Shanghai Clearing House

# Operation Guidelines of CDS Bilateral Clearing Service

## 1. Generals

In order to regulate the interbank market participants in the CDS bilateral clearing service ("**Service**"), Shanghai Clearing House ("**SHCH**") formulated the operation guidelines in accordance with the *Notice on Matters Relating to Registration, Custody, Clearing and Settlement of Credit Risk Mitigation Instruments*(SHCH Circular [2017]No.69) and the *Operation Rules of CDS Bilateral Clearing Service.*

The service is applicable to Settlement Member Service Agreement. Participants in the service shall set aside sufficient funds and bonds in the relevant accounts prior to the deadline of the corresponding service and authorize SHCH to directly debit and credit the accounts provided by participants according to the clearing results.

## 2. Service Participation

### 2.1 Qualification of Participants

Institutions with the qualification of core traders or general traders of the credit risk mitigation instruments approved by the National Association of Financial Market Institutional investors("NAFMII") may apply to SHCH to be participants in the service upon signing the Settlement Member Service Agreement .

**2.2 Preparation for Participation in the service**

2.2.1 Information registration

Participants that use the CDS clearing system of SHCH shall register related information through the clearing system in advance. In the interim period before the launching of e-registration, information registration shall be conducted through the emergency submission of SHCH CDS Bilateral Clearing Service Information Registration Form (Annex 1, "Registration Form").

The committed items in the Registration Form have the same legal effect as the Settlement Member Service Agreement. Where the committed items in the Registration form contradict with the Settlement Member Service Agreement, the former shall prevail. Except for the specified modification of committed items in the Registration Form, the rest of the original agreement shall remain in full effect.

2.2.2 Designating or opening an account

Each participant shall open a security account for the SHCH security registration and custody service as well as designate a cash settlement account for the service. The security account is used for physical settlement of credit events while the cash settlement account is used for cash settlement including, but not limited to: the front-end fees, the refund amount in the first accrual period, coupons, etc.

2.2.3 Signature card

The signature card of the service refers to that of SHCH security registration and custody service. The reserved seal on the signature card is allowed to change the information of the participants, apply for withdrawal, send emergency instructions, etc.

**2.3 Change of Participant Information**

Any participant that applies to change the cash settlement account, system administrator or other information shall submit the CDS Bilateral Clearing Service Information Change Registration Form (Annex 2) to SHCH.

SHCH review the documents within three working days upon receipt of Annex 2. If the documents fail to pass, SHCH will inform the applicant of the results and reasons; otherwise, SHCH will conduct the change procedures.

**2.4 Withdrawal of Participation from the Service**

Participants may apply to withdraw from the service. Participants that apply to withdraw from the service shall submit the CDS Bilateral Clearing Service Withdrawal Application Form (Annex 3) to SHCH, and ensure that there is no debtor-creditor relationship related to the service with SHCH and the expenses have been settled at the time of withdrawal.

After confirming that the participant has no debtor-creditor relationship related to the service and settling the fees, SHCH shall handle the withdrawal formalities and cancel the relevant permissions of the client terminal. SHCH will give withdrawal completion notification to the contact person of the service.

## 3. Service Procedure

### 3.1 Elements of the CDS Bilateral Clearing Service

Form 1: Elements of Single-name CDS Bilateral Clearing Service

| General elements | | | |
|---|---|---|---|
| **CDS transaction buyer** | Participants of the service | **CDS transaction seller** | Participants of the service |
| **Reference entity** | specify in related confirmation | **Notional principal** | specify in related confirmation (RMB ten thousand) |
| **Trade date** | specify in related confirmation | **Maturity** | specify in related confirmation |
| **Accrual start date** | specify in related confirmation | **Scheduled termination date** | specify in related confirmation |
| **Reference price** | 100%, can be specified | **Business day convention** | following, modified following, preceding |
| **Payment frequency** | By month, quarter, half-year, year | **First coupon payment date** | specify in related confirmation |
| **Front-end fee** | specify in related confirmation (RMB) | **The refund amount in the first accrual period** | specify in related confirmation (RMB) |
| **Accrual period adjustment** | unadjusted, adjusted | **Bond basis** | A/360、A/365、A/A、A/365F |
| **Payment date of front-end fee** | specify in related confirmation | **Price** | specify in related confirmation (bps) |
| **Terms relating to credit events** | | | |

