing on the Exchange in connection with the issuance of DRP Products shall ensure the Underlying DROs corresponding to the DRP Products to meet the following conditions on the Application Date:

- (1) The Underlying DROs portfolio shall have a certain degree of diversification to diversify the investment risk and protect the interests of Investors. The Exchange may, as appropriate, formulate additional Rules to specify the diversification of the Underlying DROs;
- (2) There shall be no significant anomalies in the portfolio of the Underlying DROs. Significant anomalies shall be assessed and determined by the Exchange, with the aim of safeguarding Investor's interests;
- (3) The Underlying DROs shall be free of any mortgage, pledge, security interest, lien or other encumbrance or other rights restrictions;
- (4) The Underlying DROs shall be legally held by the Listing Applicant; and

(5) The Underlying DROs shall meet such other conditions as may be proposed by the Exchange from time to time.

2.2.2 The Exchange may adjust and update the conditions for the listing of DRP Products as provided in this chapter from time to time according to the requirements of AMCM, market conditions or different types of revenue-sharing rights business forms.

## 2.3 Listing application

2.3.1 The Listing Applicant and the Agent shall, in accordance with the requirements of the Exchange, provide the following listing application materials to the Exchange before the date of the formal listing of the DRP Product (hereinafter referred to as the "Listing Application"):

- (1) The completed Application Form;
- (2) The completed Product Manual;
- (3) Other information, materials and replies that the Exchange requires the Listing Applicant and the Agent to provide; and
- (4) If the Listing Applicant and the Agent have specific requests and wish for the Exchange to consider acceptance, the Listing Applicant and the Agent may include such requests in the Product Manual to the Exchange. The Exchange will evaluate the requests based on the specific circumstances.

Paragraphs (1) to (4) above are collectively referred to as "Application Materials".

2.3.2 The Application Materials submitted by the Listing Applicant and the Agent shall generally be prepared in both English and Chinese, and may also be prepared in other languages if permitted by the Exchange.

2.3.3 Whether a Listing Applicant is suitable for listing depends various factors. The Listing Applicant acknowledges and agrees that their compliance with the relevant Rules of the Exchange does not guarantee their suitability for listing. The Exchange reserves the right to accept or reject the Listing Applicant's application, and may, at its discretion, waive the Listing Applicant's non-compliance with the relevant Rules of the Exchange in order to allow it to be listed. In the event of any such waiver, the Listing Applicant shall disclose it in accordance with the relevant Rules of the Exchange or as further required by the Exchange.

## 2.4 Suspension and termination of listing

2.4.1 The provisions on suspension, resumption and termination of listing in the Superior Rules (including the provisions under Chapter 5 (Suspension of Listing) and under Chapter 6 (Termination of Listing) of the Product Listing Rules) do not apply to the DRP Products.

2.4.2 Suspension of listing

- (1) During the DRP Product Subscription Period, if the Exchange determines that there are any significant events related to the Underlying DROs of the DRP Product that would make it unsuitable for listing, the Exchange shall suspend the listing of the DRP Product.



- (2) In the event that the listing of DRP Products is suspended by the Exchange due to significant events related to the Underlying DROs, the Listing Applicant may, subject to the Exchange's approval, apply to the Exchange for the resumption of listing after adjusting and replacing the Underlying DROs within the period specified by the Exchange. The Exchange shall assess the situation and decide whether to approve the resumption based on the circumstances.

#### 2.4.3 Termination of listing

- (1) In the event that the listing of DRP Products is suspended by the Exchange due to significant event related to the Underlying DROs during the DRP Product Subscription Period, if the Listing Applicant fails to adjust and replace the Underlying DROs within the period specified by the Exchange and apply to the Exchange for resumption of listing, or the Exchange decides to reject the resumption of listing of the DRP Products after the Listing Applicant applies to the Exchange for the resumption of listing, the Exchange shall terminate the listing of the Listing Applicant's DRP Product.
- (2) During the DRP Product Subscription Period, if the Exchange determines that there are significant events related to the Underlying DROs of the DRP Product that render the DRP Product unsuitable for listing and unsuitable for suspension of listing, the Exchange shall directly terminate the listing of the DRP Product of the Listing Applicant.