| | | | |
|---|---|---|---|
| **Credit events** | bankruptcy, failure to pay, obligation acceleration, potential obligation acceleration, debt restructuring, etc. | | |
| **Obligation Category** | payment, borrowed Money, loan, bond, loan or bond, reference obligation only, non-financial corporate bonds, etc. | | |
| **Obligation characteristics** | general obligation, secondary obligation, tradeable, domestic currency, not domestic currency, etc. | | |
| **Means of settlement** | Cash settlement ,physical settlement | **Final price** | specify in related confirmation |

Form 2: Elements of CDS Index Bilateral Clearing Service

| **Name of index** | | **Manager of index** | |
|---|---|---|---|
| **General elements** | | | |
| **Currency** | E.g. RMB | **Maturity** | E.g. standardized termination date on Mar/Jun/Sep/Dec 20th |
| **Accrual start date** | E.g. the next day of trade day | **Payment frequency** | E.g. by quarter |
| **Bond basis** | E.g. A/365 | **Price** | E.g. 25bp |
| **Discount curve** | FR007 interest rate swap closing curve (spot) | **Business day convention** | E.g. modified following |
| **Accrual period adjustment** | E.g. adjusted | | |
| **Terms relating to credit events** | | | |
| **Obligation category** | E.g. bond | **Obligation characteristics** | E.g. general obligation; domestic currency, tradable; |
| **Credit events** | e.g. bankruptcy, failure to pay (starting amount of RMB 1 million or value in equivalent amount; 3 business days of grace period; prolong of grace period) | | |
| **Terms relating to Settlement** | | | |
| **Means of settlement** | E.g. cash settlement | | |
| **Specified final price** | E.g. 0.25 | **Valuation method** | E.g. quotation method: bid price<br>quotation time: 16:00 (BJT) on business day<br>Valuation method: market price |
| **Deliverable obligation category** | E.g. bond | **Deliverable obligation characteristics** | E.g. general obligations; domestic currency, tradable |
| **Other specified terms** | | | |
| **Name of elements** | **Enumerated values of elements** | | |
| **……** | …… | | |

| …… | …… |
|---|---|
| **Rules of circulation** | |
| **Index scroll** | ☐The indexes are updated, the new index is listed for trading to replace old ones |
| | ☐The indexes are updated, the new index is listed for trading while the old ones continue being traded |
| | ☐Others |
| **Credit events** | ☐When credit events happen, the entity of such events is disqualified, the original index will be renamed for trading |
| | ☐When credit events happen, the entity of such events is disqualified, the original index will continue being traded without changing name |
| | ☐When credit events happen, the entity of such events is disqualified, the original index will make up for the new entity and renamed for trading |
| | ☐Others |

The definition of the above specified terms is consistent with the Basic Terminology and Applicable Rules for OTC Credit Derivative Trading in China (2016 Version).

## 3.2 Daytime Clearing

Table 2: Timetable of Clearing System of the Service

| Date | **Period** | **Event** |
|---|---|---|
| **T** | 9:00 | Market opening |
| | 9:00-17:00 | intraday data received |
| | 9:00-16:30 | T+0 transaction intraday clearing and settlement |
| | 16:00 | Deadline of clearing confirmation |
| | 16:30 | Deadline of cash withdrawal |
| | 16:30 | Market closing |
| | 17:30 | day-end clearing of Credit event |
| **T+1/T+N** | 13:00 | Starting time of settlement of cash receivable and payable for non-T+0 transactions<br>Starting time of credit events receivable and payable settlement (contingent) |

| | | |
|---|---|---|
| | 16:30 | Deadline for settlement of cash receivable and payable for non-T+0 transactions<br>Deadline of credit events receivable and payable settlement (contingent) |

From 9:00 to 17:00, SHCH CDS clearing system receives CDS transactions in real time through the trading system, telephone, fax or brokerage of authorized institutions by the People's Bank of China. The clearing system stops receiving transactions of which front-end fee is paid on trading date at 16:00 (hereinafter referred to as T+0 transaction) and non-T+0 transactions at 17:00.

The system provides a real-time element compliance check on the CDS transactions submitted for bilateral clearing, which become effective in real time after confirmed by both parties to the transaction.

3.2.1 Order-taking

1) Element compliance check

The clearing system checks in real time the elements of t the CDS transactions submitted for bilateral clearing including whether both parties to the transaction have registered to be participants and whether the CDS transactions meet the requirements of the elements. After passing the check, CDS transactions will be processed further. For those that fail to pass the element compliance check, SHCH will not include the CDS transactions in the bilateral clearing.

2) Clearing confirmation

Transactions that pass the element compliance check will go through the process of clearing confirmation. After transaction elements are cleared and confirmed by both parties to the transaction through the client terminal of the clearing system, the transaction will be included in real time in the bilateral clearing of SHCH. The deadline of clearing confirmation is 16:00.The CDS transactions submitted through the trading system will be confirmed automatically before end-day clearing. For CDS transactions not confirmed, SHCH will not include them in the bilateral clearing. Participants can search for relevant information through the client terminal of the clearing system.

3) T+0 intraday clearing

From 9:00 to 16:30, the clearing system start the clearing process in real time for T+0 transactions that have been included in the bilateral clearing. The clearing system calculates the amount receivable and payable to be settled on the day on gross basis, including the front-end fees and the refund amount in the first accrual period (if applicable), and generates cash settlement report. Participants can view the cash settlement reports through the client terminal of the clearing system and prepare cash according to the reports .

3.2.2 Transaction duration processing (credit event processing)

For a single-name CDS transaction, if a credit event occurs to a reference entity corresponding to the transaction in the duration, the credit event noticing party shall send to the other party a written notification confirming that the credit event has occurred along with a written notification of public information related to the credit event. Meanwhile, after both parties reach an agreement on the settlement elements of the credit event, they need to submit the credit event processing information through the client terminal of the clearing system prior to 17:30. After confirmation by both parties to the transaction, SHCH will organize both parties to complete the clearing and settlement of the credit event.

For the CDS index transaction, if a credit event occurs to one of the index entities in the duration, the index manager shall determine whether the reference entity has a credit event, and inform SHCH of the settlement elements of the credit event, the list of new index entities after the disqualification of entity involved in the credit event, and the updated name of the CDS index (if any), etc. SHCH will organize both parties to complete the clearing and settlement of the credit event. After the credit event occurs in the index transaction, the transaction still exists until credit events occur to all the reference entities or the transaction matures.

### 3.3 Day-end clearing

At 17: 30, the clearing system clears the transactions that need to be settled on the next business day, and generates notifications of cash settlement and credit event settlement, etc.

The clearing system calculates on a gross basis the amount receivable and payable to be settled on the next working day, including front-end fees (non-T+0 transactions), the refund amount in the first period (if applicable) (non-T+0 transactions), coupons, early termination settlement amounts (contingent), remaining accrued coupon (contingent), credit event settlement amounts (contingent), etc.

If physical settlement is applied to the credit event settlement, the clearing system will generate bond delivery information one business day prior to the settlement date.

At the end of the day, participants can view the notifications of receivable and payable for funds and credit events through the client terminal of the clearing system and prepare funds and securities according to the reports.

### 3.4 Settlement

3.4.1 Settlement of cash

From 9:00 to 16:30, the clearing system provides real-time clearing and settlement for T+0 transactions and actively transfers funds, including the front-end fees, the refund amount in the first period (if applicable), the delivery amount, and generates a cash settlement completion notification at the end of the day.

From 13:00 to 16:30, the clearing system settles non-T+0 transactions according to the clearing results at the end of the previous working day and actively transfers funds, including front-end fees (non-T+0 transactions), the refund amount in the first period (if applicable) (non-T+ 0 transactions), coupons, remaining accrued coupons (contingent), early termination amount (contingent), etc., and generates a cash settlement completion notification at the end of the day.

3.4.2 Settlement of credit events

Based on the credit event settlement elements submitted by the index manager or both parties, the clearing system organizes both parties to complete the credit event clearing and settlement on the settlement date, and provides the credit event settlement completion notification at the end of the settlement day.

From 13:00 to 16:30 on the cash settlement day, the clearing system conducts the transfer of funds based on the cash settlement amount submitted by the index manager or both parties to the transaction.