- #### 2.4.4
- The significant events set out in Article 2.4.2 and Article 2.4.3 of the Operational Rules shall be assessed and decided by Exchange with the aim of safeguarding Investor's interests.

## Chapter 3 Product Trading

### 3.1 Exchange Products

- 3.1.1 For DRP Products, suspension or termination of listing as specified in Article 7 (I) of the Product Trading Rules refer to the suspension or termination of listing of DRP Products as per the Operational Rules and other relevant Rules of the Exchange
- 3.1.2 For DRP Products, the conditions for a Product not meeting the requirements for transfer on the Exchange, as specified in Article 7 (II) of the Product Trading Rules, refers to any of the following situations:
- (1) The Exchange, (i) based on the requirements of the Monetary Authority of Macao (“AMCM”) or other regulatory authorities; (ii) for the protection of Investors’ rights, the maintenance of fair and just market order, or (iii) based on reasonable judgment, deems that the transfer of the DRP Product is no longer appropriate; or
  - (2) Other circumstances specified by the Exchange.
  - (3) The Exchange may adjust and update the circumstances as provided in this Article from time to time according to the requirements of AMCM, market conditions, and other factors.

### 3.2 Participating Investors

Investors meeting the relevant requirements of the Exchange may participate in the subscription and transfer of DRP Products. The specific requirements shall be stipulated by the Exchange through separate Rules. The Exchange shall determine whether to grant the Investor with trading eligibility to trade DRP Products based on the characteristics of DRP Products, the Investor’s business scope and ability, and the related risk factors.

### 3.3 Trading currency and trading unit

- 3.3.1 The trade currency and price unit of the DRP Product shall be based on the information provided in the DRP Product Document.
- 3.3.2 Unless otherwise specified in the DRP Product Document, the units and trading unit of DRP Products shall both be in units. Investors may place orders by 1 unit or its integral multiples.

### 3.4 Trading process

- 3.4.1 Unless otherwise specified by the Exchange, the DRP Product Issuer shall specify the proposed DRP Product Subscription Period in the Application Materials.
- 3.4.2 Investors may subscribe for DRP Products during business hours of the Exchange within the Subscription Period. Unless otherwise specified in the DRP Product Document or by the Exchange, after placing the subscription order, an Investor may cancel its subscription for DRP Products during the Subscription Period and the Exchange shall match the subscription orders during the period between the close of business on the end of the Subscription Period for DRP

Products and the commencement of business on the next trading day.

- 3.4.3 Unless otherwise specified in the DRP Product Document or by the Exchange, for the matching of Product subscriptions, if, on the closing date of the Subscription Period, the total units subscribed by the Investors exceed the total available units for subscription, the Exchange shall allot the Product units proportionally based on each participant's subscription quantity. If the total units subscribed do not exceed the total available units for subscription, except for the matching failure otherwise specified in the DRP Product Document or by the Exchange, the Exchange shall allot the Product units based on the Investor's subscription quantity.
- 3.4.4 Unless otherwise specified in the DRP Product Document or by the Exchange, the order for DRP Product transfer is only valid on the day of placement. The Exchange shall match the trading orders during the period between the close of business on each trading day and the commencement of business on the next trading day. The trading orders that have not been matched by the commencement of the business of the next trading day shall automatically become invalid. After placing a trading order, an Investor may cancel its order any time before the completion of the order matching.
- 3.4.5 Partial matching is supported for the DRP Product transfer. Unless otherwise specified in the DRP Product Document or by the Exchange, the matching of trading orders shall firstly follow the principle of trading volume maximisation, and the price at which the maximum trading volume can be concluded from all orders on a trading day will be the matching price. Once the matching price for the orders is determined, based on the subscription price and subscription units from both the buyers and sellers, the matching process shall follow the principle of order of price priority and quantity priority. The principle of price priority means that buy orders with higher prices are given priority over orders with lower prices, and sell orders with lower prices are given priority over orders with lower prices.