From 13:00 to 16:30 on the physical settlement day, the clearing system conducts the transfer of funds based on the physical settlement amount submitted by the index manager or both parties to the transaction; from 13:00 to 16:30 on the delivery day, the clearing system conducts the delivery of bonds based on the physical settlement information submitted by both parties to the transaction.

### 3.5 Reference valuation

At the end of each day, SHCH provides reference valuation for the bilateral clearing CDS transactions that meet the valuation conditions. The reference valuation results can be queried through the client terminal of the clearing system.

### 3.6 Relevant formulas for CDS Bilateral Clearing Service

On the clearing day, SHCH shall calculate the gross amount receivable and payable on the next working day, including front-end fees, the refund amount in the first period (if applicable), coupons, early termination settlement amount, remaining accrued coupons (contingent), credit events settlement amount (contingent). If the service participant is the fund paying party, the amount is negative; if the service participant is the fund recipient, the amount is positive.

3.6.1 Front-end fee calculation rules

The front-end fee shall be agreed upon by the participants.

3.6.2 Coupons calculating rules

1) Coupon payment dates calculating rules

The first coupon payment date can be calculated based on the accrual start date and payment frequency, business day adjusted, or be specified by both parties to the transaction. The $i^{th}$ coupon payment date can be calculated based on the i-1th coupon date and the payment frequency, business day adjusted.

If no credit event occurs in the duration, the last coupon payment date is the agreed maturity date, business day adjusted; in the case of a credit event, the remaining accrued coupon payment date shall be the credit event settlement date agreed by both parties to the transaction.

2) Calculation of coupons

Calculation formula: $C_{t_i} = N \times C \times \Delta_i$

Where, $C_{t_i}$ represents the $i^{th}$ coupon paid by the buyer; $N$ represents the notional principal of the transaction; $C$ represents the price; $\Delta_i$ represents the annualized time of the $i^{th}$ accrual period determined by bond basis and accrual period adjustment: $\Delta_i$ = days in accrual period / the number of days in a year corresponding to bond basis. The calculating rules of $\Delta_i$ are detailed in the table below.

Table 3: Calculating rules of the annualized accrual period for coupons

| **Bond basis** | **Accrual period adjustment** | **$\Delta_i$ Calculation formula** | |
|---|---|---|---|
| Actual/360 | actual days | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=（$S_i$ - $S_{i-1}$）/360 |
| | | $S_i$ is working day, $S_{i-1}$ is non-working day | $\Delta_i$=（$S_i$ - $S_{i-1}$’）/360 |
| | | $S_i$ is non-working day, $S_{i-1}$ is working day | $\Delta_i$=（$S_i$’ - $S_{i-1}$）/360 |
| | | $S_i$ and $S_{i-1}$ are non-working days | $\Delta_i$=（$S_i$’ - $S_{i-1}$’）/360 |
| | Not adjusted | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=（$S_i$ - $S_{i-1}$）/360 |
| | | $S_i$ is working day, | |

| | | | |
|---|---|---|---|
| | | $S_{i-1}$ is non-working day | |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | |
| | | $S_i$ and $S_{i-1}$ are non-working days | |
| actual/365 | actual days | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=（$S_i$ - $S_{i-1}$）/365 |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | $\Delta_i$=（$S_i$ - $S_{i-1}$’）/365 |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | $\Delta_i$=（$S_i$’ - $S_{i-1}$）/365 |
| | | $S_i$ and $S_{i-1}$ are non-working days | $\Delta_i$=（$S_i$’ - $S_{i-1}$’）/365 |
| | Not adjusted | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=（$S_i$ - $S_{i-1}$）/365 |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | |
| | | $S_i$ and $S_{i-1}$ are non-working days | |
| actual / actual | actual days | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=($S_i$ - $S_{i-1}$)/actual days of all year |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | $\Delta_i$ =($S_i$ - $S_{i-1}$')/actual days of all year |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | $\Delta_i$ =($S_i$' - $S_{i-1}$)/actual days of all year |
| | | $S_i$ and $S_{i-1}$ are non-working days | $\Delta_i$ =($S_i$' - $S_{i-1}$')/actual days of all year |
| | Not adjusted | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$=($S_i$ - $S_{i-1}$)/actual days of all year |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | |
| | | $S_i$ and $S_{i-1}$ are non-working days | |
| actual/365F | actual days | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$ =($S_i$ - $S_{i-1}$)/365, February 29th not included;<br>$\Delta_i$ =($S_i$ - $S_{i-1}$-1)/365, February 29th included; |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | $\Delta_i$ =($S_i$ - $S_{i-1}$')/365, February 29th not |

| | | | |
|---|---|---|---|
| | | | included;<br>$\Delta_i$ =($S_i$ - $S_{i-1}'$-1)/365, February 29th included; |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | $\Delta_i$ =($S_i'$ - $S_{i-1}$)/365, February 29th not included;<br>$\Delta_i$ =($S_i'$ - $S_{i-1}$-1)/365, February 29th included; |
| | | $S_i$ and $S_{i-1}$ are non-working days | $\Delta_i$ =($S_i'$- $S_{i-1}'$)/365, February 29th not included;<br>$\Delta_i$ =($S_i$ - $S_{i-1}'$-1)/365, February 29th included; |
| | Not adjusted | $S_i$ and $S_{i-1}$ are all working days | $\Delta_i$ =($S_i$ - $S_{i-1}$)/365, February 29th not included;<br>$\Delta_i$ =($S_i$ - $S_{i-1}$-1)/365, February 29th included; |
| | | $S_i$ is working day,<br>$S_{i-1}$ is non-working day | |
| | | $S_i$ is non-working day,<br>$S_{i-1}$ is working day | |
| | | $S_i$ and $S_{i-1}$ are non-working days | |

Among them, $S_i$ refers to the $i^{th}$ coupon payment date unadjusted; $S_i'$ refers to the $i^{th}$ coupon payment date adjusted; $S_{i-1}$ refers to the $i-1^{th}$ coupon payment date unadjusted; $S_{i-1'}$ refers to the $i-1^{th}$ coupon payment date adjusted. The accrual period stretches from previous coupon payment date through this coupon payment date, inclusive; except a transaction's last accrual period, which ends with (and includes) the unadjusted maturity date.

If a credit event occurs, the remaining accrual coupon $\Delta_i$ is calculated based on the bond basis and the credit event determination date[1]. $\Delta_i$ = (1 + credit event determination date - $S_{i-1}$ or $S_{i-1}'$) / the

[1] Credit event confirmation day refers to the date when the notice of the credit event and that of the public information effectively served. Excerpt from the Basic Terminology and Applicable Rules for OTC Credit Derivative Trading in China (2016 Version)

number of days in a year corresponding to the bond basis. For CDS index transactions, the notional principal shall be multiplied by the weight of reference entity in calculation of the remaining accrued coupon.

3.6.3 Calculating rules for cash settlement amount

For single-name CDS transactions, the cash settlement amount shall be agreed upon by the participants. For the CDS index transactions, the cash settlement amount is determined by the participants or the index manager.

## 4. Emergency operation

Emergency operation refers to a participant's action of sending relevant operation instructions to SHCH via fax in case of unable to timely submit operation instructions through the client terminal system of the clearing system due to network, system or other reasons.

### 4.1 Scope of Application

1) being unable to transfer funds; 2) being unable to download documents; 3) being unable to make query; 4) being unable to submit elements related to credit events; 5) other situations that cannot be conducted before the end of the business day or before the deadline.

### 4.2 Processing Procedures

In order to ensure the normal operation of the service, when the client terminal of the clearing system is abnormal and unable to carry out the service as usual, emergency operations should be started as per the procedures after participants notify SHCH by telephone.

4.2.1 Sending emergency instructions

The participants shall promptly fill in the emergency instruction form (Annex 4), affix a valid seal, send them to SHCH via fax or email, and communicate by telephone with the staff of SHCH.

**Seal requirements**: The emergency instruction form must be affixed with a valid seal (official seal or reserved seal) before they take effect; and those with more than one page of instruction forms need to be affixed with cross-page seals.

**Deadline requirements:** In order to ensure the smooth process of the emergency operation, the emergency instruction forms shall be submitted 30 minutes prior to the deadline stipulated in the corresponding operation.