### 3.5 Market surveillance

- 3.5.1 The Exchange shall monitor trading risks in accordance with Chapter 6 of the Product Trading Rules. Specifically, for the following circumstances provided for in Article 24 of the Product Trading Rules:
- (1) Abnormal trading behaviour that may affect trading price or volume means any of the following:
- (i) Fictitious orders, that is, the actions of placing a large number of orders not intended to be matched are placed and cancelled to induce, mislead or influence other Investors in their decision-making;
  - (ii) Pumping and dumping, that is, orders are massively, continuously or intensively placed, or executed at a price obviously deviating from the last matched prices, resulting in a significant rise or decline in the trading price of the Product;
  - (iii) Maintaining Product matching price or Product trading volume, that is, orders are massively, continuously or intensively placed to maintain Product matching price or Product trading volume in a specific state;

- (iv) A large number of or frequent self-buying, self-selling, counterparty trading or reverse trading are conducted between a single trading account, trading accounts under the same control and trading accounts suspected of being associated;
  - (v) Orders are massively, continuously or intensively placed or placed at a price obviously deviating from the fair value, intending to exacerbate abnormal price fluctuations of Products or affecting the normal trading order of the Exchange;
  - (vi) The matched price obviously deviating from the fair value, suspected of transferring benefits through trading in the Exchange;
  - (vii) Engaging in a large number of trades continuously over a period of time; or
  - (viii) Other abnormal trading activities that the Exchange deems necessary to monitor closely.
- (2) The Products with significant anomalies in trading prices or volumes refer to:
- (i) Products bought or sold in large quantities by the suspected associated Investor;  
or
  - (ii) Other Products that the Exchange deems necessary to monitor closely.
- 3.5.2 If any trading party discovers any abnormal trading behaviour that may significantly affect the order of the Exchange or any suspected illegal trading behaviour or Product trading abnormality, it shall report to the Exchange in a timely manner.
- 3.5.3 The Exchange may conduct on-site or off-site investigations on closely monitoring matters in Product trading, and the trading parties and other relevant parties shall cooperate with the Exchange in the relevant investigations and provide relevant documents and materials in a timely, true, accurate and complete manner.

## Chapter 4 Registration and Custody

### 4.1 Initial registration

- 4.1.1 Initial registration of a Product refers to the act of registering units of DRP Product share in the Investor's trading account when the Investor acquires units DRP Product share for the first time.
- 4.1.2 The methods in which investors may acquire units of DRP Products for the first time include:
- (1) Subscribing units of a Product from the DRP Product Issuer through the Exchange;
  - (2) Purchasing units of a Product by trading with other Investor on the Exchange; and
  - (3) Acquiring Product units through off-Exchange transfer, judicial deduction, inheritance, donation, division of property, separation and merger of entities and other means approved by the Exchange.
- 4.1.3 When the Exchange carries out the initial registration of DRP Products, the following will be recorded in the trading account of Investors holding DRP Products (hereinafter referred to as "DRP Product Holders"): the name of the Product holder, the name of the Product held, the quantity of the Product held, the restrictive status of the Product held such as pledge or freeze, the name of the custodian of the Product, the effective date of the registration of the Product, the Product code, and any other information deemed necessary by the Exchange to be recorded.
- 4.1.4 When Investors acquire units of a Product for the first time by way of subscription or purchase as stipulated in paragraphs (1) and (2) of Article 4.1.2 of the Operational Rules, the Exchange shall, in accordance with the Product Trading Rules, Clearing and Settlement Rules, Registration and Custody Rules and other relevant Rules formulated by the Exchange, directly proceed with the corresponding initial registration of DRP Products upon completion of the subscription and clearing and settlement of trading results, without requiring Investors to make separate applications or provide additional information, unless otherwise specified by the Exchange.
- 4.1.5 When Investors acquire units of a Product for the first time through other means as stipulated in paragraph (3) of Article 4.1.2 hereof, such Investors shall promptly inform the Exchange of the relevant matters relating to the acquisition of DRP Products and submit the relevant supporting materials and application materials in accordance with the requirements of the Exchange, and the Exchange shall handle the initial registration of the Products for the Investors after the review and approval of the DRP Products by the Exchange.