4.2.2 Phone confirmation of instructed information

Upon receipt of the emergency instruction forms, SHCH will check the seal and call the sender to confirm the instructed information. Confirmation of information includes, but is not limited to: information of emergency operation elements, abnormal situation in seal verification, etc. In order to ensure the security and accuracy of the information, SHCH will record the confirmation during the phone call.

If the confirmation call from SHCH is not received 20 minutes after the sending of the emergency instructions, the participants may take the initiative to contact and inquire with SHCH.

4.2.3 Informing the processing result by phone

After the emergency service is completed, SHCH will inform the participants by telephone of the processing results. The participants can also inquire about the processing status with SHCH or check after the client terminal returns to normal.

**4.3 Notes**

1) In the case of emergency, if the emergency service content cannot be confirmed due to system failure, the queried item of the emergency instructions may be filled first and sent to SHCH by fax 0.5-1 hour prior to the deadline of the corresponding service and notified by phone to SHCH. SHCH shall provide relevant information after confirming that the seal is correct upon check, and the service participants will fill in the emergency instructions after confirming the emergency contents, and send them to SHCH by fax and notify SHCH by phone.

2) The service participants may open an emergency account on their own (it is recommended at the beginning of the service) and inform SHCH. The emergency account should be frozen by SHCH. In the case of emergency, SHCH unfreezes the emergency account

according to the emergency instruction forms and logs in to the participant's client terminal through the account to carry out emergency operations on the behalf thereof. If the emergency account has not been opened, SHCH can only provide inquiry-related emergency operations. The emergency account shall have the corresponding service operation and audit access. There is no need to change the initial password and no binding to the certificate. Once the emergency operation is completed, SHCH will freeze the emergency account on its own. Detailed account setting is as follow:

Table 4:account setting

| Name of position | Code of position | User name | Role |
|---|---|---|---|
| XX[2]Emergency service operation position | xx3yjywczg | shch01@AAAAAAA4 | Operator of client terminals |
| XX emergency service review post | xxyjywfhg | shch02@AAAAAAA | Operator of client terminals |

3) For other situations that cannot be completed before the end of the business day or before the deadline, the service participant shall promptly call SHCH on the business day to inform the relevant abnormal situation. In return, SHCH shall deal with the situation accordingly.

### 4.4 Contact Information

Fax number: 021-63326661

Email address: account@shclearing.com

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2. xx (abbreviation of the institution name)
3. xx (spelling of the institution name)
4. AAAAAAA (SHCH holder account of the service participant)

Emergency contact: 021-23198686/ 021-23198787

Annex:

1. SHCH CDS Bilateral Clearing Service Information Registration Form

2. SHCH CDS Bilateral Clearing Service Information Change Registration Form

3. SHCH CDS Bilateral Clearing Service Withdrawal Application Form

4. SHCH CDS Bilateral Clearing Service Emergency Instruction Form

Annex 1

# SHCH CDS Bilateral Clearing Service Information Registration Form

<table>
<tr><th colspan="4">1. Basic information of institution</th></tr>
<tr><td>Full name of applicant</td><td colspan="3"></td></tr>
<tr><td>Number of bondholder account</td><td colspan="3"></td></tr>
<tr><td colspan="2">CFETS 21-digit code</td><td colspan="2"></td></tr>
<tr><td rowspan="9">Fund settlement account (Alternative option)</td><td colspan="3">☐ Clearing account opened in the High Value Payment System</td></tr>
<tr><td>Client name</td><td colspan="2"></td></tr>
<tr><td>Bank Number</td><td colspan="2"></td></tr>
<tr><td>Account number</td><td colspan="2"></td></tr>
<tr><td colspan="3">☐Fund settlement account opened at SHCH<br>(☐shared with ___________service; ☐new fund account)</td></tr>
<tr><td>Fund transfer account</td><td colspan="2">(Only fill in for new fund account)</td></tr>
<tr><td>Account name for fund transfer</td><td colspan="2">(Only fill in for new fund account)</td></tr>
<tr><td>Opening bank number for fund transfer</td><td colspan="2">(Only fill in for new fund account)</td></tr>
<tr><td>Opening bank name for fund transfer</td><td colspan="2">(Only fill in for new fund account)</td></tr>
<tr><td>Contact Person1</td><td></td><td>Department and title</td><td></td></tr>
<tr><td>Landline</td><td></td><td>Cellphone</td><td></td></tr>
<tr><td>Email:</td><td></td><td>Fax</td><td></td></tr>
<tr><td>Contact Person 2</td><td></td><td>Department and title</td><td></td></tr>
<tr><td>Landline</td><td></td><td>Cellphone</td><td></td></tr>
<tr><td>Email:</td><td></td><td>Fax</td><td></td></tr>
</table>

<table>
<tr><th colspan="5">2. Client terminal administrator information<br>(CDS CCP members are not required to fill in the following information)</th></tr>
<tr><td>Name</td><td>Login name</td><td>ID number</td><td>Cellphone</td><td>Email</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="2">CFCA certificate serial number</td><td colspan="3"></td></tr>
<tr><td colspan="5">Notes: 1. Two administrators are required;<br>2. For login name: please fill in English characters or a combination of English characters and numbers (case sensitive); length should be no more than 18 characters;<br>3. For CFCA certificate serial number: please fill in serial number starting with "041", e.g. 041@712345678-X@shchcs@00000001;</td></tr>
<tr><td colspan="5">Terms of commitment:<br>In accordance with the Clearing Member Service Agreement signed by this institution, our company authorizes Shanghai Clearing House (hereinafter referred to as SHCH) to obtain the CDS transactions through the trading system, telephone, fax and brokerage of institutions authorized by the People's Bank of China; Our company voluntarily submits the CDS bilateral transactions to SHCH for bilateral clearing. Meanwhile, our commitment stands as follows:<br>1. Our company is aware of and agree with Notice on Matters Relating to Registration, Custody, Clearing and Settlement of Credit Risk Mitigation Tools (SHCH Circular [2017]No. 69) and Operation rules of CDS Bilateral Clearing Service and other relevant rules (including but not limited to service rules, guidelines, operating rules, measures, notices, announcements and guidelines, etc.), in line with the requirements of SHCH for the service , and subject to the clearing and settlement results of SHCH.<br>2. The above-mentioned contacts and system administrators have obtained the full and necessary authorization of our company; and the electronic confirmation results of such personnel are legally binding on our company; in the case of any adjustment, our company will notify SHCH in writing separately.<br>3. Our company shall set aside sufficient funds and bonds in the relevant accounts prior to the prescribed time and authorize SHCH to automatically debit and credit to the accounts provided by our company according to the clearing results.</td></tr>
</table>

4. The service seal card is consistent with the registration and custody service seal card of SHCH.

The above commitments have the same legal effect as the Settlement Member Service Agreement. Where the above commitments are inconsistent with the Settlement Member Service Agreement, the former shall prevail. Except for the specified modification of committed items above, the rest of the original agreement shall remain in full effect.

Institution seal:

Date:  MM/DD/YY

Annex 2

# SHCH

# CDS Bilateral Clearing Service Information Change Registration Form

<table>
<tr><td>Institution (full name)</td><td colspan="4"></td></tr>
<tr><td>Number of bondholder account</td><td colspan="4"></td></tr>
<tr><td>Item of change</td><td colspan="4">☐Personnel information of applicant ☐ information of client terminal administrator<br>☐Account information ☐Invoice sending information<br>☐Others (____)</td></tr>
<tr><td>Original information</td><td colspan="4"></td></tr>
<tr><td>Changed information</td><td colspan="4"></td></tr>
<tr><td>Entry-into-force time</td><td colspan="4"></td></tr>
<tr><td colspan="5">Fund settlement fund account application information<br>Fill in below only when changing "account information" for "new fund settlement fund account".</td></tr>
<tr><td>Fund transfer account</td><td></td><td colspan="2">Account for fund transfer<br>Client name</td><td></td></tr>
<tr><td>Opening bank number for fund transfer</td><td></td><td colspan="2">Account for fund transfer<br>Name of the opening bank</td><td></td></tr>
<tr><td>Contact</td><td></td><td colspan="2">Address</td><td></td></tr>
<tr><td>Tel</td><td></td><td colspan="2">Postal code</td><td></td></tr>
<tr><td rowspan="2">☐Legal representative<br>☐Principal</td><td>Name</td><td colspan="2"></td><td></td></tr>
<tr><td>Type of ID</td><td></td><td>ID number</td><td></td></tr>
</table>