When investors acquire units of a Product through other means, the supporting materials and application materials required to be submitted, as well as the review process and review standards of the Exchange, shall be specified by other relevant Rules formulated by the Exchange or as may be otherwise specified by the Exchange based on the specific methods of acquisition.

### 4.2 Transfer registration

- 4.2.1 Transfer registration of DRP Products is divided into trade transfer registration and non-trade

transfer registration according to the methods of DRP Product transfer.

- 4.2.2 For trades concluded by Investors through the Exchange system, the Exchange shall, based on the end-of-day clearing and settlement results of the trading system, directly and centrally register the trade transfer without the need for Investors to apply for or provide additional documents and materials, unless otherwise stipulated by the Exchange.
- 4.2.3 Investors that acquire units of DRP Products through the following means shall apply for and register non-trade transfers in accordance with the provisions of the Operational Rules:
- (1) Off-Exchange transfer;
  - (2) Judicial deduction;
  - (3) Inheritance, donation, division of property in accordance with the law;
  - (4) Mergers, separation, or the disqualification as a legal person by reason of dissolution, bankruptcy, being ordered to close down by law, or other factors; or
  - (5) Other circumstances as stipulated in the relevant laws, regulations, regulatory requirements, and the relevant Rules of the Exchange.
- 4.2.4 Investors that have acquired units of DRP Products through off-Exchange transfer shall submit the following documents and materials to the Exchange and apply for non-trade transfer registration:
- (1) Written applications for non-trade transfer registration of a Product;
  - (2) Valid principal qualification documents of the transferor and transferee;
  - (3) Valid documents proving the transfer of ownership of the Products; and
  - (4) Any other documents required by the Exchange.
- 4.2.5 If investors acquire units of DRP Products due to judicial deduction, inheritance, donation, division of property in accordance with the law, merger and separation of legal persons, disqualified as a legal person, or other factors, the investors shall submit the following documents and materials to the Exchange and apply for non-trade transfer registration:
- (1) Written applications for non-trade transfer registration of a Product;
  - (2) Valid documents confirming the transfer of ownership of the Product; and
  - (3) Any other documents required by the Exchange.
- 4.2.6 Investors that have acquired units of DRP Products in the manner prescribed by other laws, regulations, regulatory requirements and the Rules of the Exchange shall register their non-trade transfers in accordance with other relevant Rules formulated by the Exchange or as may be otherwise specified by the Exchange based on the specific methods of acquisition.
- 4.2.7 Investors that have acquired units of DRP Products and apply for non-trade transfer registration in accordance with Article 4.2.3 hereof shall submit application materials in accordance with the requirements of the Exchange and shall be responsible for the veracity, accuracy, completeness and legality of the application materials provided by them, and the Exchange shall only carry out a procedural review of the materials submitted by investors. Investors shall bear the legal liabilities arising from the provision of application materials that do not meet the requirements of the Exchange or failure to timely complete of the relevant registration.

### 4.3 Pledge registration

4.3.1 If DRP Product Holders pledge their DRP Products to creditors to secure debt repayment in accordance with the relevant laws and regulations, regulatory requirements and the relevant Rules of the Exchange, the DRP Product Holders, creditors or their authorised agents may apply to the Exchange for registration of pledge of DRP Products.

The "DRP Product Holders" mentioned in the preceding paragraph shall be the Pledgor and the creditor shall be the Pledgee.

4.3.2 Pledgor, Pledgee or their authorised agents applying for pledge registration are required to submit the following documents to the Exchange:

- (1) Written applications for pledge registration of DRP Products;
- (2) The principal debt contract or any other written document that gives effect to the principal debt;
- (3) The DRP Product pledge contract or any other written document containing Product pledge clauses;
- (4) Valid principal qualification documents of the Pledgor and the Pledgee;
- (5) Valid principal qualification documents of the authorised agent (if there is an authorised agent); and
- (6) Any other documents required by the Exchange.

4.3.3 When carrying out registration a pledge of DRP Products, the Exchange shall label the units of DRP Products that have been pledged accordingly in the trading account of the DRP Product Holders.

Upon completion of the pledge registration of DRP Products, the Exchange shall notify the Pledgor of the date of pledge registration by sending system information or by other means and issue the corresponding proof of pledge registration in accordance with the Rules of the Exchange at the time of application by the Pledgor, Pledgee or their authorised agents .

4.3.4 Upon completion of the pledge registration of DRP Products, the corresponding units of the DRP Product shall not be traded or otherwise disposed of through the Exchange in a manner that may prejudice the rights of the Pledgee, unless the Pledgee agrees in writing to permit such trading or other disposition.

4.3.5 Upon completion of the pledge registration of DRP Products, if the debtor fails to perform its obligations as they fall due or other circumstances stipulated by the parties for the realisation of the pledge occur, in addition to the realisation of the pledge by judicial means, the Pledgee may, under the circumstances permitted by laws and regulations and in compliance with relevant Rules of the Exchange, obtain the pledged units of DRP Products and apply to the Exchange for the disposal and transfer of the units of the pledged DRP Products.

4.3.6 Upon completion of the pledge registration of DRP Products, the Pledgor, Pledgee or their authorised agents may apply for the cancellation of the pledge registration of DRP Products in the event of extinguishment of the principal debt, realisation of the pledge, waiver of the pledge by the Pledgor, or any other circumstance stipulated by the laws and regulations that results in

the extinguishment of the pledge (hereinafter referred to as the "Cancellation Circumstances").

4.3.7 After the occurrence of the Cancellation Circumstances, Pledgor, Pledgee or their authorised agents shall apply to the Exchange for deregistration of the pledge in a timely manner, and the following documents and materials shall be submitted for deregistration of the pledge:

- (1) A written application for deregistration of DRP Product pledge;
- (2) A document evidencing the Pledgee's consent to the release of the pledge, or a written document in which the Pledgor consents to the Pledgee's enforcement of the pledge; and
- (3) Any other documents required by the Exchange.

4.3.8 Pledgor, Pledgee or their authorised agents who apply for pledge registration of DRP Products in accordance with the provisions of the Operational Rules shall submit application materials in accordance with the requirements of the Exchange and shall be responsible for the veracity, accuracy, completeness and legality of the application materials provided by them. The Exchange shall only carry out a procedural review of the materials submitted by the aforesaid subjects. Pledgor, Pledgee or their authorised agents shall bear legal liabilities arising from the provision of application materials that do not meet the requirements of the Exchange or failure to timely complete of the relevant registration..

#### 4.4 Freeze registration

4.4.1 In the event that the DRP Products held by DRP Product Holders are under freeze, seizure and provisional seizure by the competent authority in accordance with the law, the Exchange shall have the right, upon receipt of the notification from the competent authority, to directly register the freeze of the DRP Products in accordance with the relevant Rules of the Exchange, and shall not be liable for any losses incurred by DRP Product Holders as a result of the freeze of the DRP Products.

4.4.2 In the event that DRP Product Holders are required to register for the freeze of DRP Products as stipulated in the relevant Rules of the Exchange, the Exchange shall have the right to directly register the freeze of the DRP Products in accordance with the relevant Rules of the Exchange, and shall not be liable for any losses incurred by DRP Product Holders as a result of the freeze of the DRP Products.

4.4.3 The Exchange will label the frozen units of DRP Products in the trading account of DRP Product Holders accordingly when the Exchange registers the freeze of DRP Products.

Upon registration completion of the freeze of DRP Products, unless otherwise required by applicable laws and regulations, the Exchange shall notify DRP Product Holder by sending system information or by other means of the freeze registration.

4.4.4 Upon registration completion of the freeze of DRP Products, the corresponding units of DRP Products cannot be traded or otherwise disposed of through the Exchange.

4.4.5 Upon registration completion of the freeze of DRP Products, the Exchange shall lift the freeze registration in a timely manner if any of the following circumstances occur:

- (1) The competent authority lifts the freeze, seizure and provisional seizure in accordance with the law and notifies the Exchange to lift the freeze on the corresponding units of DRP



Products; or

- (2) The Exchange has verified that the freeze has been removed.

#### **4.5 Cancellation of registration**

4.5.1 In the event of the maturity of DRP Product, forced liquidation of DRP Products, or there are special circumstances stipulated in laws, regulations, provisions, or the relevant Rules of the Exchange (hereinafter referred to as "Cancellation Circumstances"), the Exchange shall, in accordance with the relevant Rules of the Exchange, cancel all or part of the units of the Product held by an DRP Product Holder from its trading account and proceed with the cancellation of registration.

4.5.2 In the event of the occurrence of Cancellation Circumstances, the Exchange may directly carry out the cancellation of registration in accordance with the relevant Rules of the Exchange.

If a DRP Product Holder voluntarily applies for the cancellation of all or part of its units of the Product, the Investor shall submit the corresponding application materials in accordance with the requirements of the Exchange. The Exchange shall proceed with the cancellation of registration after conducting a review and confirming that the requirements for cancellation are met.

4.5.3 Cancellation of registration of DRP Products shall be irrevocable.

4.5.4 DRP Product Holders voluntarily applying for cancellation shall submit application materials in accordance with the requirements of the Exchange and shall be responsible for the veracity, accuracy, completeness and legality of the application materials provided by them, and the Exchange shall only carry out a procedural review of the materials submitted by DRP Product Holders. DRP Product Holders shall bear liabilities arising from the provision of application materials that do not meet the requirements of the Exchange or failure to timely complete of the relevant registration.

#### **4.6 Custody services**

4.6.1 The Exchange provides custody services to DRP Product Holders in accordance with the Registration and Custody Rules, and the specific services scope shall be subject to the provisions of the Registration and Custody Rules.

#### **4.7 Others**

4.7.1 The Exchange may adjust the business model for DRP Products or introduce special business arrangements in relation to DRP Products in accordance with market conditions from time to time and provide supplementary Rules for registration and custody that are appropriate to the adjusted business model or special business arrangements in a timely manner.

## Chapter 5 Clearing and Settlement

### 5.1 Transaction clearing and settlement

- 5.1.1 Where Investors successfully subscribe for DRP Products on the Exchange, the Exchange shall generate a DRP certificate based on the trading information and record the information relating to the DRP Products in the trading account of Investors in accordance with the provisions of Article 4.1.3 of the Operational Rules.
- 5.1.2 Where Investor successfully purchase DRP Products from other Investors through the Exchange by means of transfer, the Exchange shall carry out clearing and settlement based on the trading information and applying the principle of Delivery Versus Payment and record the information relating to DRP Products in the trading account of the Investor in accordance with the provisions of Article 4.1.3 of the Operational Rules.

### 5.2 Revenue clearing and settlement

- 5.2.1 Upon completion of the delivery of the DRP Products, the Exchange shall calculate the Product revenue due to DRP Product Holders in accordance with the relevant Rules of the Exchange and the DRP Product Document.
- DRP Product Holders may check the Product revenue due to them through channels provided by the Exchange.
- 5.2.2 The Exchange shall distribute funds to the fund account of each of DRP Product Holders in accordance with relevant rules and the DRP Product Document, after deducting the fees receivable by the Exchange and withholding tax (if any), at the frequency specified in the DRP Product Document.
- 5.2.3 Product revenue attributable to DRP Product Holders is calculated from the DRP Product revenue commencement date (inclusive). The DRP Products revenue commencement date and the revenue calculation method shall be as specified in the DRP Product Document.

### 5.3 Special arrangements for clearing and settlement

- 5.3.1 In addition to carrying out Product clearing and settlement in accordance with the relevant Rules of the Exchange, for DRP Product-specific clearing and settlement arrangements that have been approved by the Exchange, the Exchange shall assist in carrying such arrangements as specified in the Product Manual.

## Chapter 6 Information Disclosure

### 6.1 Information disclosure obligor

6.1.1 The Information Disclosure Obligor shall fulfil information disclosure obligations in accordance with the relevant laws and regulations, the Operational Rules and other relevant Rules of the Exchange.

6.1.2 In the event that the Information Disclosure Obligor breaches its information disclosure obligations, the Exchange may, depending on the specific circumstances, take one or more of the following management measures against the relevant person(s):

- (1) Verbal warnings;
- (2) Written warnings;
- (3) Classifying the trading accounts as close monitoring accounts;
- (4) Suspending Member' trading rights;
- (5) Restricting Member's trading rights;
- (6) Suspending their trading in the relevant Products; or
- (7) Other management measures stipulated by the Exchange.

Any relevant person disagreeing with the relevant management 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.

6.1.3 The provisions regarding investors' disclosure obligations in Section II of Chapter 2 of the Information Disclosure Rules shall not apply to DRP Products.

### 6.2 Listing information disclosure of Products

6.2.1 The Listing Applicant and the Agent shall disclose to the Exchange at the time of application for listing of DRP Products and on an ongoing basis to the Investors through the Exchange from the time of listing of DRP Products till the end of the tenor of DRP Products, the following information which is necessary to assist investors in making value judgements and investment decisions:

- (1) Product name;
- (2) DRP Product Issuer and its place of incorporation;
- (3) Eligible Investors;
- (4) Product type;
- (5) Product description;
- (6) Underlying assets of the Product (if applicable);
- (7) Offering price;
- (8) Initial offering quantity;
- (9) Currency of subscription;

- (10) Minimum subscription amount;
- (11) Subscription period;
- (12) Registration date (if applicable);
- (13) First cashflow distribution date (if applicable);
- (14) Product tenor;
- (15) Fees; and
- (16) Other information required to be disclosed by the Exchange.

The above information required to be disclosed shall be submitted by the Listing Applicant and the Agent to the Exchange for review and approval before being disclosed to Investors through the Exchange.

- 6.2.2 The Listing Applicant shall be liable for any false entries, misleading statements or material omissions in the listing information disclosure caused by the Listing Applicant and the Agent.

### **6.3 Information disclosure of transfer of Products**

- 6.3.1 In case of any restriction on the transfer of DRP Products, the DRP Product Issuer shall within the period prescribed by the Exchange, disclose the following information through the Exchange:

- (1) Reasons for restricting the transfer;
- (2) The date on which the transferred is restricted;
- (3) Subsequent contingency arrangements; and
- (4) Other information required to be disclosed by the Exchange.

- 6.3.2 Where DRP Products are subject to a restriction on transfer, the Exchange may, depending on the specific circumstances, publish the transfer restriction information by notice or other means, indicating that the DRP Products are subject to transfer restriction.

- 6.3.3 The DRP Product Issuer shall be liable for any false entries, misleading statements or material omissions in the information disclosure for Product transfer caused by the Listing Applicant and the Agent.

### **6.4 Regular information disclosure**

- 6.4.1 In addition to the disclosure of information required under Article 6.2 and Article 6.3 of the Operational Rules, during the period from the end date of DRP Product Subscription Period to the end of tenor of the Product, the DRP Product Issuer and the Agent shall on each trading day disclose the following information to the Investors through the Exchange:

- (1) Product performance;
- (2) Condition of the underlying assets of the Product (if applicable); and
- (3) Other information required to be disclosed by the Exchange.

- 6.4.2 The DRP Product Issuer and the Agent shall be liable for any false entries, misleading statements or material omissions in the regular information disclosure caused by the DRP

Product Issuer and the Agent.

## 6.5 Interim information disclosure

- 6.5.1 In addition to the disclosure of information required under Articles 6.2, 6.3 and 6.4 hereof, during the period from the end date of DRP Product Subscription Period to the end of tenor of the Product, the DRP Product Issuer and the Agent shall disclose to Investors through the Exchange, information materially affects their investment decisions or interests such as distribution of their investment amount, or any other information as required by the Exchange (the "Material Information"). Such information shall be disclosed to Investors through the Exchange accordingly (the "Interim Information Disclosure") after the DRP Product Issuer and the Agent have submitted the same to the Exchange for review and approval in accordance with the Operational Rules and other Rules separately stipulated by the Exchange (if applicable).
- 6.5.2 The DRP Product Issuer and the Agent shall make timely disclosure to the Exchange within a reasonable period of time after the occurrence of the event to which the Material Information relates and any material change thereof has come to their knowledge or ought to have come to their knowledge.
- 6.5.3 If the Exchange discovers that Material Information exists or is likely to exist in respect of the DRP Product Issuer and the Agent, the Exchange may make enquiries to the DRP Product Issuer and the Agent in respect of the relevant circumstances and require them to respond to the enquiries by the Exchange and make disclosure of the information. The DRP Product Issuer and the Agent shall cooperate accordingly.
- 6.5.4 The DRP Product Issuer shall be liable for any false entries, misleading statements or material omissions in the interim disclosure of information caused by the DRP Product Issuer and the Agent.

## 6.6 Information disclosure management

- 6.6.1 Information disclosure shall comply with the following requirements:
- (1) It shall be true, accurate and complete, with full disclosure of information that is conducive to value judgement and sound decision-making by Investors;
  - (2) It shall be reasonable, prudent and objective, and shall be based on objective facts or factual judgements and opinions, reflecting the actual situation faithfully, without false entries, exaggerations or misleading statements; and
  - (3) It shall be complete, well-documented, formatted in accordance with the requirements of the Exchange and must not contain material omissions.
- 6.6.2 An Information Disclosure Obligor shall, when disclosing information in accordance with the provisions of the Operational Rules and providing a written statement in this regard as required by the Exchange, undertake that there are no false entries, misleading statements or material omissions in the disclosure of information and shall be held liable for the veracity, accuracy and completeness of the contents thereof accordingly.

- 6.6.3 The Exchange shall, in accordance with laws and regulations and the Rules of the Exchange, conduct a procedural examination of the information disclosure documents of the Information Disclosure Obligor and shall not be responsible for the veracity, accuracy and completeness of the contents. Investors shall conduct independent analyses of the disclosed information, independently judge the investment value and bear the investment risks on their own.
- 6.6.4 Information to be disclosed by an Information Disclosure Obligor in accordance with the Operational Rules and other relevant Rules of the Exchange shall be disclosed through the Exchange in the first instance, and where any form of disclosure is made at the request of other institutions, organisations, etc., or where the disclosed information is published in other media, such disclosure shall not be made earlier than the disclosure through the Exchange.

## Chapter 7 DRP Product-related Fees

### 7.1 Fees

7.1.1 DRP Products fees refer to the fees charged by the Exchange from Investors based on the various services provided to the Investors.

The fee-based services related to DRP Products mainly include the following categories:

(1) Listing services

The Listing Applicant is required to pay the listing fee to the Exchange at the time of submitting an application for listing and the Exchange will not accept the application for listing if the Listing Applicant fails to pay the listing fee as required by the Exchange.

(2) Matching services

Subscription fee: Investors are required to pay the subscription fee when subscribing for DRP Products through the Exchange.

Transfer fee: buying Investors and Selling Investors are required to pay the matching fee for buying and selling DRP Products respectively when trading DRP Products.

(3) Other DRP Product services

Investors are required to pay service fees related to registration, custody, clearing and settlement of DRP Products and other related services provided by the Exchange.

7.1.2 The Exchange may separately formulate Rules to specify the specific fee structure for DRP Products (including the charging object, fee standard, deduction process, etc.). The Exchange has the right to adjust the fees for DRP Products and the specific fee structures from time to time according to the actual business needs, and notify the Investors of the adjustment. The Exchange reserves the right, at its sole discretion, to offer rate concessions or fee waivers to some or all of its Investors.

### 7.2 Others

7.2.1 On the basis of compliance with the relevant laws, regulations, provisions, and the relevant Rules of the Exchange, the Exchange may, at the request of the Investor, provide additional services or customised services to Investors and charge the corresponding fees for such additional services or customised services.

## Chapter 8 Supplementary Provisions

### 8.1 Priority

8.1.1 In case of any conflict or inconsistency between the Operational Rules and the Superior Rules, the provisions of the Operational Rules shall prevail. The Exchange may separately formulate other relevant rules for the content stipulated in the Operational Rules. If there is any conflict between the Operational Rules and the separately formulated rules, the separately formulated rules shall prevail.

### 8.2 Final right of interpretation

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

### 8.3 Effective Date

8.3.1 After the approval by MCEX, The Operational 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.*