<table>
<tr><td colspan="4">Our company applies to open a fund account for fund settlement with your company (<u>for business only</u>) and makes the following authorization:<br>Authorization 1: authorizing your company to conduct direct debit or credit processing based on the results of end-of-day clearing.<br>Authorization 2: authorizing your company to directly deduct the clearing funds and related taxes and fees arising from ___service through Fund settlement account (for___service only) without prior notice; this institution promises that the "fund settlement fund account" will transfer the funds for ___service settlement into the account and withdraw the settlement funds from the receiving account.</td></tr>
<tr><td colspan="4">The information below shall be filled in after reviewing by SHCH:</td></tr>
<tr><td>Fund settlement account<br>Account number (for___service only)</td><td></td><td>Account opening date</td><td>YYYY/MM/DD</td></tr>
</table>

<table>
<tr><td>Fund settlement account<br>Account name (for___service only)</td><td></td><td></td><td></td></tr>
<tr><td>Handled by</td><td></td><td>Checked by</td><td></td></tr>
<tr><td colspan="4">Description of change</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>Terms of commitment</td><td colspan="3"></td></tr>
</table>

<table>
<tr><td colspan="4">
1. This institution ensures that all the information provided is authentic, complete and accurate.<br>
2. In case of any violation of the relevant rules and regulations regarding clearing membership management and services of SHCH, this institution will bear all the consequences and legal liabilities arising therefrom.<br><br>
Effective seal (reserved seal or official seal):<br>
Date:
</td></tr>
<tr><td>Handled by</td><td></td><td>Tel</td><td></td></tr>
</table>

Annex 3

# SHCH CDS Bilateral Clearing Service Withdrawal Application Form

<table>
<tr><td>Institution<br>(full name)</td><td colspan="3"></td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td colspan="4"></td></tr>
<tr><td>Terms of<br>commitment</td><td colspan="3"></td></tr>
<tr><td colspan="4">1. Our company voluntarily files the above application and ensures that all the information provided is authentic, complete and accurate.<br>2. In case of any violation of the relevant rules and regulations of SHCH, our company will bear all the consequences and legal liabilities arising therefrom.<br>3. There is no debtor-creditor relationship related to the service between our company and SHCH and the expenses have been settled.<br><br>Effective seal (reserved seal or official seal):<br>Date:</td></tr>
<tr><td>Handled by</td><td></td><td>Tel</td><td></td></tr>
</table>

Annex 4

# SHCH CDS Bilateral Clearing Service Emergency Instruction Form

Fax instruction number:____(starting from 001)

<table>
<tr><td>Emergency instruction (required)</td><td colspan="5">☐Fund transfer ☐Reports download<br>☐Information inquiry (☐account balance ☐other information: ____)<br>☐Others:____</td></tr>
<tr><td rowspan="4">Emergency situation description (required)</td><td rowspan="3">Fund transfer information</td><td>Paying account</td><td></td><td>Receiving account</td><td></td></tr>
<tr><td>Paying account</td><td></td><td>Receiving account</td><td></td></tr>
<tr><td>Transfer amount (in words)</td><td></td><td>Transfer amount (in figures)</td><td></td></tr>
<tr><td colspan="5">Other emergency instruction operation requirements:</td></tr>
<tr><td colspan="6">Instructions:<br>1. Fund transfer: please fill in the transfer account number, account name, transfer amount and indicate the currency according to the format; if the pre-reserved receiving account is the only account to be credited, the transfer account information may not be filled in. 2. Notes download: please indicate the name of the note, the duration and the receiving e-mail address (notes must be sent online). 3. Information query: please indicate the content of the inquired information.</td></tr>
</table>

The instruction sender promises:

1. The contents of the emergency instructions sent are authentic, accurate, complete and effective.
2. SHCH is hereby authorized to unfreeze the emergency account and log in the client terminal of this institution and conduct the above emergency operations.

The account number of the instruction sender: the abbreviation of the instruction sender name:

Effective seal (reserved seal or official seal): date: DD/MM/YY

Tel of the instruction sender:

Contact of the instruction sender:

Fax of the instruction sender: