HONG KONG INTERBANK CLEARING LIMITED
香港銀行同業結算有限公司

Renminbi Clearing House Rules

Rainstorm Procedures

Typhoon Procedures

(Redacted Version)

Date : October 2026

This redacted version of the Renminbi Clearing House Rules and Rainstorm Procedures and Typhoon Procedures is a partially edited version of the main text of these documents and is made available publicly for general information purposes only. It has been edited to remove information that might compromise the security of the system if made available to the general public. For operational purposes, Members of the Clearing House for Renminbi clearing should refer to the full text of the Renminbi Clearing House Rules and Rainstorm Procedures and Typhoon Procedures. Although due care has been taken to ensure that the information provided in this document is accurate and up-to-date, Hong Kong Interbank Clearing Limited does not warrant that all, or any part of, the information provided in it is up-to-date and accurate in all respects.

Amendment Summary

Amendment	**Effective Date**

Revised the following provisions for the implementation of dual network channel in CHATS:
• Rule 1.6 Definitions
  ➢ "Clearing House Computer"
  ➢ "eMBT"
  ➢ "iMBT"
  ➢ "Special Posting"
• Rule 6.1.1
• Rule 6.1.2
• Rule 6.1.3
• Rule 6.1.4
• Rule 6.2
• Rule 6.2.1
• Rule 6.2.8
• Rule 6.7.1 (a)
• Rule 6.7.1 (b)
• Rule 6.7.2
• Rule 6.7.9 (b)
• Rule 6.7.9 (c)
• Rule 6.9.1
• Rule 6.11.1
	16 November 2026

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Part I Introduction

1.1 Expressions used herein are defined below.

1.2 CB has been authorized by PBOC to provide clearing and settlement services in relation to the Renminbi banking business in Hong Kong, and has appointed HKICL as its system operator to carry out the clearing services.

1.3 These Rules have been made by HKICL with the approval of CB and MA.

1.4 HKICL may from time to time amend these Rules as it may consider necessary or desirable with the prior approval of CB and MA. Any amendments made thereto shall become effective from the effective date(s) as stated in HKICL's prior notice to Members and the amended version will be posted onto HKICL's website www.hkicl.com.hk (which shall specify the effective date(s) for the amendments according to the notice).

1.5 Definitions

"Articles" means Paper Cheques and ECG Items.

"Association" means The Hong Kong Association of Banks.

"Balance-triggered Balance Sweeping Transaction" means a transaction initiated by a Member manually or generated by FPS automatically to debit or credit funds from or to the FPS Ledger Account of a Member through FPS for transferring funds to or from the CHATS Ledger Account of the Member for the purpose of liquidity management, other than a Transaction-triggered Balance Sweeping Transaction.

"bank" means an institution which has been granted a banking licence under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) and such licence has not been revoked.

"BKANVM" means the bank account number validation module and related information provided to HKICL by Members subscribing to the e-Cheque Drop Box Service to facilitate the validation of bank account numbers registered in the e-Cheque Drop Box Service in accordance with the Operating Procedures.

"BKANVM API" means the application programming interface which HKICL distributes to Members subscribing to the e-Cheque Drop Box Service from time to time to facilitate the development of BKANVM.

"Bulk Clearing Commitment" means the obligation of a Member to pay a Settlement Amount in a Bulk Clearing Settlement Run as provided in these Clearing House Rules.

"Bulk Clearing Settlement Run" means a settlement run effected through CHATS for the settlement of Articles on a bulk clearing and/or settlement basis as provided in these Clearing House Rules.

"CB" means a bank that has been authorized by the People's Bank of China to provide clearing and settlement services for Renminbi in Hong Kong, and which for the time being is Bank of China (Hong Kong) Limited. Unless stated otherwise herein, all references to CB refer to CB in its capacity as clearing bank.

"CCASS" means the Central Clearing and Settlement System operated by HKSCC (or any successor system operated by any person).

"CCASS Commencement" means the time notified by HKSCC to HKICL as being the time on each Working Day at which CCASS is operational.

"CCASS End of Day Cut-off" means the earlier of (i) the time notified by HKSCC to HKICL as being the time on each Working Day at which CCASS will reject all incoming validation requests from the Clearing House Computer and perform other actions in relation to CCASS End of Day Cut-off Payment in accordance with Schedule II Part II and (ii) at 21.00 hours.

"CCASS End of Day Cut-off Payment" means a CCASS Payment Instruction with such classification as determined by HKSCC and notified to HKICL from time to time and effected through CHATS between CCASS Commencement and CCASS End of Day Cut-off.

"CCASS Interim Cut-off" means the earlier of (i) the time notified by HKSCC to HKICL as being the time on each Working Day at which CCASS will reject all incoming validation requests from the Clearing House Computer and perform other actions in relation to CCASS Interim Cut-off Payment in accordance with Schedule II Part II and (ii) at 21.00 hours.

"CCASS Interim Cut-off Payment" means a CCASS Payment Instruction with such classification as determined by HKSCC and notified to HKICL from time to time and effected through CHATS between CCASS Commencement and CCASS Interim Cut-off.

"CCASS Investor Items" means ECG Items for clearing generated by CCASS in respect of investor account holders and other money settlement instructions as may be determined by HKSCC from time to time.

"CCASS Items" means CCASS Investor Items, CCASS Participant Items, Special CCASS Items, SCCASS Participant Items and SCASSN Participant Items.

"CCASS Optimiser Payment Instruction" means a payment instruction which is settled in accordance with Rule 6.3.6 and includes a CCASS Optimiser Payment Instruction Value Today and CCASS Optimiser Payment Instruction Value Forward Day.

"CCASS Optimiser Payment Instruction Value Forward Day" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a CCASS Optimiser Payment Instruction for value through CHATS as of the Supported Forward Day referred to in the payment instruction.

"CCASS Optimiser Payment Instruction Value Today" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a CCASS Optimiser Payment Instruction for value through CHATS as of the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the instruction is received by the Clearing House Computer between a CHATS Value Date Cut-off and the following CHATS Commencement, it will be deemed to be received on the Working Day pertaining to that CHATS Commencement and value today shall be construed accordingly.

"CCASS Participant Items" means ECG Items for clearing generated by CCASS other than (i) CCASS Investor Items, (ii) Special CCASS Items, (iii) SCCASS Participant Items and (iv) SCASSN Participant Items, but including amendments to CCASS Participant Items submitted by HKSCC to HKICL after the initial clearing process in accordance with Schedule III.

"CCASS Payment Instruction" means (i) an instruction effected through CHATS for payment in Renminbi against the transfer by CCASS of securities held in CCASS, or (ii) any other payment instruction relating to a CCASS transaction, which is to be settled in accordance with Rule 6.3.3. In these Clearing House Rules, a CCASS Payment Instruction can be a CCASS Interim Cut-off Payment or a CCASS End of Day Cut-off Payment.

"CCP Instruction" means an instruction input by a Member or by CB to the Clearing House Computer (or effected pursuant to Rule 6.2.6) for the effecting of a funds transfer (i) in the case of an instruction by a Member, between that Member and another Member, or between that Member and CB; and (ii) in the case of an instruction given by CB, between CB and a Member, in each case through CHATS which is to be settled only if CCPMP confirms that a corresponding payment ("**Corresponding Payment**") from the Receiver of that CCP Instruction to the Sender in the other currency will be settled at the same time and includes a CCP Instruction Value Today and a CCP Instruction Value Forward Day. For the avoidance of doubt, CCP Instruction does not include a CCPMPNet Payment Instruction and a CCPMPNet Optimiser Payment Instruction.

"CCP Instruction Value Forward Day" means a CCP Instruction to effect a payment for value through CHATS as of the Supported Forward Day referred to in the payment instruction.

"CCP Instruction Value Today" means a CCP Instruction to effect a payment for value through CHATS as of the day of the CCPMP Commencement on the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the instruction is received between a CCPMP Cut-off and the

following CCPMP Commencement, it will be deemed to be received on the Working Day of that CCPMP Commencement and value today shall be construed accordingly.

"CCPMP" means the Cross Currency Payment Matching Processor which links up the Clearing House Computer, and provides a payment versus payment ("PvP") facility for foreign exchange transactions.

"CCPMP Commencement" means a time determined from time to time by CB by which CCPMP will again be re-opened for processing CCP Instructions and CCPMPNet Payment Instructions on the Working Day immediately following CCPMP Cut-off.

"CCPMP Cut-off" means the time on a Working Day specified as such in Schedule II Part III as varied pursuant to Rule 6.9.1.

"CCPMPNet Payment Instruction" means a payment instruction input by a Member or by CB to the Clearing House Computer for the effecting of a funds transfer (i) in the case of an instruction by a Member, between that Member and another Member, or between that Member and CB; and (ii) in the case of an instruction given by CB, between CB and a Member, in each case through CHATS which is to be settled in the CCPMPNet Settlement Run and includes a CCPMPNet Payment Instruction Value Today and a CCPMPNet Payment Instruction Value Forward Day.

"CCPMPNet Payment Instruction Value Forward Day" means a CCPMPNet Payment Instruction to effect a payment for value through CHATS as of the Supported Forward Day referred to in the payment instruction.

"CCPMPNet Payment Instruction Value Today" means a CCPMPNet Payment Instruction to effect a payment for value through CHATS as of the day of the CCPMP Commencement on the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt and in addition to Rule 6.3.14.1, if the instruction is received between a CCPMP Cut-off and the following CCPMP Commencement, it will be deemed to be received on the Working Day of that CCPMP Commencement and value today shall be construed accordingly.

"CCPMPNet Optimiser Payment Instruction" means a payment instruction input by a Member to the Clearing House Computer which is to be settled in accordance with Rule 6.3.15 and includes a CCPMPNet Optimiser Payment Instruction Value Today and a CCPMPNet Optimiser Payment Instruction Value Forward Day.

"CCPMPNet Optimiser Payment Instruction Value Forward Day" means a CCPMPNet Optimiser Payment Instruction to effect a payment for value as of the Supported Forward Day referred to in the payment instruction.

"CCPMPNet Optimiser Payment Instruction Value Today" means a CCPMPNet Optimiser Payment Instruction to effect a payment for value as of the day of the CHATS Commencement on the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt and in addition to Rule 6.3.15.1, if the instruction is received between a CHATS Value Date Cut-off and the following CHATS Commencement, it will be deemed to be received on the Working Day of that CHATS Commencement and value today shall be construed accordingly.

"CCPMPNet Settlement Run" means a settlement run which is (i) effected through CHATS for the settlement of CCPMPNet Payment Instructions and CCPMPNet Optimiser Payment Instructions on a net settlement basis as provided in these Clearing House Rules, and (ii) effected only if the Clearing House Computer confirms that the corresponding CCPMPNet Settlement Runs ("Corresponding CCPMPNet Settlement Runs") in all other relevant currencies will be effected at the same time.

"CCPO Instruction" means a CCP Instruction which is settled in accordance with Rule 6.3.8 and includes a CCPO Instruction Value Today and a CCPO Instruction Value Forward Day.

"CCPO Instruction Value Forward Day" means a CCPO Instruction input by a Member or by CB to the Clearing House Computer for value as of the Supported Forward Day referred to in the payment instruction.

"CCPO Instruction Value Today" means a CCPO Instruction input by a Member or by CB to the Clearing House Computer to effect a payment for value as of the day of the CCPMP Commencement on the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the

instruction is received between a CCPMP Cut-off and the following CCPMP Commencement, it will be deemed to be received on the Working Day of that CCPMP Commencement and value today shall be construed accordingly.

"CHATS" means the computer based Clearing House Automated Transfer System owned and operated in Hong Kong by HKICL for (i) the automated electronic processing and settlement of funds transfers including credit and debit transfers effected by CB directly in a Member's CHATS Ledger Account as described in Rules 6.3.9 to 6.3.12; (ii) the automated electronic processing and settlement of funds transfers by virtue of Special Posting; and (iii) the processing and settlement of inter-Member funds in respect of the clearing and settlement of Articles.

"CHATS Bank Cut-off" means the time on a Working Day specified as such in Schedule II Part I paragraph 1 as varied pursuant to Rule 6.9.1.

"CHATS Commencement" means a time determined from time to time by HKICL by which the Clearing House Computer will again be re-opened for the settlement of CHATS Transactions (other than CHATS Transactions in respect of Articles) involving funds transfers on the Working Day immediately following CHATS Value Date Cut-off.

"CHATS Customer Cut-off" means the time on a Working Day specified as such in Schedule II Part I paragraph 1 as varied pursuant to Rule 6.9.1.

"CHATS Ledger Account" has the meaning given to it in the definition of **"Settlement Account"**.

"CHATS Optimiser Payment Instruction" means a payment instruction which is settled in accordance with Rule 6.3.5 and includes a CHATS Optimiser Payment Instruction Value Today and CHATS Optimiser Payment Instruction Value Forward Day.

"CHATS Optimiser Payment Instruction Value Forward Day" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a CHATS Optimiser Payment Instruction for value through CHATS as of the Supported Forward Day referred to in the payment instruction.

"CHATS Optimiser Payment Instruction Value Today" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a CHATS Optimiser Payment Instruction for value through CHATS as of the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the instruction is received between a CHATS Value Date Cut-off and the following CHATS Commencement, it will be deemed to be received on the Working Day pertaining to that CHATS Commencement and value today shall be construed accordingly.

"CHATS Payment Instruction" means a CHATS Payment Instruction Value Today or a CHATS Payment Instruction Value Forward Day.

"CHATS Payment Instruction Value Forward Day" means an instruction including Regional CHATS Payment (other than an instruction in respect of Articles, a CCASS Optimiser Payment Instruction, SCCASS Optimiser Payment Instruction, CCASS Payment Instruction, CCP Instruction, CCPMPNet Payment Instruction, CCPMPNet Optimiser Payment Instruction, CCPO Instruction, CHATS Optimiser Payment Instruction and OTC Clear Payment Instruction) input by a Member (or where permitted effected pursuant to Rule 6.2.6) or a Global User or CB to the Clearing House Computer for the effecting of a funds transfer through CHATS for value as of the Supported Forward Day referred to in the payment instruction.

"CHATS Payment Instruction Value Today" means an instruction including Regional CHATS Payment (other than an instruction in respect of Articles, a CCASS Optimiser Payment Instruction, SCCASS Optimiser Payment Instruction, CCASS Payment Instruction, CCP Instruction, CCPMPNet Payment Instruction, CCPMPNet Optimiser Payment Instruction, CCPO Instruction, CHATS Optimiser Payment Instruction and OTC Clear Payment Instruction) input by a Member (or where permitted effected pursuant to Rule 6.2.6) or a Global User or CB or generated or by virtue of a Special Posting to the Clearing House Computer for the effecting of a funds transfer through CHATS for value as of the day of CHATS Commencement on the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the instruction is received between a CHATS Value Date Cut-off and the following CHATS Commencement, it will be deemed to be received on the Working Day pertaining to that CHATS Commencement and value today shall be construed

accordingly.

"CHATS Transactions" means transactions involving funds transfers effected through CHATS including, for the avoidance of doubt (but without limitation), Regional CHATS Payments and the general administrative or system messages transmitted through CHATS.

"CHATS Value Date Cut-off" means the time on a Working Day specified as such in Schedule II Part I paragraph 1 as varied pursuant to Rule 6.9.1.

"Clearing Facilities" means all premises, personnel, machinery, equipment, facilities, software, operational and processing systems, computer systems including CHATS and FPS, arrangements and procedures for or in relation to the services provided by and the operation of the Clearing House.

"Clearing House" means the medium and the location operated and managed by HKICL and available to Members to facilitate the clearing and settlement of Paper Cheques in Renminbi drawn payable on Members in Hong Kong, and for the processing of direct debits and credits, funds transfers, e-Cheques and other banking transactions in each case in Renminbi and which (i) in respect of debits and credits and funds transfers are presented by or on behalf of Members or by CB; (ii) in respect of e-Cheques are (a) presented by Members or collected on behalf of Members from e-Cheque Drop Box Users through the e-Cheque Portal; or (b) presented in Shenzhen, delivered to HKICL by CB and collected by HKICL on behalf of CB acting on behalf of the SZ Settlement Centre and (iii) in respect of other banking transactions are presented by or on behalf of Members. It is also the medium and location for the operation of FPS through FPS Facilities in accordance with the FPS Rules and the FPS Operating Procedures.

"Clearing House Computer" means (i) the computer system of the Clearing House (a) to which Members and CB may connect to effect CHATS Transactions and other transactions through the Clearing House as the case may be via the SWIFT network or the HKICL network, (b) to which Members, Global Users and CB may connect through the MBT in order to perform operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures, (c) to which OTC Clear connects its system in order to transmit OTC Clear Debit Requests for the generation of OTC Clear Payment Instructions through the Clearing House and (d) to which other computer systems may connect in order to effect CHATS Transactions and other transactions through the Clearing House as the case may be; and (ii) other relevant computer system(s) in respect of the Clearing House.

"Clearing House Rules" or **"Rules"** means these Renminbi Clearing House Rules in relation to the operation of CHATS as amended from time to time by HKICL with prior approval of CB and MA.

"CLG Items" means Paper Cheques, CCASS Investor Items and Special CCASS Items.

"Credit Card Transaction" means the use of credit or debit cards by customers of Members resulting in the need for one Member to make a payment to CB.

"Credit Card Subsidiaries of Banks" means subsidiaries of banks that issue debit cards and/or credit cards in Hong Kong.

"crisis prevention measure" has the meaning given to that term in section 86 of the FIRO.

"Data Subject(s)" has the meaning given to that term in the PDPO.

"Day D" means a Working Day on which an Article is presented to or deemed to be presented to and accepted by HKICL for clearing and/or settlement as provided in these Clearing House Rules.

"Day D+1" means in relation to any relevant transaction the first Working Day immediately following Day D.

"Default Arrangement" means the default arrangements for Bulk Clearing Settlement Runs of Articles (other than OTC Items), CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions set out in Schedule I as amended from time to time.

"default event provision" has the meaning given to that term in section 86 of the FIRO.

"Delayed Payment" means those funds transferred through CHATS (other than those funds transfers in respect of Articles) which are credited to an account on a value date later than that specified in the relevant transfer or payment details.

"deposit-taking company" means an institution which is currently registered under section 16 of the Banking Ordinance (Cap. 155 of the Laws of Hong Kong).

"Designated Transaction" means a Direct Debit Instruction identified by a transaction code which indicates that it relates to a Credit Card Transaction.

"Digital Signature" has the meaning given to it by section 2(1) of the Electronic Transactions Ordinance (Cap. 553 of the Laws of Hong Kong).

"Direct Credit Instruction" means a credit instruction effected in real time by CB directly in the Member's CHATS Ledger Account through CHATS and includes a Direct Credit Instruction Value Today and a Direct Credit Instruction Value Forward Day.

"Direct Credit Instruction Value Forward Day" means a Direct Credit Instruction to effect a payment for value through CHATS as of the Supported Forward Day referred to in the Direct Credit Instruction.

"Direct Credit Instruction Value Today" means a Direct Credit Instruction input or generated after CHATS Commencement and before End of Day Cut-off to effect a payment for value through CHATS as of the day of CHATS Commencement on the Working Day on which the instruction is received by the Clearing House Computer.

"Direct Debit Instruction" means a debit instruction effected in real time by CB directly in the Member's CHATS Ledger Account through CHATS.

"Direct Debit Instruction Value Forward Day" means a Direct Debit Instruction to effect a payment for value through CHATS as of the Supported Forward Day referred to in the Direct Debit Instruction.

"Direct Debit Instruction Value Today" means a Direct Debit Instruction input or generated after CHATS Commencement and before End of Day Cut-off to effect a payment for value through CHATS as of the day of CHATS Commencement on the Working Day on which the instruction is received by the Clearing House Computer.

"ECG Items" means the various types of electronic payments to be cleared and settled through CHATS on a bulk clearing basis as provided by these Clearing House Rules, including for the time being EPS Items, SEPS Items, CCASS Items, OTC Items, E-bill Payments, e-Cheques and Returned Articles or Unpaid Articles in respect thereof.

"Electronic Media" means such electronic media for the delivery of information or images of items permitted by virtue of the Operating Procedures to be delivered to and/or collected from the Clearing House pursuant to these Clearing House Rules and, where the context admits, such format thereof as (in each case) may be specified from time to time in the Operating Procedures.

"Electronic Record" has the meaning given to it by section 2(1) of the Electronic Transactions Ordinance.

"eMBT" means the terminal system enabling connection to the Clearing House Computer via the SWIFT network, whereby a Member, a Global User or CB may gain access to such terminal system through terminals located within the premises of such Member, such Global User or CB. Access to the eMBT is for the purposes of a Member, a Global User or CB performing operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures.

"End of Day Cut-off" means the time during a Working Day after which the settlement of transactions including funds transfers initiated by CB shall cease and the related arrangements as set out in Schedule II, Part IV or as from time to time amended by CB and MA.

"EPSCO" means EPS Company (Hong Kong) Limited.

"EPS Items" means ECG Items for clearing generated by EPSCO which are presented on Day D and settled on Day D+1.

"Express Priority" means an express priority feature to be assigned by CB to certain Direct Debit Instructions (other than those Direct Debit Instructions implemented by CB pursuant to Rule 6.2.6) so that such payments will have priority over the other CHATS Transactions (other than those CHATS Transactions in respect of Articles) in the Normal Queue.

"Extreme Conditions" means the existence of extreme conditions as announced by the Government of the Hong Kong Special Administrative Region that arise from a super typhoon or other natural disaster of a substantial scale which caused serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions.

"E-bill Payments" means electronic payments covering bill payments and charity donation payments which are cleared and settled on the same Working Day among Members referred to in Rule 7.6.2.

"e-Cheque" means a cheque, including a cashier's order, issued in the form of an Electronic Record with an image of the front and back of the cheque or cashier's order, and, in the case of a cheque (other than cashier's order), bears the Digital Signatures of the account holder(s) and/or authorized signer(s) and the payer bank Member; and, in the case of a cashier's order, bears the Digital Signatures of the payer bank Member.

"e-Cheque Drop Box" means an electronic drop box operated by HKICL, provided on (i) a website accessible through a supported internet browser and (ii) a mobile application, and (iii) through a direct application interface or any other similar facilities, which accepts presentment of e-Cheques.

"e-Cheque Drop Box Service" means the service of providing the e-Cheque Drop Box by HKICL.

"e-Cheque Drop Box User" means an individual or entity who registers an e-Cheque Drop Box account with one or more payee bank accounts for the purpose of presenting e-Cheque(s). For the avoidance of doubt, this term includes an e-Cheque Drop Box User who registers an e-Cheque Drop Box account with a payee bank account (i) in his/her/its sole name, (ii) in the joint names of the e-Cheque Drop Box User and another person or (iii) in the name of another person.

"e-Cheque Payments" means electronic payments of e-Cheques generated by HKICL on Day D in accordance with Rule 7.6.7.2.

"e-Cheque Portal" means a computer system which is part of the Clearing Facilities operated by HKICL to support the e-Cheque Presentment Service and performs functions in accordance with the Operating Procedures.

"e-Cheque Presentment Service" means the e-Cheque Drop Box Service, the Payee Bank Presentment Service and any other eligible e-Cheque presentment channel(s) provided by HKICL.

"Fiduciary Account" means an account opened by CB entitled "Segregated Fiduciary Cash Account" to or from which Members may make payments or withdrawals in accordance with Rule 3.2.1.

"Final Cut-off time" means the final cut-off time for settlement in a Bulk Clearing Settlement Run.

"FIRO" means the Financial Institutions (Resolution) Ordinance (Cap. 628 of the Laws of Hong Kong).

"FPS" has the meaning given to that term in the FPS Rules.

"FPS Console" has the meaning given to that term in the FPS Rules.

"FPS Facilities" has the meaning given to that term in the FPS Rules.

"FPS Ledger Account" has the meaning given to it in the definition of **"Settlement Account"**.

"FPS Operating Procedures" has the same meaning given to that term in the FPS Rules.

"FPS Rules" means the rules for Renminbi Faster Payment System as amended from time to time by HKICL with prior approval of CB and MA.

"FPS Transactions" means transactions involving funds transfers effected through FPS as defined in the FPS Rules.

"Global User" means an institution (other than a Member) whose CHATS Transactions (but excluding CHATS Transactions in respect of Articles) are cleared and settled through one or more Members and who is allocated a clearing code by HKICL; "**its Global User**" means, in relation to a Member and each CHATS Transaction (but excluding CHATS Transaction in respect of Articles), a **Global User** with respect to whom it is agreed with that Member that its CHATS Transactions (but excluding CHATS Transactions in respect of Articles) will be settled through such Member's CHATS Ledger Account.

"Group A Members" means CB and Members who themselves are able to produce images in accordance with the Operating Procedures for the clearing of Paper Cheques.

"Group B Members" means Members other than Group A Members who make arrangements with HKICL in accordance with the Operating Procedures for HKICL to produce images for the clearing of Paper Cheques on their behalf.

"group company" has the meaning given to that term in section 2 of the FIRO.

"HKICL" means Hong Kong Interbank Clearing Limited.

"HKSCC" means Hong Kong Securities Clearing Company Limited.

"iMBT" means the terminal system enabling connection to the Clearing House Computer via the HKICL network (for Members or CB) and/or internet (for Members, Global Users or CB), whereby (i) a Member (which is required to or otherwise elects to install a terminal which can access the eMBT) or CB may connect to such terminal system through terminals located within its premises according to the security requirements provided by HKICL from time to time. Access to the iMBT via the HKICL network is to be used by such Member or CB for the same purposes as that of eMBT; while access to the iMBT via internet is to be used by such Member or CB as a contingency in case the Member or CB is unable to connect to the Clearing House Computer through the eMBT via the SWIFT network and the iMBT via the HKICL network, and will only be provided to the Member concerned or CB where it is enabled by HKICL upon request of such Member or CB; or (ii) a Global User (which elects to install a terminal which can access the eMBT) may connect to such terminal system through terminals located within its premises according to the security requirements provided by HKICL from time to time. Such access to the iMBT is to be used by such Global User as a contingency in case the Global User is unable to connect to the Clearing House Computer through the eMBT via the SWIFT network, and will only be provided to the Global User concerned where it is enabled by HKICL upon request of such Global User; or (iii) a Global User, a restricted licence bank, a deposit-taking company or an overseas bank (which does not elect to install a terminal which can access the eMBT) elects to connect to such terminal system through terminals located within its premises according to the security requirements provided by HKICL from time to time. Access to the iMBT as described in each of the foregoing circumstances is for the purposes of a Member, CB or a Global User (as the case may be) performing operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures.

"**inoperable**" in relation to all or part of the Clearing Facilities, means all or part of the Clearing Facilities becoming incapable of normal operation or in the opinion of HKICL difficult to operate normally by reason of (i) a system failure; (ii) non-availability of HKICL's production or backup contingency sites; (iii) circumstances affecting the staff of HKICL or Members or any other relevant third parties rendering it difficult or impossible to operate part or all of the Clearing Facilities normally; (iv) a requirement from the Government of the Hong Kong Special Administrative Region, MA or CB; or (v) any other unforeseen disruption scenarios rendering it difficult or impossible to operate part or all of the Clearing Facilities normally.

"Interbank Intraday Liquidity Facility" or **"IILF"** means a liquidity facility to facilitate the provision of liquidity from Liquidity Providers to Liquidity Consumers in accordance with Rule 6.13.

"Interest Adjustment Rate" means the annual interest rate on the deposits in the CHATS Ledger Accounts paid to the Members by CB, which is announced by CB from time to time.

"Interest Adjustment Scheme" means the Interest Adjustment Scheme provided in Rule 7.3 as amended from time to time.

"Liquidity Consumer" means a Member who registers with HKICL to borrow liquidity through the IILF from a single Liquidity Provider in accordance with Rule 6.13.

"Liquidity Provider" means a Member who registers with HKICL to provide liquidity through the IILF to one or more Liquidity Consumer(s) in accordance with Rule 6.13.

"MA" means the Monetary Authority appointed under the Exchange Fund Ordinance (Cap. 66 of the Laws of Hong Kong).

"MBT" means eMBT and/or iMBT as appropriate.

"Members" means banks (including CB in its capacity as a Member) and other institutions which, in the case of other institutions, have been permitted by CB and MA to use all or part of the Clearing House and the Clearing Facilities and which, in case of banks (including CB in its capacity as a Member) and other institutions, have agreed with CB and HKICL to be bound by these Clearing House Rules. For the avoidance of doubt, this term does not include CB acting in its capacity as the clearing bank.

"Non-Clearing Day" means a Working Day in relation to which HKICL has given a notice pursuant to Rule 5.8, 5.9 or 5.10 to the effect that all or part of the Clearing Facilities will be suspended.

"Normal Queue" means a queue of Direct Debit Instructions already input by or generated by CB and/or the queue mode specified by a Member or CB for an applicable payment instruction in relation to which such payment instruction (subject to Rule 6.3.1.5, Rule 6.3.3.5, Rule 6.3.4.4, Rule 6.3.9.5 and Rule 6.3.13.3(f)) or Direct Debit Instruction will be settled immediately if the available balance of the Member in its CHATS Ledger Account is sufficient to meet the payment instruction or Direct Debit Instruction where the payment instruction or Direct Debit Instruction is first in priority in the queue. Save in respect of OTC Clear Payment Instructions (whereby initial queue mode is determined according to the criteria stipulated in the Operating Procedures), the Clearing House Computer will treat the payment instruction as Normal Queue if the queue mode is not specified in an applicable payment instruction.

"Operating Procedures" means the operating procedures issued by HKICL pursuant to Rule 2.4 and for the time being in force.

"Operating Saturdays and Sundays" means Saturdays and Sundays which are designated as working days in Mainland China for which Renminbi CHATS will be opened for settlement as determined by CB and notified to Members.

"OTC Clear" means OTC Clearing Hong Kong Limited.

"OTC Clear Debit Request" means a request transmitted or delivered by OTC Clear to the Clearing House Computer for the generation of an OTC Clear Payment Instruction for the effecting of a payment through CHATS to settle an obligation of a Member or one of its customers which is not a Member to OTC Clear by paying into the CHATS Ledger Account of a bank Member designated by OTC Clear in accordance with the Operating Procedures as of the Working Day referred to in the request which can be the day on which the request is received by the Clearing House Computer or any Supported Forward Day.

"OTC Clear Payment Instruction" means an OTC Clear Payment Instruction Value Today or an OTC Clear Payment Instruction Value Forward Day.

"OTC Clear Payment Instruction Value Forward Day" means an instruction generated by CHATS upon receipt of an OTC Clear Debit Request transmitted by OTC Clear for the effecting of a payment to settle an obligation of a Member or one of its customers which is not a Member to OTC Clear by paying into the CHATS Ledger Account of a bank Member designated by OTC Clear in accordance with the Operating Procedures for

value through CHATS as of the Supported Forward Day referred to in the OTC Clear Debit Request.

"OTC Clear Payment Instruction Value Today" means an instruction generated by CHATS upon receipt of an OTC Clear Debit Request transmitted by OTC Clear or delivered by OTC Clear by virtue of Special Posting for the effecting of a payment to settle an obligation of a Member or one of its customers which is not a Member to OTC Clear by paying into the CHATS Ledger Account of a bank Member designated by OTC Clear in accordance with the Operating Procedures for value through CHATS as of the Working Day on which the OTC Clear Debit Request is received by the Clearing House Computer.

"OTC Items" means ECG Items for clearing generated and submitted by OTC Clear in respect of the money clearing and settlement of transactions between Members which contain instructions for the money clearing and settlement of the Renminbi portion of Renminbi and US dollar payment transactions (i.e. **"OTCCRU Items"**) to be settled in accordance with Part IV of Schedule III.

"overseas bank" means an overseas bank (other than a bank) (i) which is regulated in its home jurisdiction as an institution equivalent to a bank; and (ii) whose participation in the Clearing House has been approved by CB and MA.

"Paper Cheques" means paper cheques, demand drafts, cashier's orders, dividend warrants, remittance advices, travellers' cheques, gift cheques and negotiable instruments drawn on Members in Hong Kong who are banks to be cleared and settled through CHATS on a bulk clearing basis as provided by these Clearing House Rules; and where the context so admits includes the front and reverse of such documents and for the avoidance of doubt excludes e-Cheques.

"Payee Bank Presentment Service" means a service other than the e-Cheque Drop Box Service provided to payee bank Members to facilitate the presentment of e-Cheques which they have collected through their own means including through the internet banking system.

"PDPO" means the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong).

"Pending Queue" means the queue mode specified by a Member or CB for a payment instruction in relation to which such payment instruction (save as provided in Rule 6.3.1.5, Rule 6.3.3.5, Rule 6.3.4.4 and Rule 6.3.13.3(f)) will not at any time be settled even if the available balance of the Member in its CHATS Ledger Account is sufficient to meet the payment instruction. Such payment instruction will (save as provided in Rule 6.3.1.5, Rule 6.3.3.5, Rule 6.3.4.4 and Rule 6.3.13.3(f)) remain in the Pending Queue until (a) it is automatically transferred by the Clearing House Computer to the Normal Queue after the time stipulated in the Operating Procedures, (b) it is cancelled by the Member or CB or (c) it is transferred by the Member or CB to the Normal Queue. For the avoidance of doubt, the Pending Queue is not applicable to (a) a Direct Debit Instruction input or generated by CB, (b) a CHATS Optimiser Payment Instruction, (c) a CCASS Optimiser Payment Instruction, (d) a SCCASS Optimiser Payment Instruction, (e) a CCPO Instruction, (f) a CCPMPNet Payment Instruction or (g) a CCPMPNet Optimiser Payment Instruction.

"People's Bank of China" or **"PBOC"** means People's Bank of China acting as the central bank of the People's Republic of China pursuant to the law of the People's Republic of China.

"Personal Data" has the meaning given to that term in the PDPO.

"PSSVFO" means the Payment Systems and Stored Value Facilities Ordinance (Cap. 584 of the Laws of Hong Kong).

"Rainstorm Procedures" means the Rainstorm Procedures determined by HKICL in consultation with CB and for the time being in force.

"Receiver" means a Member, a Global User or CB which receives a credit transfer (other than credit transfers in respect of Articles) through CHATS.

"Regional CHATS Payments" means payment instructions relating to cross-border transactions (as identified by designated payment codes for such transactions) input by a Member or CB in favour of a Service Provider (which, for the avoidance of doubt, (i) in the case of a payment instruction by a Member, may include that Member

or (ii) in the case of a payment instruction given by CB, may include CB in its capacity as a Member), effected through CHATS.

"Returned Articles" means, in respect of E-bill Payments, Articles which cannot be processed for any reason as stipulated in the Operating Procedures or for any other reasons which make it impossible for a direct credit to be credited to an account.

"RTGS Liquidity Optimiser" means a settlement mechanism allowing simultaneous gross settlement of selected CHATS Transactions in accordance with Rule 6.12.

"Renminbi" means the principal lawful currency for the time being of the mainland of the People's Republic of China.

"restricted licence bank" means an institution which has been granted a restricted banking licence under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong) and such licence has not been revoked.

"SCASSN Participant Items" means ECG Items for clearing generated by CCASS (other than SCCASS Participant Items) in respect of money settlement instructions for securities listed in Mainland China and other instructions as may be defined by HKSCC from time to time which are presented and settled at night on Day D including amendments to SCASSN Participant Items submitted by HKSCC to HKICL after the initial clearing process in accordance with Schedule III.

"SCCASS Optimiser Payment Instruction" means a payment instruction which is settled in accordance with Rule 6.3.7 and includes a SCCASS Optimiser Payment Instruction Value Today and SCCASS Optimiser Payment Instruction Value Forward Day.

"SCCASS Optimiser Payment Instruction Value Forward Day" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a SCCASS Optimiser Payment Instruction for value through CHATS as of the Supported Forward Day referred to in the payment instruction.

"SCCASS Optimiser Payment Instruction Value Today" means a payment instruction input by a Member to the Clearing House Computer for the effecting of a SCCASS Optimiser Payment Instruction for value through CHATS as of the Working Day on which the instruction is received by the Clearing House Computer. For the avoidance of doubt, if the instruction is received by the Clearing House Computer between a CHATS Value Date Cut-off and the following CHATS Commencement, it will be deemed to be received on the Working Day pertaining to that CHATS Commencement and value today shall be construed accordingly.

"SCCASS Participant Items" means ECG Items for clearing generated by CCASS (other than SCASSN Participant Items) which are presented and settled on Day D including (i) amendments to SCCASS Participant Items submitted by HKSCC to HKICL after the initial clearing process and (ii) further amendments to SCCASS Participant Items submitted by Members to HKSCC after the settlement of SCCASS Participant Items in accordance with Schedule III.

"Security and Anti-fraud Requirements" refers to the set of requirements on endpoint security measures for combatting payment fraud as specified by HKICL and amended by HKICL as and when necessary and notified to Members from time to time.

"SEPS Items" means ECG Items for clearing generated by EPSCO which are presented and settled on Day D.

"Sender" means a Member, a Global User or CB which initiates a credit transfer (other than credit transfers in respect of Articles) through CHATS.

"Service Provider" means a Member who registers with HKICL as such and authorises HKICL to provide its correspondent banks' information in accordance with Rule 6.8 to enable Members to effect Regional CHATS Payments through CHATS to that Member for its onward transmission to the correspondent bank designated by the relevant Members.

"Settlement Account" means the account maintained by a Member with CB as provided in Rule 3.1.1, and as the case may be, the account maintained by CB for the settlement of payments effected through CHATS or FPS

and, in respect of a payment by or to a Member who pursuant to Rule 3.1.1 has more than one Settlement Account, the Settlement Account identified by the clearing code in the relevant instruction to effect the payment. It shall comprise two separate ledger accounts with separate account balances as follows: (i) the "**CHATS Ledger Account**" for the purpose of settlement of payments by or to the Member through CHATS and (ii) the "**FPS Ledger Account**" for the purpose of settlement of payments by or to the Member through FPS and for the purpose of conducting Balance-triggered Balance Sweeping Transactions and Transaction-triggered Balance Sweeping Transactions, and all references to payment to or by the CHATS Ledger Account or to or by the FPS Ledger Account shall refer to payments to or by the Settlement Account which shall be credited or debited to the relevant Member's CHATS Ledger Account or the FPS Ledger Account (as the case may be).

"Settlement Amount" means the net amount payable to or payable by a Member or receivable by CB, in a Bulk Clearing Settlement Run including the net settlement balance payable to or payable by a Member or receivable by CB for the Articles to be settled in the Bulk Clearing Settlement Run concerned together with the amount of any interest compensation payable or receivable under the Interest Adjustment Scheme in respect of the Bulk Clearing Settlement Run concerned and, depending on the context, includes a Re-Settlement Amount as defined in Schedule I and a net amount payable to or payable by a Member in a settlement of OTC Items as provided for in Part IV of Schedule III.

"Settlement Hold" means a hold or earmarking of funds, in an amount equal to the relevant debit Settlement Amount, in the CHATS Ledger Account of a Member for the debit Settlement Amount payable by it in a Bulk Clearing Settlement Run as from the commencement of a Settlement Process as provided in Schedule I.

"Settlement Process" means the process of debiting and crediting the CHATS Ledger Accounts of the Members and CB for purposes of settlement of their respective Settlement Amounts in a Bulk Clearing Settlement Run and, depending on the context, includes a Re-Settlement as defined in Schedule I and a settlement of OTC Items as provided for in Part IV of Schedule III.

"Special CCASS Items" means ECG Items for clearing generated by CCASS in respect of the refund monies for electronic initial public offering ("eIPO") and other money settlement instructions as may be determined by HKSCC from time to time.

"Special Posting" means a contingency arrangement to handle the situation where the computer of any of the Members, OTC Clear or the Clearing House Computer has failed to connect to the SWIFT network and the HKICL network for delivery of CHATS transactions. The decision to trigger such arrangement may be made at the request of the Member, OTC Clear or CB or HKICL subject to the relevant approval(s) being sought in accordance with the provisions as set out in the Operating Procedures. This contingency arrangement is not applicable to payment instructions valued on any Supported Forward Day or to OTC Clear Debit Requests which request generation of OTC Clear Payment Instructions valued on any Supported Forward Day.

"Supported Forward Day" means in respect of any instruction or OTC Clear Debit Request a Working Day referred to in the instruction or the OTC Clear Debit Request which is within 12 calendar days of the System Date on which the instruction or the OTC Clear Debit Request is received by the Clearing House Computer and **"Supported Forward Days"** means in respect of any instruction or OTC Clear Debit Request all Working Days within 12 calendar days of the System Date on which the instruction or the OTC Clear Debit Request is received by the Clearing House Computer.

"SWIFT" means the Society for Worldwide Interbank Financial Telecommunication.

"System Date" means the date adopted by the Clearing House Computer, such that immediately after the CHATS Value Date Cut-off on a Working Day, the System Date will become the date of the next Working Day. For the avoidance of doubt, the date adopted by the Clearing House Computer is not applicable to Articles.

"SZ Settlement Centre" means the Shenzhen Financial Electronic Settlement Center Co., Ltd, or its respective successor as recognised by the People's Bank of China.

"Transaction-triggered Balance Sweeping Transaction" means a transaction generated by FPS automatically in order to transfer funds from the CHATS Ledger Account of a Member to the FPS Ledger Account of that Member through FPS for the purpose of settlement of outstanding direct debit transactions effected through FPS. For the avoidance of doubt, this term does not include a Balance-triggered Balance Sweeping Transaction.

"Typhoon Procedures" means the Typhoon Procedures determined by HKICL in consultation with CB and for the time being in force.

"Unpaid Articles" means Articles returned unpaid from the Clearing House (excluding CCASS Participant Items, E-bill Payments, Returned Articles of E-bill Payments, SCCASS Participant Items, SCASSN Participant Items and OTC Items).

"Working Day" means in respect of any relevant transaction or instruction as indicated below the period of time from the CHATS Commencement on any day (a "day") to the CHATS Value Date Cut-off on the same or next calendar day as stipulated in Schedule II Part I paragraph 1 provided that (i) in respect of CHATS Transactions (other than CHATS Transactions in respect of CCASS Payment Instructions, CCP Instructions, CCPMPNet Payment Instructions, CCPMPNet Optimiser Payment Instructions and Articles), a day shall exclude a Saturday, Sunday and 1st January but shall include Operating Saturdays and Sundays; (ii) in respect of CCP Instructions and CCPMP, a day shall exclude a Saturday, Sunday and 1st January; and (iii) in any other case, a day shall exclude a Saturday and a general holiday as specified in the General Holidays Ordinance (Cap. 149 of the Laws of Hong Kong).

1.6 Interpretation

Unless the context otherwise requires:

(a) a word or expression defined in these Clearing House Rules and the Schedules hereto bears the defined meaning; terms defined in these Clearing House Rules shall bear the same meaning when used in the Schedules;

(b) where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning;

(c) a person includes individuals, bodies corporate (wherever and howsoever incorporated), unincorporated associations and partnerships;

(d) a person includes its successor;

(e) reference to the singular includes the plural and vice versa;

(f) reference to one gender includes all genders;

(g) "including" and similar expressions are not words of limitation;

(h) reference to a group or thing includes any part thereof; and

(i) headings are for convenience only and do not affect interpretation.

Part II Clearing House, Clearing Facilities and HKICL

2.1 Clearing House

No Member shall use or provide in Hong Kong any facilities for clearing of cheques in Renminbi drawn on Members, and for the processing of direct debits and credits, funds transfers, e-Cheques and other banking transactions in each case in Renminbi other than those provided by CB, or by HKICL (either directly or through a sub-contractor) as system operator for CB. Each Member shall be entitled to the use of all or part of the Clearing House and the Clearing Facilities subject to the provisions of these Clearing House Rules and any agreement between that Member and CB.

2.2 Location

The Clearing House shall be located at such place in Hong Kong as shall be notified from time to time by HKICL to CB and the Members.

2.3 Responsibility for the Clearing House and the Clearing Facilities

2.3.1 HKICL shall as system operator for CB, subject to the provisions of these Clearing House Rules and in accordance with the Operating Procedures, provide, manage and operate the Clearing House and the Clearing Facilities and make available the services of the Clearing House and the Clearing Facilities to the Members. HKICL may (with the approval of both CB and MA) sub-contract the performance of its obligations hereunder as system operator of CB.

2.3.2 HKICL shall exercise a degree of skill, care and responsibility commensurate with that exercised by HKICL in relation to its provision of the Hong Kong dollar clearing house and clearing facilities. The exercise of such skill, care and responsibility shall constitute a full and complete discharge of the obligations and duties of CB and HKICL to Members and other persons in respect of and concerning the Clearing House and the Clearing Facilities under these Clearing House Rules and the Operating Procedures.

2.3.3 (a) HKICL and CB shall not be liable to any Member, any Global User, any correspondent bank of a Service Provider, any customer of a Member or a Global User, any e-Cheque Drop Box User and/or any other person in respect of any claim, loss, damage or expense (including without limitation, loss of business, loss of business opportunity, loss of profit, special, indirect or consequential loss, even if HKICL or CB knew or ought reasonably to have known of their possible existence) of any kind or nature whatsoever arising in whatever manner directly or indirectly from or as a result of anything done or omitted to be done by HKICL or CB bona fide, except that HKICL's liability for loss or damage (other than loss of business, loss of business opportunity, loss of profit, special, indirect or consequential loss) suffered by any Member, any correspondent bank of a Service Provider and/or any customer of a Member and/or any other person as a result of any failure, error or inaccuracy in HKICL's provision, management or operation of the Clearing House and/or the Clearing Facilities under these Clearing House Rules which is proved to have resulted substantially from (i) a reckless act or omission or the intentional misconduct of HKICL's servants or agents or (ii) fire or theft affecting the premises or property of HKICL shall not be so excluded. This Rule shall not, in the case of HKICL, apply to loss caused by total or substantial destruction of any Paper Cheques in the Clearing House on any day such that HKICL is unable to process the clearing of such Paper Cheques on that day (see Rule 2.3.3(b)).

(b) In the event of the total or substantial loss of any Paper Cheques in the Clearing House on any day such that HKICL is unable to process the clearing of such Paper Cheques on that day, HKICL shall be liable for all direct losses (excluding without limitation, loss of business, loss of business opportunity, loss of profit, special, indirect or consequential loss, even if HKICL knew or ought to have known of their possible existence) of any kind or nature whatsoever arising in whatever manner directly or indirectly from or as a result of anything done or omitted to be done by HKICL other than bona fide but shall not be

otherwise liable nor shall it be liable for any consequential loss however caused.

(c) Notwithstanding anything herein and for the avoidance of doubt, MA, CB and HKICL shall, when acting in good faith, not be liable in respect of any act or omission pursuant to Schedule I.

2.3.4 Each Member shall in respect of all claims, losses, damages and expenses incurred by it, any of its customers (or any of their e-Cheque Drop Box Users), any of its Global Users or (where such Member is a Service Provider) any of its correspondent banks, indemnify and hold each of CB and HKICL harmless against all actions, proceedings, costs, claims, demands, liabilities, losses or expenses whatsoever and howsoever arising out of or in connection with HKICL's provision, management or operation of the Clearing House and/or the Clearing Facilities and/or HKICL's performance of its obligations under these Clearing House Rules and the Operating Procedures save and except those claims for which HKICL is liable as provided in Rule 2.3.3.

2.3.5 MA shall not be liable to CB, HKICL, any Member, any Global User, any correspondent bank of a Service Provider, any e-Cheque Drop Box User or any other person in respect of any claim, loss, damage or expense (including without limitation, loss of business, loss of business opportunity, loss of profit, special, indirect or consequential loss, even if MA knew or ought reasonably to have known of their possible existence) of any kind or nature whatsoever arising in whatever manner directly or indirectly from or as a result of anything done or omitted to be done by MA bona fide or by CB, HKICL or any Member, any Global User, any correspondent bank of a Service Provider, any e-Cheque Drop Box User or any other person in the management, operation or use (including without limitation, the termination and/or suspension of CB, the Clearing Facilities or any Member) of the Clearing House or the Clearing Facilities or any part of any of them. CB and each Member shall jointly and severally indemnify and hold MA harmless in respect of any liability, claim, loss, damage or expense hereinbefore described in this Rule 2.3.5, such indemnity to survive the expiry or termination of any Member's use of the Clearing House or Clearing Facilities.

2.3.6 The provisions in this Rule 2.3 shall be in addition to and shall not be affected by any other provisions of these Rules which (i) exclude or limit the liability of MA, CB and/or HKICL; or (ii) set out an indemnity provision in favour of MA, CB and/or HKICL.

2.3.7 HKICL shall not be responsible for debiting and crediting the CHATS Ledger Accounts or the Fiduciary Account. CB shall settle all payments effected through CHATS by debiting and crediting the CHATS Ledger Accounts and/or the Fiduciary Account concerned in accordance with Rule 3.1.4.

2.4 Clearing House Operating Procedures

HKICL shall be entitled with CB's and MA's approval to issue Operating Procedures for the Clearing House and the Clearing Facilities and to amend such Operating Procedures from time to time as it thinks fit with CB's and MA's approval. To the extent of any inconsistency between these Clearing House Rules and the Operating Procedures, these Clearing House Rules shall prevail save where otherwise specifically provided for in these Clearing House Rules. The current version of the Operating Procedures can be found on HKICL's website www.hkicl.com.hk. Any amendments made thereto shall become effective from the effective date(s) as stated in HKICL's prior notice to Members and the amended version will be posted onto HKICL's website (which shall specify the effective date(s) for the amendments according to the notice). In the event of any inconsistency between the version of the Operating Procedures on HKICL's website and any other version of the Operating Procedures, the version on HKICL's website shall prevail.

2.5 Clearing Facilities Expenses

2.5.1 Members shall pay to HKICL fees in Hong Kong dollars for the use of the Clearing Facilities calculated in the manner determined by HKICL from time to time with CB's approval ("Fees").

2.5.2 Payment of the Fees shall be made monthly in arrears by direct debit instruction generated by

HKICL pursuant to direct debit authorisation issued by each Member in HKICL's favour in respect of Fees due from such Member. Failing due payment interest shall become payable on the outstanding sum at the rate which HKICL certifies from time to time to be equal to the average of the best lending rates for Hong Kong dollars for the time being quoted by three Members which are banks as selected by HKICL.

2.6 Confidentiality

CB and HKICL shall keep confidential all information received from or collected on behalf of Members in connection with the Clearing House and/or Clearing Facilities and shall, except as otherwise required by law or pursuant to these Rules and/or the Operating Procedures, disclose the same only to those of their respective staff who require the information for the purpose of providing, managing and operating the Clearing House and/or the Clearing Facilities, or to MA. CB and HKICL shall take all reasonable steps to ensure that their respective staff is aware of CB's and HKICL's confidentiality obligations.

2.7 Contract

2.7.1 CB, HKICL and each Member agree that these Clearing House Rules constitute a contract between CB, HKICL, such Member and all other Members from time to time. It is recognised that HKICL may with CB's and MA's approval amend these Clearing House Rules from time to time.

2.7.2 Each Member which participates in the clearing and settlement of CCASS Items agrees that HKSCC may present CCASS Items to HKICL for clearing and settlement in accordance with these Rules and on the terms set out in an agreement between HKICL and HKSCC (the "**HKSCC Agreement**") and CB is authorised by such Members to debit and credit such Members' CHATS Ledger Accounts to settle the relevant CCASS Items presented by HKSCC without making any independent verification of the correctness or integrity of the contents of the CCASS Items. According to the terms of the HKSCC Agreement, HKSCC will be responsible for the correctness of the contents of each CCASS Item and will indemnify such Members, MA, CB and HKICL against all liabilities and expenses incurred by any of them arising out of or as a result of any error in a CCASS Item or discrepancy between information in a CCASS Item and the related underlying transaction. HKICL, MA and CB shall not be liable for, and expressly exclude any such liability for, any direct, indirect, consequential, special or incidental damage, loss or expense, whether caused by negligence or otherwise, which arises directly or indirectly as a consequence of the processing, clearing or settlement of (or any failure or delay to process, clear or settle), any CCASS Items in accordance with these Rules.

2.7.3 (a) Each Member which participates in the clearing and settlement of OTC Items agrees that OTC Clear may present OTC Items to HKICL for clearing and settlement in accordance with these Rules and on the terms set out in an agreement between HKICL and OTC Clear (the "**OTC Clear Agreement**") and CB is authorised by such Members to debit and credit such Members' CHATS Ledger Accounts to settle the relevant OTC Items presented by OTC Clear without making any independent verification of the correctness or integrity of the contents of the OTC Items. According to the terms of the OTC Clear Agreement, OTC Clear will be responsible for the correctness of the contents of each OTC Item and will indemnify such Members, MA, CB and HKICL against all liabilities and expenses incurred by any of them arising out of or as a result of any error in an OTC Item or discrepancy between information in an OTC Item and the related underlying transaction. HKICL, MA and CB shall not be liable for, and expressly exclude any such liability for, any direct, indirect, consequential, special or incidental damage, loss or expense, whether caused by negligence or otherwise, which arises directly or indirectly as a consequence of the processing, clearing or settlement of (or any failure or delay to process, clear or settle), any OTC Items in accordance with these Rules.

(b) Each Member which participates in money settlement of OTC Clear Payment Instructions via CHATS agrees that OTC Clear may transmit or deliver OTC Clear Debit Requests to HKICL for generation of OTC Clear Payment Instructions and

agrees to the effecting of funds transfer in accordance with these Rules and on the terms set out in the OTC Clear Agreement and CB is authorised by such Members to debit such Members' CHATS Ledger Accounts and credit the CHATS Ledger Account of OTC Clear's designated bank Member to settle the relevant OTC Clear Payment Instructions generated by CHATS pursuant to the OTC Clear Debit Requests transmitted or delivered by OTC Clear without making any independent verification of the correctness or integrity of the contents of the OTC Clear Debit Requests or OTC Clear Payment Instructions. According to the terms of the OTC Clear Agreement, OTC Clear will be responsible for the correctness of the contents of each OTC Clear Debit Request and will indemnify such Members, MA, CB and HKICL against all liabilities and expenses incurred by any of them arising out of or as a result of any error in an OTC Clear Debit Request or discrepancy between information in an OTC Clear Debit Request and the related underlying transaction. HKICL, MA and CB shall not be liable for, and expressly exclude any such liability for, any direct, indirect, consequential, special or incidental damage, loss or expense, whether caused by negligence or otherwise, which arises directly or indirectly as a consequence of the processing or settlement of (or any failure or delay to process or settle), any OTC Clear Debit Request and OTC Clear Payment Instruction in accordance with these Rules.

2.8 Compliance with the PSSVFO

2.8.1 Each Member, HKICL and CB shall comply with all obligations under the PSSVFO and all directions or regulations made by MA thereunder, as may be applicable to each of them.

2.8.2 Without prejudice to the generality of Rule 2.8.1, HKICL shall:

(a) operate the Clearing House and/or the Clearing Facilities in a safe and efficient manner calculated to minimise the likelihood of any disruption to the functioning of the Clearing House and/or the Clearing Facilities; and

(b) operate the Clearing House and/or the Clearing Facilities in accordance with the PSSVFO insofar as it applies in relation to the Clearing House and/or the Clearing Facilities.

For the avoidance of doubt, HKICL shall not be responsible for debiting and crediting the CHATS Ledger Accounts and/or the Fiduciary Account.

2.8.3 Each of HKICL and CB shall provide (and be entitled to provide) all information and reports required to be provided by a system operator or settlement institution pursuant to the PSSVFO including Sections 6 (Obligation to inform MA of name and address etc.), 12 (MA may request information or documents from system operator, settlement institution, participant or licensee), 30 (Duty to report on completion of default proceedings) and 53 (Requirement to give information relating to default) of the PSSVFO.

2.8.4 Without prejudice to the generality of Rule 2.8.1, each Member shall notify HKICL, CB and MA forthwith if there comes to its attention any of the following circumstances occurring in Hong Kong or any analogous circumstances occurring outside Hong Kong:

(a) a Member becoming unable to meet its obligations;

(b) the presentation of a petition for winding up of the Member;

(c) the making of an order for winding up of the Member;

(d) the passing of a resolution for voluntary winding up of the Member;

(e) the making of a directors' voluntary winding up statement in respect of the Member; or

(f) subject to any confidentiality obligations binding on it, the taking of any crisis prevention measure in relation to the Member or a group company of the Member.

HKICL shall inform CB and MA forthwith if it becomes aware of any of the foregoing.

2.8.5 Without prejudice to the generality of Rule 2.8.1, none of the Members nor HKICL nor CB shall contravene Section 45 (Giving false information to MA) of the PSSVFO.

2.8.6 Each Member and Global User shall have systems in place which are complementary to HKICL's contingency arrangements so as to enable HKICL to ensure the timely recovery of its usual operations in the event of the occurrence of an adverse contingency affecting such operations. Such contingency arrangements shall be modified from time to time in the manner required by HKICL or CB or MA, and HKICL shall notify Members of the changes accordingly and Members shall, after receiving such notice, notify their respective Global Users of the changes accordingly. Members and Global Users shall participate in the contingency drills arranged by HKICL from time to time so as to verify their readiness provided however that:

(a) a Member which does not access CHATS via the SWIFT network shall not be required to participate in a contingency drill which involves the connection of the Member to the SWIFT network; and

(b) a Member or a Global User which does not install a terminal which can access the MBT shall not be required to participate in a contingency drill which involves the connection of a Member's or a Global User's terminal to access the MBT.

2.8.7 In the event of any inconsistency between the provisions of this Rule 2.8 and any of the other provisions of these Clearing House Rules, this Rule 2.8 shall prevail.

2.9 Compliance with the Security and Anti-fraud Requirements

2.9.1 Each Member shall comply with the applicable Security and Anti-fraud Requirements as specified by HKICL.

2.9.2 Each Member shall submit a self-declaration of compliance with the Security and Anti-fraud Requirements to HKICL when required, and in a form specified, by HKICL; responses from Members may be passed to CB and MA for follow up and record.

2.10 Monitoring of Compliance with these Rules

2.10.1 HKICL will monitor performance by Members of their obligations under these Rules.

2.10.2 In the event that HKICL becomes aware of any non performance by any Member of its obligations under these Rules, HKICL shall as soon as practicable inform (i) the Member concerned and require it to ensure performance of the relevant provision; and (ii) CB and MA of such incident.

Part III Settlement

3.1 Settlement Institution, Settlement Account and CHATS Ledger Account

3.1.1 The settlement institution is CB and each Member and CB (in its capacity as a Member) shall open and keep a Settlement Account (including a CHATS Ledger Account and an FPS Ledger Account) with CB (or at the discretion of CB and MA more than one account for each Member) in such manner and upon such terms and conditions as agreed between each Member and CB and MA for the purposes of settlement of payments effected through CHATS.

3.1.2 Each Global User shall open and keep an account with one or more Members and agree with each such Member the terms and conditions on which such Member shall permit payments in respect of any CHATS Transactions (but excluding CHATS Transactions in respect of Articles) input by or to such Global User to be cleared and settled through such Member's CHATS Ledger Account.

3.1.3 Each Member shall maintain an available balance in its CHATS Ledger Account sufficient to meet in time its and its Global Users' payment obligations as and when due, provided however that this Rule shall not apply to or, to settlement of:

(a) CHATS Payment Instructions given by CB in accordance with Rule 6.3.1.1;

(b) CCASS Payment Instructions given by CB in accordance with Rule 6.3.3.1(b);

(c) CCP Instructions given by CB in accordance with Rule 6.3.4.1(b);

(d) CCPMPNet Payment Instructions given by CB in accordance with Rule 6.3.14.5;

(e) Designated Transactions in accordance with Rule 6.3.9.6; or

(f) Direct Credit Instructions given by CB in accordance with Rule 6.3.11.2.

3.1.4 Notwithstanding the mode and means by which they are made, all payments by or to each Member or its Global Users or by or to CB which are effected through CHATS shall be settled by CB debiting or crediting the CHATS Ledger Account and/or the Fiduciary Account concerned through CHATS and once debited or credited to such CHATS Ledger Account and/or the Fiduciary Account, such payments shall be deemed made, completed, irrevocable and final.

3.1.5 Each Member authorises CB to debit or, as the case may be, credit its CHATS Ledger Account and/or the Fiduciary Account for payments by or to such Member or its Global Users which are effected through CHATS in accordance with the provisions of these Clearing House Rules.

3.1.6 Each Member authorises CB to debit or, as the case may be, credit its CHATS Ledger Account and its FPS Ledger Account for the purpose of implementing Balance-triggered Balance Sweeping Transactions and Transaction-triggered Balance Sweeping Transactions in accordance with the provisions of these Clearing House Rules and the FPS Rules.

3.2 Settlement Institution and Fiduciary Account

3.2.1 A Member may:

(a) make a payment to the Fiduciary Account from its CHATS Ledger Account by giving a CHATS Payment Instruction Value Today or a CHATS Payment Instruction Value Forward Day for a payment to CB indicating (by use of a clearing code which references the Fiduciary Account) that the payment is to be made to CB for crediting to the Fiduciary Account; or

(b) make a payment from the Fiduciary Account to its CHATS Ledger Account by written

request through the SWIFT network or any other channels as agreed between CB and that Member to CB indicating the amount of the payment; on receipt of such request CB shall verify whether it is holding sufficient funds in the Fiduciary Account for the account of that Member and if so it will give a CHATS Payment Instruction Value Today for a payment to that Member indicating (by use of a clearing code which refers to the Fiduciary Account) that the payment is made by CB by debiting the Fiduciary Account and crediting the CHATS Ledger Account of that Member; if there are insufficient funds in the Fiduciary Account for the account of the relevant Member, CB shall inform the relevant Member by message through the SWIFT network or any other channels as agreed between CB and that Member and take no further action.

3.2.2 In respect of a CHATS Payment Instruction Value Today made under Rule 3.2.1(a) or (b) or a CHATS Payment Instruction Value Forward Day made under Rule 3.2.1(a), the provisions of these Rules shall apply in the same way as they apply to any other CHATS Payment Instructions Value Today or a CHATS Payment Instruction Value Forward Day save that the account to be credited under Rule 3.2.1(a) will be the Fiduciary Account and the account to be debited under Rule 3.2.1(b) will be the Fiduciary Account.

3.3 Settlement of CHATS Transactions (other than those CHATS Transactions in respect of Articles)

All CHATS Transactions (other than CHATS Transactions in respect of Articles) involving payments or funds transfers shall be settled as provided in Part VI of these Clearing House Rules.

3.4 Settlement of Articles

Settlement of Articles cleared through CHATS shall be effected as provided in Part VII of these Clearing House Rules.

3.5 Settlement Obligations

Notwithstanding any provisions in these Clearing House Rules but without prejudice to HKICL's obligations in respect of the management and operation of the Clearing House and the Clearing Facilities, MA, HKICL and CB shall be under no liability whatsoever for any settlement obligations of or between Members or between CB and Members.

Part IV Members

4.1 Clearing House Rules and Operating Procedures

These Clearing House Rules and the Operating Procedures are binding on Members. Members shall comply with and observe these Clearing House Rules and all Operating Procedures as amended from time to time and in force.

4.2 Membership

4.2.1 Banks, restricted licence banks, deposit-taking companies, overseas banks, Credit Card Subsidiaries of Banks and other institutions that have a CHATS Ledger Account with CB are required to become Members.

4.2.2 Institutions may, provided there is no objection by CB and MA and by agreement with one or more Members, become a Global User through such one or more Members.

4.2.3 A Member shall give 14 Working Days' prior written notice to CB before the Member allows an institution to become its Global User or before the Member terminates its agreement to allow an institution to be its Global User.

4.2.4 If a Global User becomes insolvent, is unable to pay its debts as they fall due or is the subject of a winding up petition or other like process, each Member who permits payments in respect of any CHATS Transaction input by or to a Global User to be settled through such Member's CHATS Ledger Account shall, upon receipt of notice of the occurrence of such circumstances in relation to such Global User, forthwith advise CB thereof and forthwith stop processing or executing any CHATS Transaction in respect of that Global User or crediting or otherwise making any payment in respect of any CHATS Transaction to that Global User. CB shall forthwith notify HKICL and MA and instruct HKICL to cancel the clearing codes of that Global User so that no further CHATS Transactions may be made to or for the account of that Global User.

4.2.5 A Global User shall cease to be a Global User if its clearing codes have been cancelled or if the Member(s) through which it clears and settles CHATS Transactions cease to be Member(s) or have Clearing Facilities suspended.

4.2.6 Under any circumstances as deemed necessary by CB, CB is entitled to suspend or terminate the participation of a Global User. CB shall notify the Global User and the Member(s) of the Global User concerned and forthwith advise HKICL and MA of the occurrence of such circumstances in relation to such Global User, and instruct HKICL to cancel the clearing code of that Global User.

4.2.7 A Member may act as the correspondent bank of a Global User for the purpose of enabling the Global User to:

4.2.7.1 give, through the Member, CHATS Payment Instructions; and

4.2.7.2 receive, through the Member, payments following the giving of CHATS Payment Instructions by another Member or another Global User.

4.2.8 A Global User shall not be a Member and shall have no rights or obligations vis-à-vis other Members, CB or HKICL under these Rules or the Operating Procedures. All rights and obligations in relation to any CHATS Transaction vis-à-vis other Members, CB or HKICL arising out of the giving of CHATS Payment Instructions for the account of a Global User or in relation to the usage of the MBT by Global Users shall be the rights and obligations of the relevant Member through whom the Global User clears and settles its CHATS Transactions.

4.2.9 All CHATS Transactions (other than CHATS Transactions in respect of Articles) effected by or

in favour of a Member for the account of a Global User shall be settled by the crediting or debiting of the CHATS Ledger Account of the relevant Member and shall be construed for the purposes of these Clearing House Rules as receipts or payments of the relevant Member.

4.3 Withdrawal

A Member may withdraw from membership of the Clearing House by giving 60 days' prior written notice to CB and HKICL and by paying the accrued fees and other payments, if any, due by it to HKICL in relation to the Clearing House and the Clearing Facilities up to the date of withdrawal. A Member may not terminate its CHATS Ledger Account while it continues to be a Member or during the running of any notice given under the preceding sentence of this Rule. Any such withdrawal shall be without prejudice to any liability accrued up to and including the date of withdrawal.

4.4 Clearing Codes

4.4.1 Clearing codes which are used to identify each Member, each Global User, HKSCC, OTC Clear (collectively referred to as "entities") (one per entity or at the discretion of HKICL more than one per entity), one for CB in its capacity as clearing bank and one for the SZ Settlement Centre and branch codes which are used in conjunction with each entity's clearing code or one of its clearing codes to identify each of an entity's branches, are allocated by HKICL to be used by the entities and CB for the purposes of the services provided by the Clearing House. No entity may use a clearing code which is allocated to another entity or the clearing code of CB and CB will not use the clearing code allocated to another entity. Common branch codes may be allocated to different entities, and no entity may use a branch code except in conjunction with its clearing code or one of its clearing codes. All such rights as may subsist in the clearing and branch codes are owned by HKICL and such codes may be used by it for all purposes connected with or incidental to its businesses.

4.4.2 A CHATS Transaction (but excluding CHATS Transactions in respect of Articles) effected by or in favour of a Member for the account of a Global User shall only be made if the Global User has a valid and subsisting clearing code for the account of that Member.

4.4.3 The clearing code of a Global User shall be cancelled by HKICL in the event that:

4.4.3.1 the Global User is in default and CB instructs HKICL to cancel the clearing code of the Global User;

4.4.3.2 the Clearing Facilities of the Member (if there is only one) or all of Members (if there is more than one) with whom the Global User has agreed that its CHATS Transactions (but excluding CHATS Transactions in respect of Articles) will be settled through the relevant Member's or Members' CHATS Ledger Account(s) have been suspended.

4.4.3.3 CB instructs HKICL to cancel the clearing code of the Global User under any circumstances stipulated in Rule 4.2.6.

4.4.4 HKICL shall as soon as practicable inform all Members of the cancellation of any clearing code of a Global User.

4.4.5 Each CHATS Transaction initiated by a Global User or by a Member to a Global User shall:

4.4.5.1 be delivered by the Global User or the Member directly to HKICL;

4.4.5.2 identify the Member for whose account the CHATS Transaction is made and whose CHATS Ledger Account is to be debited or credited according to requirements stipulated in these Rules and the Operating Procedures;

4.4.5.3 identify the Member which is the counterparty to that CHATS Transaction according to requirements stipulated in these Rules and the Operating Procedures;

4.4.5.4 (if a counterparty to a CHATS Transaction is also a Global User) identify that Global User and the Member through whom the Global User is to clear and settle the relevant CHATS Transaction according to requirements stipulated in these Rules and the Operating Procedures.

4.5 Outsourcing by Members

Members may outsource any of their systems required for the purpose of participation in the Clearing House. In so doing Members shall exercise reasonable skill and care in choosing the outsourcing party. Each of CB and HKICL is authorised to deal with any such outsourcing party notified to it as being authorised to act on such Member's behalf provided that the Member shall be responsible for all acts, omissions, neglects or defaults of its outsourcing party and such Member appointing an outsourcing party will indemnify and hold each of CB and HKICL harmless against all actions, proceedings, costs, claims, demands, liabilities, losses and expenses whatsoever and howsoever arising out of or incurred by CB or HKICL as a result of the acts, omissions, neglects or defaults of its outsourcing party or arising out of or incurred by CB or HKICL by virtue of any dealings by CB or HKICL with an outsourcing party of a Member which it would not have incurred if CB or HKICL had dealt with that Member directly. This rule shall not apply to the production of images of Paper Cheques by HKICL for Group B Members in accordance with the Operating Procedures.

4.6 Migration

(a) A Member or CB which at any time is a Group A Member may, with the consent of HKICL and subject to such notice period as HKICL requires, change its status to a Group B Member.

(b) A Member or CB which at any time is a Group B Member may, on giving 12 months' notice to HKICL, change its status to a Group A Member.

4.7 Intra Member Payments

For the avoidance of doubt, it is declared that (a) a Sender may make funds transfers to itself as Receiver in respect of CHATS Transactions (including transfers effected pursuant to CHATS Payment Instructions, CCASS Payment Instructions, CCP Instructions, CCPMPNet Payment Instructions, CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions, CCPO Instructions and CCPMPNet Optimiser Payment Instructions); and (b) OTC Clear may initiate OTC Clear Debit Requests to the Clearing House Computer for generation of OTC Clear Payment Instructions to make funds transfers from the paying Member referred to in Rule 6.3.13.3(a) to the bank Member designated by OTC Clear being the same as the paying Member.

Part V Refusal/Suspension of Clearing Facilities

5.1 Clearing Facilities provided to a Member shall be suspended in accordance with the provisions of the Default Arrangement.

5.2 Part or all of the Clearing Facilities shall be refused forthwith by HKICL to a Member or any group of Members or all Members if HKICL receives notice in writing from CB (after CB has consulted with MA) that Clearing Facilities are to be so refused.

5.3 Part or all of the Clearing Facilities provided to a Member or any group of Members or all Members shall be suspended forthwith by HKICL:

(a) upon receipt by HKICL of a notice in writing from CB (with the prior consent of MA) that Clearing Facilities to such Member(s) have been suspended by CB (with the prior consent of MA) for such period as shall be stipulated in such notice; or

(b) if the Member becomes insolvent.

5.4 In a case to which Rule 5.1, 5.2 or 5.3 applies, Clearing Facilities shall only be restored to the Member or Members in question or all such Members upon receipt by HKICL of a notice in writing to such effect from CB (with the prior consent of MA).

5.5 For the avoidance of doubt, these Rules are subject to the provisions of section 89 of the FIRO. Accordingly nothing in this Rule 5 shall be construed to require or entitle HKICL (or CB or MA) to suspend Clearing Facilities to a Member or to trigger any default event provision under these Rules in relation to a Member by reason solely of:

(a) the taking of any crisis prevention measure in relation to the Member or a group company of the Member;

(b) the occurrence of an event directly linked to the taking of any crisis prevention measure referred to in paragraph (a) of this Rule 5.5; or

(c) the occurrence of any other event that does not of itself trigger a default event provision under these Rules in relation to the Member pursuant to section 89 of the FIRO,

provided the substantive obligations (including payment and delivery obligations) applicable to the Member under these Rules continue to be performed.

5.6 If any Member's use of Clearing Facilities has been refused or suspended, HKICL shall, as soon as practicable thereafter, notify all other Members and CB by a broadcast in the manner provided in the Operating Procedures (or in the case of a Member which does not access CHATS via SWIFT network and does not install a terminal which can access the MBT in a manner agreed in writing between HKICL and the Member concerned), and shall notify HKSCC, OTC Clear and the SZ Settlement Centre in a manner separately agreed with them and thereafter all other Members, HKSCC, OTC Clear, the SZ Settlement Centre and CB shall not deliver to HKICL any Articles payable by or to, or initiate any other CHATS Transactions involving, the Member for which Clearing Facilities are refused or suspended while such refusal or suspension shall continue in effect.

5.7 For the avoidance of doubt, if any Member's use of Clearing Facilities has been refused or suspended in accordance with Rule 5.1, 5.2 or 5.3, the e-Cheque Presentment Service being part of the Clearing Facilities is entitled to not accept any e-Cheques drawn on or payable into an account operated by the Member for which Clearing Facilities are refused or suspended while such refusal or suspension shall continue in effect.

5.8 If it appears that part or all of the Clearing Facilities are inoperable, HKICL may at any time after consultation with CB and MA, declare by notice in writing to all Members, HKSCC, OTC Clear and the SZ Settlement Centre in respect of clearing and settlement of e-Cheques that all or part of the Clearing

Facilities will be suspended for the Working Day on which the notice is given and shall provide information as to which (if any) of the Clearing Facilities will be available. Any such notice from HKICL in relation to the inoperability of an e-Cheque Presentment Service may be published on any website, mobile application or on any other system on which an e-Cheque Presentment Service is made available.

5.9 At the end of each Non-Clearing Day, HKICL will consult with CB and MA with a view to determining whether and the extent to which Clearing Facilities will be resumed for the following Working Day. After such consultation HKICL will give notice in writing to all Members, HKSCC, OTC Clear and the SZ Settlement Centre in respect of clearing and settlement of e-Cheques as to which of the Clearing Facilities will be available on the next Working Day. Any such notice from HKICL in relation to the resumption of an e-Cheque Presentment Service may be published on any website, mobile application or on any other system on which an e-Cheque Presentment Service is made available.

5.10 At any time during a Non-Clearing Day, HKICL may at any time after consultation with CB and MA declare by notice in writing to all Members, HKSCC, OTC Clear and the SZ Settlement Centre in respect of clearing and settlement of e-Cheques that part or all of the Clearing Facilities which have been suspended on that Non-Clearing Day shall resume normal operation. Any such notice from HKICL in relation to the resumption of an e-Cheque Presentment Service may be published on any website, mobile application or on any other system on which an e-Cheque Presentment Service is made available.

5.11 During a Non-Clearing Day, the Clearing Facilities that are operable shall be operated in accordance with the Operating Procedures and any other circulars issued by HKICL dealing with the operation of the Clearing Facilities during periods of suspension.

5.12 The resumption of normal operation of the Clearing Facilities shall be in accordance with the Operating Procedures.

5.13 If for any reason CB suspends operations as the settlement institution, CB shall inform MA and HKICL in writing immediately. Upon giving prior notice in writing to MA, HKICL shall as soon as practicable notify all Members by a broadcast in the manner provided in the Operating Procedures (or in the case of a Member which does not access CHATS via SWIFT network and does not install a terminal which can access the MBT in a manner agreed in writing between HKICL and the Member concerned) and notify in writing HKSCC, OTC Clear and the SZ Settlement Centre in respect of clearing and settlement of e-Cheques. For so long as such suspension continues, no settlement of any payments shall take place under these Clearing House Rules. Outstanding CHATS Payment Instructions, OTC Clear Payment Instructions and Direct Debit Instructions shall be queued and cancelled at CHATS Value Date Cut-off and End of Day Cut-Off respectively. Members and Global Users may perform the MBT functions as usual. In either case, no payment shall be settled.

5.14 Neither MA nor CB nor HKICL shall owe any duty or incur any liability to any Member, any Global User, any correspondent bank of a Service Provider, any customer of a Member or a Global User, any e-Cheque Drop Box User, or any other person whatsoever (each a "**Relevant Person**") by the giving of any notice or advice pursuant to or purporting to be given pursuant to this Rule 5 and/or the Default Arrangement and/or Part IV of Schedule III or by the failure to give or any delay in giving any such notice or advice. HKICL shall incur no liability to any Relevant Person for the consequences of acting on the Default Arrangement, these Clearing House Rules or the Operating Procedures or any such notice or advice given or purportedly given to any Relevant Person pursuant to this Rule 5 and/or Part IV of Schedule III. Each Member hereby agrees to indemnify and hold each of MA, CB and HKICL harmless against all actions, proceedings, costs, claims, demands, liabilities, losses and expenses whatsoever and howsoever arising out of or in connection with any of the matters referred to in this Rule, or incurred by either MA, CB or HKICL to any Relevant Person in its capacity as such.

Part VI CHATS (other than the processing of funds transfers in respect of Articles)

6.1 Introduction

6.1.1 Each Member shall access CHATS via the SWIFT network or HKICL network. Payment instructions effected through CHATS and their related requests shall be in designated format as stipulated in the Operating Procedures. This provision shall not be applicable to the restricted licence banks, deposit-taking companies and overseas banks which do not access CHATS via the SWIFT network. In respect of those restricted licence banks, deposit-taking companies and overseas banks Rules 6.2.6 and 6.2.7 shall apply.

6.1.2 Members (other than restricted licence banks, deposit-taking companies and overseas banks) and CB shall be connected to the Clearing House Computer through the eMBT (via the SWIFT network) and iMBT (via the HKICL network and/or internet) as provided in Rule 6.2 to perform operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures.

6.1.3 Unless otherwise approved by CB and MA, restricted licence banks, deposit-taking companies and overseas banks shall install a terminal which can access the eMBT via the SWIFT network and/or a terminal which can access the iMBT via the HKICL network or internet as provided in Rule 6.2 to perform operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures.

6.1.4 Global Users may elect to install a terminal which can access the eMBT via the SWIFT network and/or a terminal which can access the iMBT via internet as provided in Rules 6.2.2 to 6.2.4 to perform operational, administrative and monitoring functions related to CHATS as stipulated in the Operating Procedures which are made available to Members pursuant to Rule 2.4. Each Member shall ensure that each of its Global Users complies with the Operating Procedures in accordance with Rule 6.7.11.

6.1.5 Requests for enhancement of or changes relating to CHATS by Members shall be submitted by that Member to HKICL for transmission to CB to decide whether they should be implemented, subject in each case to prior consultation with MA.

6.1.6 The provisions of this part relating to CHATS Transactions effected by way of Special Posting shall be subject to the provisions of Rule 6.11.

6.2 MBT

6.2.1 Each Member (other than restricted licence bank, deposit-taking company and overseas bank) and CB connecting its terminal to the Clearing House Computer through the eMBT (via the SWIFT network) and/or iMBT (via the HKICL network) is required to also be able to connect to the Clearing House Computer through the iMBT (via internet, as a contingency in case it is unable to connect to the eMBT through the SWIFT network and/or iMBT through the HKICL network.

6.2.2 Each Member, Global User (which elects to install a terminal which can access the MBT) and CB shall at its own cost install and maintain in good order a terminal which can access the MBT as prescribed or approved by HKICL from time to time. Use of the terminal which can access the MBT shall be restricted to that Member's, Global User's or CB's authorised personnel who use passwords or other systems to ensure only authorised personnel of that Member, that Global User or CB may access the MBT. HKICL is authorised to rely and act on instructions using such passwords or systems. Members, Global Users and CB shall be liable for all consequences of misuse of such passwords or other systems. Each Member shall ensure that each of its Global Users is aware of its own liability and complies with this Rule in accordance with Rule 6.7.11.

6.2.3 Each Member, Global User (which elects to install a terminal which can access the MBT) and CB must connect its terminal to the MBT in order to connect to the Clearing House Computer.

A terminal must be a computer or intelligent terminal device (i) which (in the case of the eMBT) is installed with software provided by SWIFT and which can access the eMBT in order to connect to the Clearing House Computer via the SWIFT network, or (ii) which (in the case of the iMBT) can access the iMBT in order to connect to the Clearing House Computer via the HKICL network (for Members or CB) and/or internet (for Members, Global Users or CB), as the case may be. The connection must undergo formal verification and connection tests with final approval being at the discretion of HKICL. All telecommunications charges or charges levied by SWIFT relating to the connection shall be borne by the relevant Member, Global User or CB.

6.2.4 Each Member and CB shall strictly observe and comply with the guidelines as stipulated in the relevant Operating Procedures relating to its access or use of the MBT and/or the operation of the Clearing Facilities by it. Each Member shall ensure that each of its Global Users (which elects to install a terminal which can access the MBT) strictly observes and complies with the guidelines as stipulated in the relevant Operating Procedures relating to its access or use of the MBT and/or the operation of the Clearing Facilities.

6.2.5 Requests for enhancement of or changes to the MBT functions provided by HKICL by Members shall be submitted by that Member to HKICL for transmission to CB to decide whether they should be implemented, subject in each case to prior consultation with MA.

6.2.6 Restricted licence banks, deposit-taking companies and overseas banks may elect not to access CHATS via the SWIFT network in which event:

(a) all CHATS Payment Instructions, CCASS Payment Instructions and CCP Instructions intended to be made by those Members to other Members or (in respect of CHATS Payment Instructions only) to the Fiduciary Account shall be communicated by those Members to CB in a manner agreed in writing between the Members concerned and CB;

(b) CB shall process those CHATS Payment Instructions, CCASS Payment Instructions or CCP Instructions by virtue of the making of a Direct Debit Instruction and Direct Credit Instruction (or a Direct Debit Instruction if the Receiver is CB) in accordance with Rules 6.3.9 to 6.3.12 in the CHATS Ledger Accounts of the relevant restricted licence bank, deposit-taking company or overseas bank and Receiver or (in respect of CHATS Payment Instructions only) the Fiduciary Account provided that in each case the restricted licence bank, deposit-taking company or overseas bank has an available balance sufficient to meet such payment instruction when it is first in the Normal Queue;

(c) subject to Rule 6.12.8, restricted licence banks, deposit-taking companies and overseas banks may give instructions to CB to cancel or re-sequence Direct Debit Instructions made by CB on behalf of those Members in a manner agreed in writing between such Members concerned and CB;

(d) CB shall provide reports to such Members regarding CHATS Payment Instructions, CCASS Payment Instructions and CCP Instructions of the type and in a manner agreed in writing between the Members concerned and CB; and

(e) all communications between CB and the relevant restricted licence bank, deposit-taking company, overseas bank or Receiver shall be made in a manner agreed in writing between the Members concerned and CB.

6.2.7 Restricted licence banks, deposit-taking companies and overseas banks which do not access CHATS via the SWIFT network but elect to install a terminal which can access the MBT may perform the functions as stipulated in the Operating Procedures relevant to access via the MBT, except that they may not:

(a) view details of incoming funds (other than those details in respect of Articles) awaiting

for settlement via an enquiry function;

(b) cancel or re-sequence payment instructions in the Normal Queue;

(c) cancel payment instruction in the Pending Queue; and

(d) transfer payment instruction from the Normal Queue to the Pending Queue or vice versa.

6.2.8 All software, data, specifications and similar intellectual property comprised within the MBT are owned by, or licensed to, HKICL and may not be copied, downloaded, distributed or published in any way without the prior written consent of HKICL. Members, Global Users and CB may utilise such proprietary information of HKICL solely for the purposes of performing operational, administrative and monitoring functions relating to CHATS as stipulated in the Operating Procedures, and in accordance with the Clearing House Rules.

6.2.9 HKICL provides access to the MBT on an "as is" basis, and save as provided in these Rules, makes no representation as to, and does not warrant, the accuracy or completeness of the MBT or data derived from its use (including for the avoidance of doubt accuracy or completeness of any information in any fraud detection or other tools provided by HKICL to Members via the MBT separate from the clearing and settlement functions provided by HKICL pursuant to these Rules). HKICL gives no warranties, express, implied or statutory, of any kind, including without limitation as to the merchantability, fitness for a particular purpose, title, non-infringement of their party rights or freedom from viruses, worms, trojan horses or other contaminating programming or code relating to the use of the MBT, except to the extent the same cannot be excluded or limited at law or as otherwise given in these Rules.

6.2.10 To the fullest extent permitted by law (and subject only to the provisions of Rule 2.3 of the Clearing House Rules), HKICL shall not be liable for, and expressly excludes any such liability for, any direct, indirect, consequential, special or incidental damage, loss or expense, whether caused by negligence or otherwise, which arises directly or indirectly as a consequence of the use of (or inability to use) the MBT, whether or not HKICL has been notified of the possibility of such damage, loss or expense.

6.2.11 [This provision has been left blank intentionally]

6.3 Settlement of CHATS Transactions (other than those CHATS Transactions in respect of Articles)

6.3.1 CHATS Payment Instruction Value Today

6.3.1.1 Subject to Rules 6.3.1.6, 6.3.1.7 and 6.3.1.9, a CHATS Payment Instruction Value Today will not be effected or settled through CHATS unless the available balance in the Sender's CHATS Ledger Account for the time being is sufficient to make the payment referred to in such payment instruction. (This provision shall not apply to the Settlement Account of CB.) In case the available balance in the relevant Sender's CHATS Ledger Account is insufficient to make such payment, the relevant CHATS Payment Instruction Value Today, unless subsequently cancelled, will remain in the Normal Queue until either:

(a) such time as the available balance is sufficient to meet such payment instruction when it is first in priority in the Normal Queue, and in such case, the CHATS Payment Instruction Value Today will be effected automatically; or

(b) the CHATS Value Date Cut-off and in such case, the CHATS Payment Instruction Value Today will be cancelled automatically.

This provision shall not apply to CHATS Payment Instructions Value Today in the Pending Queue.

6.3.1.2 Subject to Rules 6.3.1.1, 6.3.1.6 and 6.3.1.7, a funds transfer initiated by a CHATS Payment Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

6.3.1.3 Subject to Rules 6.3.1.6 and 6.3.1.7, in a case to which Rule 6.3.1.1(a) applies, the relevant CHATS Payment Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

6.3.1.4 Subject to Rules 6.3.1.6 and 6.3.1.7, settlement of a CHATS Payment Instruction Value Today will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the CHATS Ledger Account of the Sender (or if the Sender is a Global User, the CHATS Ledger Account of the specified corresponding Member of the payment) for the funds transferred and crediting the same to the CHATS Ledger Account of the Receiver (or if the Receiver is a Global User, the CHATS Ledger Account of the specified corresponding Member of the payment).

6.3.1.5 Subject to Rules 6.3.1.6 and 6.3.1.7 a Member (other than a restricted licence bank, deposit-taking company or overseas bank which does not access CHATS via the SWIFT network) shall be entitled to re-sequence the Normal Queue of its CHATS Payment Instructions Value Today at any time prior to the CHATS Value Date Cut-off or to transfer CHATS Payment Instructions Value Today from the Normal Queue to the Pending Queue or vice versa before the specified time as stipulated in the Operating Procedures. However, a Member (other than a restricted licence bank, deposit-taking company or overseas bank which does not access CHATS via the SWIFT network) can only cancel its CHATS Payment Instructions Value Today in the Normal Queue and the Pending Queue up to the CHATS Customer Cut-off time. This Rule 6.3.1.5 is subject to Rule 6.12.8.

6.3.1.6 In respect of CHATS Payment Instructions Value Today to give effect to a payment by a Member to the Fiduciary Account, the provisions of Rules 6.3.1.1 to 6.3.1.5 shall apply save that references to crediting of the CHATS Ledger Account of the Receiver shall refer to crediting the Fiduciary Account.

6.3.1.7 In respect of CHATS Payment Instructions Value Today to give effect to a payment from the Fiduciary Account to a Member:

(a) the relevant CHATS Payment Instruction Value Today will be settled through CHATS on the day of CHATS Commencement on the Working Day on which the CHATS Payment Instruction Value Today was given; and

(b) settlement of the CHATS Payment Instruction Value Today will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the Fiduciary Account and crediting the CHATS Ledger Account of the Member for the amount of the payment.

6.3.1.8 This Rule shall not apply to a CHATS Payment Instruction Value Today effected pursuant to Rule 6.2.6.

6.3.1.9 A CHATS Payment Instruction Value Today initiated by a Global User may not be effected or settled through CHATS unless the payment fulfils the requirements stipulated in the Operating Procedures.

6.3.1.10 Rules 6.3.1.1 to 6.3.1.9 shall in all respects be subject to the arrangements provided for in the Operating Procedures in relation to the CMU Optimiser Runs and to that extent the Operating Procedures shall prevail over Rules 6.3.1.1 to 6.3.1.9.

6.3.2 CHATS Payment Instruction Value Forward Day

6.3.2.1 Senders may not make payments/funds transfers through CHATS for value dates later than the last of the Supported Forward Days.

6.3.2.2 CHATS Payment Instructions Value Forward Day will be stored in the Clearing House Computer and will not be processed or settled until the value day specified.

6.3.2.3 Subject to Rule 6.3.2.4, CHATS Payment Instruction Value Forward Day will be automatically processed for settlement after the CHATS Commencement on the relevant Supported Forward Day ("Value Day") in the same way and manner as CHATS Payment Instructions Value Today input during that Value Day and all provisions in Rule 6.3.1 shall apply.

6.3.2.4 In respect of CHATS Payment Instructions Value Forward Day to give effect to a payment by a Member to the Fiduciary Account, the provisions of Rule 6.3.2.3 and by cross reference Rule 6.3.1 shall apply save that references to crediting the CHATS Ledger Account of the Receiver shall refer to crediting the Fiduciary Account.

6.3.2.5 This Rule shall not apply to CHATS Payment Instructions Value Forward Day effected pursuant to Rule 6.2.6.

6.3.3 CCASS Payment Instructions

6.3.3.1 A CCASS Payment Instruction will not be effected or settled through CHATS except on a Working Day (i) between CCASS Commencement and CCASS Interim Cut-off for CCASS Interim Cut-off Payment; or (ii) between CCASS Commencement and CCASS End of Day Cut-off for CCASS End of Day Cut-off Payment as the case may be and unless:

(a) the Clearing House Computer has received a positive validation of the CCASS Payment Instruction from CCASS; and

(b) the available balance in the Sender's CHATS Ledger Account for the time being is sufficient to settle the CCASS Payment Instruction. (This Rule 6.3.3.1(b) shall not apply to the Settlement Account of CB.) This provision shall not apply to CCASS Payment Instructions in the Pending Queue.

6.3.3.2 In case the provisions of Rule 6.3.3.1 (b) cannot be complied with, the CCASS Payment Instruction will remain in the Normal Queue until:

(a) the available balance in the Sender's CHATS Ledger Account is sufficient to settle the CCASS Payment Instruction when it is first in priority in the Normal Queue, and in such case, the CCASS Payment Instruction will be effected automatically; or

(b) the CCASS Interim Cut-off or CCASS End of Day Cut-off (as the case may be),

and a CCASS Interim Cut-off Payment not settled by CCASS Interim Cut-off or a CCASS End of Day Cut-off Payment not settled by CCASS End of Day Cut-off, as the case may be, will be cancelled automatically.

6.3.3.3 Subject to Rule 6.3.3.2, a CCASS Payment Instruction will be settled through CHATS immediately upon the completion of its processing.

6.3.3.4 Settlement of a CCASS Payment Instruction will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the CHATS Ledger Account of the Sender for the funds transferred and crediting the same to the CHATS Ledger Account of

the Receiver.

6.3.3.5 Subject to Rule 6.12.8 and save as provided for in the Operating Procedures in relation to the CMU Optimiser Run, a Member (other than a restricted licence bank, deposit-taking company or overseas bank which does not access CHATS via the SWIFT network) shall be entitled to re-sequence the Normal Queue or to transfer CCASS Payment Instructions from the Normal Queue to the Pending Queue or vice versa or cancel any of its CCASS Payment Instructions in the Normal Queue and the Pending Queue at any time prior to the CCASS Interim Cut-off or CCASS End of Day Cut-off, as the case may be. This Rule 6.3.3.5 does not apply to CCASS Payment Instructions in case of an emergency by reason of which HKSCC rolls back the data for system recovery in accordance with Rule 6.9.2.

6.3.3.6 No CCASS Payment Instructions may be made requiring payment on a future date.

6.3.3.7 This Rule shall not apply to CCASS Payment Instructions effected pursuant to Rule 6.2.6.

6.3.4 CCP Instructions

6.3.4.1 A CCP Instruction will not be effected or settled through CHATS except on a Working Day between CCPMP Commencement and CCPMP Cut-off and unless:

(a) the Clearing House Computer has received a positive validation of the CCP Instruction from CCPMP; and

(b) the available balance in the Sender's CHATS Ledger Account for the time being is sufficient to settle the CCP Instruction. (This Rule 6.3.4.1(b) shall not apply to the Settlement Account of CB.) This provision shall not apply to CCP Instructions in the Pending Queue.

6.3.4.2 If Rule 6.3.4.1 (b) is not complied with, the CCP Instruction will remain in the Normal Queue until:

(a) the available balance in the Sender's CHATS Ledger Account is sufficient to settle the CCP Instruction when it is first in priority in the Normal Queue, and in such case, the CCP Instruction will be effected in accordance with Rules 6.3.4.3 and 6.3.4.5;

(b) the CCP Instruction is being selected in an RTGS Liquidity Optimiser process, and in such case, the CCP instruction will be processed pursuant to Rule 6.12; or

(c) either CCPMP Cut-off or CHATS Bank Cut-off, whichever is the earlier, when the CCP Instruction will be cancelled automatically.

6.3.4.3 A hold up to the transaction amount will be applied to the Sender's CHATS Ledger Account as soon as (i) a CCP Instruction complies with Rule 6.3.4.1 or (ii) a CCP Instruction is selected in an RTGS Liquidity Optimiser process (provided that such CCP Instruction is not excluded pursuant to Rule 6.12.4) and such RTGS Liquidity Optimiser process is completed successfully.

6.3.4.4 Subject to Rule 6.12.8 and save as provided for in the Operating Procedures in relation to the CMU Optimiser Run, a Member (other than a restricted licence bank, deposit-taking company or overseas bank which does not access CHATS via the SWIFT network) shall be entitled to re-sequence the Normal Queue of its CCP Instructions or to transfer CCP Instructions from the Normal Queue to the Pending Queue or vice versa before the specified time as stipulated in the Operating Procedures or cancel any of its CCP Instructions in the Normal Queue and the

Pending Queue at any time prior to such holding.

6.3.4.5 The funds held in the Sender's CHATS Ledger Account under Rule 6.3.4.3 will only be released to the Receiver by debiting the Sender's CHATS Ledger Account and crediting the Receiver's CHATS Ledger Account by CB pursuant to Rule 3.1.4, if CCPMP confirms that the Corresponding Payment will be settled at the same time.

6.3.4.6 The hold on the funds in the Sender's CHATS Ledger Account will be released if a notification to that effect is sent by CCPMP to the Clearing House Computer, when CCPMP cannot confirm that the Corresponding Payment will be settled at the same time.

6.3.4.7 Senders may not give CCP Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.4.8 CCP Instructions Value Forward Day will be stored in the Clearing House Computer on receipt. A hold of funds will only be applied pursuant to Rule 6.3.4.3 and in accordance with Rule 6.3.4.1 after CHATS Commencement on the relevant Supported Forward Day and settlement will only take place after the relevant funds have been held and after CCPMP Commencement on the relevant Working Day, subject to Rule 6.3.4.9.

6.3.4.9 CCP Instructions for value as of a date on which the clearing house for the Corresponding Payment is not open, will be rejected.

6.3.4.10 This Rule shall not apply to CCP Instructions effected pursuant to Rule 6.2.6.

6.3.5 CHATS Optimiser Payment Instructions

6.3.5.1 A CHATS Optimiser Payment Instruction will be effected and settled through CHATS simultaneously with the selected CCPO Instructions as stipulated in Rule 6.3.8.3 and the Bulk Clearing Settlement Run for CLG Items and e-Cheques.

6.3.5.2 A Sender should input CHATS Optimiser Payment Instructions according to the timetable stipulated in the Operating Procedures so that such CHATS Optimiser Payment Instructions can be extracted ("Extracted CHATS Optimiser Payment Instructions") and settled simultaneously with the CLG Items and e-Cheques.

6.3.5.3 The projected balance of a CHATS Ledger Account in respect of the Extracted CHATS Optimiser Payment Instructions (taking into account payments or receipts by virtue of CHATS Optimiser Payment Instructions, CCPO Instructions, CLG Items and e-Cheques) will be computed in accordance with the formula stipulated in Operating Procedures.

6.3.5.4 If the projected balance of a CHATS Ledger Account is found to be positive or zero, the gross amount of each Extracted CHATS Optimiser Payment Instruction will be effected automatically through CHATS and settled pursuant to Rule 3.1.4. If a Member has a projected negative balance at the Final Cut-off time of a Bulk Clearing Settlement Run, that Member will be treated as being in default in the Bulk Clearing Settlement Run and the Default Arrangements set out in Schedule I shall apply.

6.3.5.5 A Sender may cancel its CHATS Optimiser Payment Instructions which have not yet been extracted and settled. The extraction timetables are stipulated in the Operating Procedures.

6.3.5.6 CHATS Optimiser Payment Instructions Value Today that are received by the Clearing House Computer between the last payment extraction process of the day

and CHATS Bank Cut-off will be rejected by CHATS.

6.3.5.7 Senders may not give CHATS Optimiser Payment Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.5.8 The validation rules for CHATS Optimiser Payment Instructions are stipulated in the Operating Procedures.

6.3.6 CCASS Optimiser Payment Instructions

6.3.6.1 A CCASS Optimiser Payment Instruction will be effected and settled through CHATS simultaneously with the Bulk Clearing Settlement Run for CCASS Participant Items.

6.3.6.2 A Sender should input CCASS Optimiser Payment Instructions to the Clearing House Computer according to the timetable stipulated in the Operating Procedures so that such CCASS Optimiser Payment Instructions can be extracted ("Extracted CCASS Optimiser Payment Instructions") and settled simultaneously with the CCASS Participant Items.

6.3.6.3 The projected balance of a CHATS Ledger Account in respect of the Extracted CCASS Optimiser Payment Instructions (taking into account payments or receipts by virtue of CCASS Optimiser Payment Instructions and the CCASS Participant Items) will be computed in accordance with the formula stipulated in Operating Procedures.

6.3.6.4 If the projected balance of a CHATS Ledger Account is found to be positive or zero, the gross amount of each Extracted CCASS Optimiser Payment Instruction will be effected automatically through CHATS and settled pursuant to Rule 3.1.4. If a Member has a projected negative balance at the Final Cut-off time of a Bulk Clearing Settlement Run, that Member will be treated as being in default in the Bulk Clearing Settlement Run and the Default Arrangements set out in Schedule I shall apply.

6.3.6.5 A Sender may cancel its CCASS Optimiser Payment Instructions which have not yet been extracted and settled. The extraction timetables are stipulated in the Operating Procedures.

6.3.6.6 CCASS Optimiser Payment Instructions Value Today that are received by the Clearing House Computer between the last payment extraction process of the day and CHATS Bank Cut-off will be rejected by CHATS.

6.3.6.7 Members may not give CCASS Optimiser Payment Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.6.8 The validation rules for CCASS Optimiser Payment Instructions are stipulated in the Operating Procedures.

6.3.7 SCCASS Optimiser Payment Instructions

6.3.7.1 A SCCASS Optimiser Payment Instruction will be effected and settled through CHATS simultaneously with the Bulk Clearing Settlement Run for SCCASS Participant Items.

6.3.7.2 A Sender should input SCCASS Optimiser Payment Instructions to the Clearing House Computer according to the timetable stipulated in the Operating Procedures so that such SCCASS Optimiser Payment Instructions can be extracted ("Extracted SCCASS Optimiser Payment Instructions") and settled simultaneously with the SCCASS Participant Items.

6.3.7.3 The projected balance of a CHATS Ledger Account in respect of the Extracted SCCASS Optimiser Payment Instructions (taking into account payments or receipts by virtue of SCCASS Optimiser Payment Instructions and the SCCASS Participant Items) will be computed in accordance with the formula stipulated in Operating Procedures.

6.3.7.4 If the projected balance of a CHATS Ledger Account is found to be positive or zero, the gross amount of each Extracted SCCASS Optimiser Payment Instruction will be effected automatically through CHATS and settled pursuant to Rule 3.1.4. If a Member has a projected negative balance at the Final Cut-off time of a Bulk Clearing Settlement Run, that Member will be treated as being in default in the Bulk Clearing Settlement Run and the Default Arrangements set out in Schedule I shall apply.

6.3.7.5 A Sender may cancel its SCCASS Optimiser Payment Instructions which have not yet been extracted and settled. The extraction timetables are stipulated in the Operating Procedures.

6.3.7.6 SCCASS Optimiser Payment Instructions Value Today that are received by the Clearing House Computer between the last payment extraction process of the day and CHATS Bank Cut-off will be rejected by CHATS.

6.3.7.7 Members may not give SCCASS Optimiser Payment Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.7.8 The validation rules for SCCASS Optimiser Payment Instructions are stipulated in the Operating Procedures.

6.3.8 CCPO Instructions

6.3.8.1 A CCPO Instruction should be input by a Sender according to the requirements as stipulated in the Operating Procedures.

6.3.8.2 A CCPO Instruction will be effected and settled through CHATS simultaneously with the Extracted CHATS Optimiser Payment Instructions as stipulated in Rule 6.3.5.2 and the Bulk Clearing Settlement Run for CLG Items and e-Cheques when the Clearing House Computer has received a positive validation of the CCPO Instruction from CCPMP.

6.3.8.3 At the time of commencement of the Bulk Clearing Settlement Run for CLG Items and e-Cheques, only those CCPO Instructions for which CCPMP confirms that the Corresponding Payment will be settled at the same time will be selected ("Selected CCPO Instructions").

6.3.8.4 The projected balance of a CHATS Ledger Account in respect of the Selected CCPO Instructions (taking into account payments or receipts by virtue of Selected CCPO Instructions, CHATS Optimiser Payment Instructions, CLG Items and e-Cheques) will be computed in accordance with the formula stipulated in the Operating Procedures.

6.3.8.5 If the projected balance of a CHATS Ledger Account is found to be positive or zero, the gross amount of each Selected CCPO Instruction will be effected automatically through CHATS and settled pursuant to Rule 3.1.4. If a Member has a projected negative balance at the Final Cut-off time of a Bulk Clearing Settlement Run, that Member will be treated as being in default in the Bulk Clearing Settlement Run and the Default Arrangements set out in Schedule I shall apply.

6.3.8.6 Any CCPO Instruction Value Today that has not been settled will be cancelled at

the CHATS Bank Cut-off or CCPMP Cut-off, whichever shall first occur.

6.3.8.7 CCPO Instructions Value Forward Day will be stored in the Clearing House Computer on receipt. Such instructions will be processed on the relevant Supported Forward Day in the same way and manner as stipulated in Rules 6.3.8.3 and 6.3.8.6.

6.3.8.8 Senders may not give CCPO Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.9 Direct Debit Instruction Value Today

6.3.9.1 A Direct Debit Instruction Value Today will be settled immediately in case the available balance in the Member's CHATS Ledger Account for the time being is sufficient to make the payment referred to in such payment instruction. In case the available balance in the relevant Member's CHATS Ledger Account is insufficient to make such payment, the relevant Direct Debit Instruction Value Today unless subsequently cancelled, will remain in the Normal Queue (ahead of the other CHATS Transactions (other than CHATS Transactions in respect of Articles)) until either:

(a) such time as the available balance is sufficient to meet such payment instruction when it is first in priority in the Normal Queue, and in such case, the Direct Debit Instruction Value Today will be effected automatically; or

(b) the End of Day Cut-off and in such case, the Direct Debit Instruction Value Today will be cancelled automatically.

Provided that this Rule is subject:

(i) in the case of Designated Transactions, to Rule 6.3.9.6; Designated Transactions will be handled in accordance with this Rule as varied by Rule 6.3.9.6;

(ii) in the case of Direct Debit Instructions with Express Priority, to Rule 6.3.9.7; Direct Debit Instructions with Express Priority will be handled in accordance with this Rule as varied by Rule 6.3.9.7.

6.3.9.2 Subject to Rule 6.3.9.1, a payment initiated by a Direct Debit Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

6.3.9.3 In a case to which Rule 6.3.9.1(a) applies, the relevant Direct Debit Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

6.3.9.4 Settlement of a Direct Debit Instruction Value Today will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the CHATS Ledger Account for the payment referred to in such instruction.

6.3.9.5 Subject to Rule 6.12.8, CB shall be entitled to re-sequence the Normal Queue of Direct Debit Instruction Value Today or cancel any of the Direct Debit Instructions Value Today in the Normal Queue at any time prior to the End of Day Cut-off provided however that in respect of Direct Debit Instructions Value Today implemented pursuant to Rule 6.2.6, CB may only re-sequence or cancel such instructions when instructed to do so by the restricted licence bank, deposit-taking company or overseas bank which initiated the relevant CHATS Payment Instructions, CCASS Payment Instructions or CCP Instructions and may only re-sequence such instructions where the instructions to be re-sequenced are implemented on the instructions of the same restricted licence bank, deposit-taking

company or overseas bank.

6.3.9.6 Designated Transactions will be settled through CHATS immediately pursuant to Rule 3.1.4 (and ahead of the other CHATS Transactions (other than those CHATS Transactions in respect of Articles) in the Normal Queue) disregarding the amount of the available balance in the CHATS Ledger Account in accordance with the arrangements set out in the Operating Procedures.

6.3.9.7 In respect of a Direct Debit Instruction Value Today with Express Priority, if the available balance in a Member's CHATS Ledger Account is sufficient to make the relevant funds transfer, the Direct Debit Instruction Value Today with Express Priority will be settled through CHATS immediately pursuant to Rule 3.1.4 (ahead of the other CHATS Transactions (other than those CHATS Transactions in respect of Articles) in the Normal Queue). Otherwise the Direct Debit Instruction Value Today with Express Priority will be rejected by CHATS.

6.3.9.8 Rules 6.3.9.1 to 6.3.9.7 shall in all respects be subject to the arrangements provided for in the Operating Procedures in relation to the CMU Optimiser Runs and to that extent the Operating Procedures shall prevail over Rules 6.3.9.1 to 6.3.9.7.

6.3.10 Direct Debit Instruction Value Forward Day

6.3.10.1 Direct Debit Instruction Value Forward Day will be stored in the Clearing House Computer and will not be processed or settled until the relevant Supported Forward Day.

6.3.10.2 Direct Debit Instruction Value Forward Day will be automatically processed for settlement after the CHATS Commencement on the relevant Supported Forward Day ("Value Day") in the same way and manner as Direct Debit Instruction Value Today received by the Clearing House Computer during that Value Day and all provisions in Rule 6.3.9 shall apply.

6.3.11 Direct Credit Instruction Value Today

6.3.11.1 A payment initiated by a Direct Credit Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

6.3.11.2 Settlement of a Direct Credit Instruction Value Today will be effected across the books of CB pursuant to Rule 3.1.4 by crediting the CHATS Ledger Account for the payment referred to in such instruction; this Rule does not require the Settlement Account of CB to maintain an available balance sufficient to settle the Direct Credit Instruction Value Today.

6.3.12 Direct Credit Instruction Value Forward Day

6.3.12.1 Direct Credit Instruction Value Forward Day will be stored in the Clearing House Computer and will not be processed or settled until the relevant Supported Forward Day.

6.3.12.2 Direct Credit Instruction Value Forward Day will be automatically processed for settlement after the CHATS Commencement on the relevant Supported Forward Day ("Value Day") in the same way and manner as Direct Credit Instruction Value Today received by the Clearing House Computer during that Value Day and all provisions in Rule 6.3.11 shall apply.

6.3.13 OTC Clear Payment Instruction

6.3.13.1 Only Members who have registered with HKICL in accordance with the Operating Procedures to participate in the money settlement of OTC Clear Payment Instructions via CHATS may so participate.

6.3.13.2 OTC Clear will make OTC Clear Debit Requests according to the Operating Procedures. An OTC Clear Debit Request transmitted or delivered by OTC Clear to the Clearing House Computer will be validated in accordance with the validation criteria stipulated in the Operating Procedures. An OTC Clear Payment Instruction Value Today or OTC Clear Payment Instruction Value Forward Day will be generated according to the intended value day referred to in the corresponding OTC Clear Debit Request. For the avoidance of doubt, an OTC Clear Debit Request which requests for the generation of an OTC Clear Payment Instruction Value Today received after the CHATS Bank Cut-off will be rejected.

6.3.13.3 OTC Clear Payment Instruction Value Today

(a) An OTC Clear Payment Instruction Value Today generated in accordance with Rule 6.3.13.2 will be added to the Normal Queue or Pending Queue of the relevant Member according to the criteria stipulated in the Operating Procedures.

(b) An OTC Clear Payment Instruction Value Today in the Normal Queue will not be effected or settled through CHATS unless the available balance in the paying Member's CHATS Ledger Account for the time being is sufficient to make the payment referred to in such payment instruction. In case the available balance in the relevant paying Member's CHATS Ledger Account is insufficient to make such payment, the relevant OTC Clear Payment Instruction Value Today, unless subsequently cancelled, will remain in the Normal Queue until either:

(i) such time as the available balance is sufficient to meet such payment instruction when it is first in priority in the Normal Queue, and in such case, the OTC Clear Payment Instruction Value Today will be effected automatically; or

(ii) the CHATS Value Date Cut-off and in such case, the OTC Clear Payment Instruction Value Today will be cancelled automatically.

This provision shall not apply to OTC Clear Payment Instructions Value Today in the Pending Queue.

(c) Subject to Rule 6.3.13.3(b), a funds transfer initiated by an OTC Clear Payment Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

(d) In a case to which Rule 6.3.13.3(b)(i) applies, the relevant OTC Clear Payment Instruction Value Today will be settled through CHATS immediately upon the completion of its processing.

(e) Settlement of an OTC Clear Payment Instruction Value Today will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the CHATS Ledger Account of the paying Member for the funds transferred and crediting the same to the CHATS Ledger Account of a bank Member designated by OTC Clear in accordance with the Operating Procedures.

(f) A paying Member shall be entitled to re-sequence the Normal Queue of its OTC Clear Payment Instructions Value Today at any time prior to the CHATS

Value Date Cut-off or to transfer OTC Clear Payment Instructions Value Today from the Normal Queue to the Pending Queue or vice versa before the specified time as stipulated in the Operating Procedures. However, a paying Member can only cancel its OTC Clear Payment Instructions Value Today in the Normal Queue and the Pending Queue up to the CHATS Customer Cut-off time. This Rule 6.3.13.3(f) is subject to Rule 6.12.8.

(g) Rules 6.3.13.3(a) to (f) shall in all respects be subject to the arrangements provided for in the Operating Procedures in relation to the CMU Optimiser Runs and to that extent the Operating Procedures shall prevail over Rules 6.3.13.3(a) to (f).

6.3.13.4 OTC Clear Payment Instruction Value Forward Day

(a) An OTC Clear Debit Request for the generation of an OTC Clear Payment Instruction Value Forward Day for effecting payments through CHATS may not be made for value dates later than the last of the Supported Forward Days.

(b) OTC Clear Payment Instructions Value Forward Day will be stored in the Clearing House Computer and will not be processed or settled until the value day specified.

(c) OTC Clear Payment Instruction Value Forward Day will be automatically processed for settlement after the CHATS Commencement on the relevant Supported Forward Day ("Value Day") in the same way and manner as OTC Clear Payment Instructions Value Today generated during that Value Day and all provisions in Rule 6.3.13.3 shall apply.

6.3.13.5 In the event that an OTC Clear Payment Instruction is cancelled by the paying Member or by the system in accordance with the Operating Procedures, MA, CB and HKICL are not responsible and not liable to OTC Clear or the paying Member concerned for such cancellation and any claim, loss, damage, expense or other consequences directly or indirectly resulting from the cancellation.

6.3.14 CCPMPNet Payment Instruction

6.3.14.1 A CCPMPNet Payment Instruction should be input by a Sender according to the requirements as stipulated in the Operating Procedures. Any CCPMPNet Payment Instructions with value date being the current Working Day input after the input cut-off time as stipulated in the Operating Procedures will be rejected, while CCPMPNet Payment Instructions Value Forward Day will still be accepted.

6.3.14.2 A CCPMPNet Payment Instruction will not be selected for settlement in a CCPMPNet Settlement Run at the appointed time as set out in the Operating Procedures unless:

(a) the Clearing House Computer has received a positive validation of the CCPMPNet Payment Instruction from CCPMP; and

(b) such CCPMPNet Payment Instruction and the corresponding CCPMPNet Payment Instruction in another relevant currency have been validated by CHATS according to the validation rules as stipulated in the Operating Procedures.

The CCPMPNet Payment Instructions selected for settlement pursuant to this Rule 6.3.14.2 shall be referred to as "Selected CCPMPNet Payment Instruction" in this Rule 6.3.14 and Rule 6.3.15. Any CCPMPNet Payment Instructions Value Today which is not selected for settlement pursuant to this Rule 6.3.14.2 will be cancelled by CHATS at such appointed time as stipulated in the Operating Procedures.

6.3.14.3 At the time of commencement of the CCPMPNet Settlement Run, the total net settlement amount of each Member will be computed (taking into account the amount payables and receivables of the Selected CCPMPNet Payment Instructions and the Extracted CCPMPNet Optimiser Payment Instructions as defined in Rule 6.3.15.2) in accordance with the formula stipulated in the Operating Procedures.

6.3.14.4 A hold will be applied to earmark funds in the CHATS Ledger Account of a Member, in an amount equal to the total net debit settlement amount computed pursuant to Rule 6.3.14.3 payable by such Member.

6.3.14.5 If (i) all relevant Members have sufficient funds in their CHATS Ledger Accounts and (ii) the Clearing House Computer confirms that the Corresponding CCPMPNet Settlement Runs will be effected at the same time, settlement of the CCPMPNet Settlement Runs will be effected immediately. The total net settlement amount of each Member computed pursuant to Rule 6.3.14.3 will be settled through CHATS pursuant to Rule 3.1.4.

6.3.14.6 If one or more Member(s) is/are short of funds when applying the hold to earmark the total net debit settlement amount pursuant to Rule 6.3.14.4, HKICL will re-try in accordance with the arrangement as stipulated in the Operating Procedures. For the avoidance of doubt, the funds held in the CHATS Ledger Accounts of the relevant Members under Rule 6.3.14.4 will only be released upon completion or rescheduling of the CCPMPNet Settlement Run.

6.3.14.7 If a previous Bulk Clearing Settlement Run in Renminbi or in any other relevant currency of the Corresponding CCPMPNet Settlement Runs is still in progress by the time of commencement of the CCPMPNet Settlement Run, the CCPMPNet Settlement Run and the Corresponding CCPMPNet Settlement Runs shall be rescheduled in accordance with the arrangement as stipulated in the Operating Procedures. For the avoidance of doubt, the hold to earmark funds in the CHATS Ledger Account of a Member will not be applied until the commencement of the rescheduled CCPMPNet Settlement Run.

6.3.14.8 Selected CCPMPNet Payment Instructions that have not been settled in the CCPMPNet Settlement Run will be converted to CCP Instructions in accordance with the arrangements as set out in the Operating Procedures.

6.3.14.9 Senders may not give CCPMPNet Payment Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.14.10 CCPMPNet Payment Instructions Value Forward Day will be stored in the Clearing House Computer on receipt. Such instructions will be processed on the relevant Supported Forward Day in the same way and manner as stipulated in this Rule 6.3.14.

6.3.15 CCPMPNet Optimiser Payment Instructions

6.3.15.1 A CCPMPNet Optimiser Payment Instruction should be input by a Sender according to the requirements as stipulated in the Operating Procedures. Any CCPMPNet Optimiser Payment Instructions with value date being the current Working Day input after the extraction time as stipulated in the Operating Procedures will be rejected, while CCPMPNet Optimiser Payment Instructions Value Forward Day will still be accepted.

6.3.15.2 CCPMPNet Optimiser Payment Instructions will be extracted ("Extracted CCPMPNet Optimiser Payment Instructions") according to the extraction timetables as stipulated in the Operating Procedures and settled simultaneously with the Selected CCPMPNet Payment Instructions in the CCPMPNet Settlement Run in

accordance to Rule 6.3.14.3 to Rule 6.3.14.5.

6.3.15.3 Any CCPMPNet Optimiser Payment Instruction Value Today that has not been settled will be cancelled at the CHATS Value Date Cut-off.

6.3.15.4 Senders may not give CCPMPNet Optimiser Payment Instructions Value Forward Day a value date later than the last of the Supported Forward Days.

6.3.15.5 CCPMPNet Optimiser Payment Instructions Value Forward Day will be stored in the Clearing House Computer on receipt. Such instructions will be processed on the relevant Supported Forward Day in the same way and manner as stipulated in this Rule 6.3.15.

6.4 Input Transactions

CHATS Transactions (other than CHATS Transactions in respect of Articles) may only be input by Members or Global Users addressed to themselves, other Members, other Global Users, CB or the Clearing House Computer, or by CB addressed to Members or Global Users or the Clearing House Computer, or by virtue of a Special Posting.

6.5 CHATS Customer Cut-off, CHATS Bank Cut-off, CHATS Value Date Cut-off, CCASS Commencement, CCASS Interim Cut-off, CCASS End of Day Cut-off and CCPMP Cut-off

6.5.1 The current time and arrangements for CHATS Customer Cut-off, CHATS Bank Cut-off, CHATS Value Date Cut-off and CCPMP Cut-off are set out in Schedule II.

6.5.2 HKICL shall be entitled to extend CHATS Customer Cut-off, CHATS Bank Cut-off and CHATS Value Date Cut-off in the circumstances provided in Rule 6.9.1.

6.5.3 Subject to any exceptional circumstances, the CHATS Customer Cut-off, CHATS Bank Cut-off and CHATS Value Date Cut-off will proceed as normal in accordance with these Rules notwithstanding any typhoon, rainstorm or Extreme Conditions.

6.5.4 The current time and arrangements for CCASS Interim Cut-off and CCASS End of Day Cut-off are set out in Schedule II. One month's prior notice will be given of any variation to Schedule II.

6.5.5 The CCASS Commencement, CCASS Interim Cut-off or CCASS End of Day Cut-off will continue in accordance with these Rules notwithstanding any typhoon, rainstorm or Extreme Conditions.

6.5.6 The CCPMP Cut-off will continue in accordance with these Rules notwithstanding any typhoon, rainstorm or Extreme Condition.

6.6 Returns of CHATS Transactions (other than CHATS Transactions in respect of Articles)

6.6.1 All returns of CHATS Transactions (other than CHATS Transactions in respect of Articles) should be effected through CHATS not later than the time appointed by HKICL, such time currently being prior to the CHATS Customer Cut-off for CHATS Transactions which are customer related and CHATS Bank Cut-off for CHATS Transactions which are not customer related in each case of the Working Day immediately following the date of the original transfer, and must include in the text of the transfer the information as stipulated in the Operating Procedures. Returns of CHATS Transactions implemented pursuant to Rule 6.2.6 shall be effected through CB in a manner agreed in writing between the Members concerned and CB.

6.6.2 A return of a CHATS Transaction (other than a CHATS Transaction in respect of an Article) may only be initiated by the Receiver of the transfer. If a Receiver is unable to apply funds from a credit transfer for any reason, then that Receiver must send the funds actually received through CHATS back to the original Sender in accordance with the procedure set out in Rule 6.6.1.

6.7 Responsibility of Members, Global Users and CB

In addition to the other provisions of these Clearing House Rules, each Member shall (and shall ensure that each of its Global Users will) and CB shall be responsible as appropriate for the following matters:

6.7.1 (a) the control of access by Members or CB to the MBT and the security of the Member's or CB's terminal(s) (in the case of the eMBT) connecting to the SWIFT network and the eMBT or (in the case of the iMBT) connecting to the HKICL network and/or internet, as the case may be, and the iMBT (including security and confidentiality of passwords or other systems to ensure that only authorised personnel of Members or CB may access the MBT), and lines or other communication facilities that are used for the purpose of effecting payment instructions, modems and other computer equipment relating thereto of the Member or CB and the security of the transmission lines between the Clearing House Computer and the Member's or CB's terminals having access to the MBT;

(b) the control of access by Global Users to the MBT and the security of the Global User's terminal(s) (in the case of the eMBT) connecting to the SWIFT network and the eMBT or (in the case of the iMBT) connecting to internet, and the iMBT (including security and confidentiality of passwords or other systems to ensure that only authorised personnel of Global Users may access the MBT), and lines or other communication facilities that are used for the purpose of effecting payment instructions, modems and other computer equipment relating thereto of the Global User and the security of the transmission lines between the Clearing House Computer and the Global User's terminals having access to the MBT;

6.7.2 the operation of all equipment and software relating to the access to the eMBT and terminal(s) connecting to the SWIFT network, or relating to the access to the iMBT and terminal(s) connecting to the HKICL network and/or internet, as the case may be;

6.7.3 ensuring that:

(a) the access to and/or use of the MBT is in full compliance with these Rules; and

(b) all data transmitted from terminals owned by, or under its control, through which it gains access to the MBT:

(i) do not infringe the copyright or other intellectual property rights of third parties; and

(ii) do not create and/or introduce into the Clearing House Computer any virus, worms, trojan horses or other destructive or contaminating program or codes; and

(c) all data, including Personal Data, retrieved, obtained and archived from the Clearing House and/or the Clearing Facilities shall be used solely for the purpose of operation of the Clearing House and/or the Clearing Facilities in accordance with these Clearing House Rules and the Operating Procedures, that no such Personal Data is used for any other purpose, including without limitation, direct marketing and that use of such data is in full compliance with the relevant laws and regulations in Hong Kong; and

it shall indemnify and hold MA, HKICL, CB, other Members and Global Users harmless against the consequences of breach of any of the obligations under this Rule 6.7.3;

6.7.4 delay or non-delivery of CHATS Transactions (other than CHATS Transactions in respect of Articles) where the delay is due to force majeure or technical failure caused by act or omission of any carrier (including, for the avoidance of doubt, SWIFT);

6.7.5 the correct dispatch to the Clearing House Computer or CB and the correct receipt by the

Clearing House Computer or CB of all CHATS Payment Instructions, CCASS Payment Instructions, CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions, CCP Instructions, CCPO Instructions, CCPMPNet Payment Instructions, CCPMPNet Optimiser Payment Instructions and CHATS Transactions (other than CHATS Transactions in respect of Articles);

6.7.6 any loss incurred due to a fraudulent transfer originating from a Member, Global User or CB or the fraudulent insertion or alteration of a transfer between a Member, Global User or CB and the Clearing House Computer;

6.7.7 subject to Rules 6.7.8 and 6.7.9 (and in the case of a Global User if it has a terminal which can access the MBT), the verification of the transfer result as shown in the MBT received from the Clearing House Computer before the processing of the transfer. If the result is not in order the Receiver must immediately effect a return of the transfer quoting the original transaction details and giving the reason for the return. If the transfer is returned to the Sender after the CHATS Customer Cut-off for CHATS Transactions which are customer related and CHATS Bank Cut-off for CHATS Transactions which are not customer related in each case immediately following the input of the transfer then any loss of interest is for the account of the Sender;

6.7.8 as a Sender, Delayed Payments in the following circumstances:

(a) if the transfer has not been accepted by the Clearing House Computer (or by CB in the case of a transaction implemented pursuant to Rule 6.2.6);

(b) if the Sender addresses a transfer incorrectly; and/or

(c) if the Sender ignores Clearing House Computer or CB generated messages concerning the operational system;

6.7.9 as a Receiver, Delayed Payments in the following circumstances:

(a) if the Receiver ignores Clearing House Computer or CB generated messages concerning the operational system;

(b) if the Receiver (and in the case of a Global User if it has a terminal which can access the MBT) does not reconcile its settlement total as supplied by the Clearing House Computer or CB as shown in the MBT, or through the SWIFT network or the HKICL network, and accounting totals to ensure receipt of all CHATS Transactions (other than CHATS Transactions in respect of Articles) involving funds transfers; and/or

(c) if other communication facilities are unattended or a Receiver (and in the case of a Global User if it has a terminal which can access the MBT) is not connected to the MBT or the SWIFT network or the HKICL network, or unable to receive information relating to transfers;

6.7.10 such Member's, Global User's (in the case of a Global User if it has a terminal which can access the MBT) through the relevant Member or CB's failure to report discrepancies for CHATS Transactions (other than CHATS Transactions in respect of Articles) as shown in the MBT or information received from CB to the Officer-in-Charge of HKICL within two hours of a CHATS Value Date Cut-off.

6.7.11 each Member shall ensure that each of its Global Users complies with the provisions of these Rules and the Operating Procedures in connection with the operation and use of the Clearing House or the Clearing Facilities or any part of any of them as if the Global User were a Member and the Member shall indemnify other Members, CB, HKICL and MA in respect of all claims, losses, damages and expenses (including loss of business, loss of business opportunity, loss of profit, special, indirect or consequential loss, even if other Members, HKICL, CB or MA knew or ought reasonably to have known of their possible existence) of any kind or nature whatsoever arising in whatever manner directly or indirectly from or as a result of failure of such Global

User to comply with the Rules or the Operating Procedures including anything done or omitted to be done by such Global User or such Member.

6.7.12 each Member shall, in relation to each CHATS Transaction cleared and settled by it in respect of a Global User, indemnify each other Member, CB and HKICL in respect of any liability which is incurred by any of them as a consequence of that CHATS Transaction.

6.8 Responsibility of Service Provider

6.8.1 A Member may register as a Service Provider with HKICL and once its registration is successful, it shall provide HKICL with a list of its correspondent banks in accordance with the schedules and requirements specified in the Operating Procedures.

6.8.2 When a Service Provider provides HKICL with any information relating to it, in its capacity as a Service Provider, and its correspondent banks (including, without limitation, any lists and other information provided under Rule 6.8.1):

(a) it will take all reasonable steps to ensure the correctness of such information and in particular, but without limitation, the correctness of any such information provided in Electronic Media;

(b) it will authorise HKICL to disclose such information to HKICL's sub-contractor for the posting of such information on HKICL's website and to other Members or other persons; and

(c) it will indemnify HKICL and CB against all liabilities and expenses incurred by either of them arising out of or in relation to its failure to comply with Rule 6.8.2(a).

6.8.3 Notwithstanding the provisions of Rule 6.8.2, HKICL and CB shall incur no liability to any Members or any other persons arising out of or in relation to any information relating to Service Providers and their correspondent banks appearing on the HKICL's website.

6.8.4 A Service Provider which receives a Regional CHATS Payment for the account of one of its correspondent banks shall promptly on receipt thereof pay the amount of that Regional CHATS Payment to the relevant correspondent bank.

6.8.5 For the avoidance of doubt, (a) any funds transfer by a Service Provider to a correspondent bank for the purposes of a Regional CHATS Payment will not be effected through CHATS, and (b) except as provided for in Rule 6.8.4, these Rules shall not apply to any such transfer. Neither HKICL nor CB shall incur any liability arising out of or in relation to any such transfer or a Service Provider's delay or failure to pay a Regional CHATS Payment to a correspondent bank and the relevant Service Provider shall indemnify HKICL and CB in respect of all liability incurred by either of them arising out of or in relation to any such transfer or by reason of any such delay or failure.

6.8.6 A correspondent bank of a Service Provider shall not be a Member and shall have no rights or obligations vis-à-vis Members, CB or HKICL. All rights and obligations vis-à-vis Members, CB or HKICL arising out of or in relation to the making of a Regional CHATS Payment shall be the rights and obligations of the Member making the Regional CHATS Payment and the Service Provider receiving it.

6.9 Emergencies

6.9.1 In the event that (i) communications between (a) the Clearing House Computer and both the SWIFT network and the HKICL network; (b) both the SWIFT network and the HKICL network and one or more of the Members or CB; (c) the Clearing House Computer and CCASS; (d) the Clearing House Computer and CCPMP; or (e) the Clearing House Computer and OTC Clear are halted, (ii) if the Clearing House Computer, CCASS or OTC Clear system is closed down or (iii) if some other emergency affects its operation, CHATS Transactions (other than CHATS

Transactions in respect of Articles) shall be handled in accordance with the Operating Procedures, if applicable, or (where permitted) by virtue of a Special Posting. HKICL may under the instruction of CB after CB has consulted with MA:

(a) extend the CHATS Customer Cut-off and/or CHATS Bank Cut-off and/or CHATS Value Date Cut-off and/or CCPMP Cut-off;

(b) direct any, all or some of the Members or CB not to make payments through CHATS awaiting resolution of the problem; and/or

(c) direct such other action as it may deem necessary or as required by CB after CB has consulted with MA.

6.9.2 If following an emergency HKSCC requires to roll back the data for system recovery all CCASS Payment Instructions in the Normal Queue and the Pending Queue will be cancelled in accordance with the Operating Procedures.

6.9.3 During any such emergency all Members and CB should limit their communications through the Clearing House Computer and with HKICL to those which are essential.

6.10 Receivers

No Receiver or Service Provider shall be obliged to credit any funds received by it through CHATS (other than funds received in respect of Articles) to the beneficiary's account if the instructions for the transfer are incomplete or inaccurate.

6.11 Special Posting

6.11.1 Special Posting Request

This contingency arrangement will be invoked when (a) the computer of any of the Members, Global Users or CB, or (b) the Clearing House Computer has failed to connect to the SWIFT network and the HKICL network for delivery of CHATS transactions. A Sender who requires Special Posting, or any Sender when it is requested by HKICL to do so, should prepare a Special Posting authorisation letter and the instructions for Special Posting in electronic format and submit them to HKICL for triggering the operation of Special Posting. A request for Special Posting shall be made during the period referred to in the Operating Procedures. Any request submitted after that period will be subject to the prior approval of HKICL and CB (after CB has consulted with MA). Details of the notification and approval arrangements are stipulated in the Operating Procedures.

6.11.1.1 The lay-out of instructions submitted to the Clearing House by a Sender by Electronic Media shall comply with the requirements set out in the Operating Procedures.

6.11.1.2 Payment instructions for Supported Forward Days will not be effected by Special Posting.

6.11.1.3 A restricted licence bank, deposit-taking company or overseas bank which does not access CHATS via the SWIFT network may not request Special Posting.

6.11.1.4 Only eligible CHATS Transactions as stipulated in the Operating Procedures shall be effected by Special Posting.

6.11.2 Indemnity

A Sender which submits to the Clearing House instructions relating to Special Posting transactions in Electronic Media:

(a) will be responsible for the correctness of the contents of the instructions submitted;

(b) authorises HKICL not to process any one transaction which fails certain validation criteria implemented by HKICL from time to time and set out in the Operating Procedures;

(c) indemnifies HKICL (in the case of Members, Global Users and CB) and CB (in the case of Members and Global Users) against all liabilities and expenses incurred by either of them as a result of any error or discrepancy in the instructions or otherwise.

6.11.3 Settlement of Special Posting Transactions

Save in respect of CB, it is the Sender's responsibility (or in relation to an OTC Clear Payment Instruction, the responsibility of the paying Member of the OTC Clear Payment Instruction) to ensure that there are sufficient funds in its CHATS Ledger Account for settlement of Special Posting transactions. Any Special Posting transactions not settled by the cut-off times for the respective payment instructions on the day of the request for Special Posting will be cancelled.

6.11.3.1 Save in respect of CB as provided in Rule 3.1.3, any Special Posting transaction which passes validation criteria will be treated as a normal payment instruction and processed in the same way and manner as the payment instruction from which it originated.

6.11.3.2 Settlement of Special Posting transactions will be effected across the books of CB pursuant to Rule 3.1.4 by debiting the CHATS Ledger Account of the Sender (or in relation to an OTC Clear Payment Instruction, the paying Member of the OTC Clear Payment Instruction) or (in respect of a CHATS Payment Instruction Value Today only) the Fiduciary Account for the payment and crediting the same to the CHATS Ledger Account of the respective Receivers (or in relation to an OTC Clear Payment Instruction, the bank Member designated by OTC Clear in accordance with the Operating Procedures in relation to the settlement of OTC Clear Payment Instructions) or the Fiduciary Account.

6.11.3.3 In respect of payments from the Fiduciary Account, it is CB's responsibility to ensure that there are sufficient funds in the Fiduciary Account for the account of the relevant Member for settling Special Posting transactions.

6.11.4 Responsibility of Senders

6.11.4.1 Senders should verify the details of instructions shown on the data capture report or response file provided to them by HKICL or CB and follow the procedures as stipulated in the Operating Procedures.

6.11.4.2 Senders should reconcile the Special Posting report produced at the end of posting provided to them by HKICL or CB and report discrepancies to HKICL or CB as appropriate immediately.

6.11.4.3 For the avoidance of doubt, this Rule 6.11.4 does not apply to paying Members in relation to the OTC Clear Payment Instructions.

6.12 RTGS Liquidity Optimiser

Between the CHATS Commencement and CHATS Value Date Cut-off, RTGS Liquidity Optimiser effected through CHATS can be triggered automatically according to a pre-defined interval or manually by CB.

6.12.1 When RTGS Liquidity Optimiser process starts, eligible CHATS Transactions in the Normal Queue as specified in the Operating Procedures will be extracted ("Selected Payments").

6.12.2 The projected balance of the CHATS Ledger Accounts for each paying Member of the Selected

Payments ("Selected Payment Member") based on assumed settlement of the Selected Payments will be computed in accordance with the formula as stipulated in the Operating Procedures.

6.12.3 If the projected balances of each Selected Payment Members are found positive or zero, the gross amount of the Selected Payments, save in respect of the CCP Instructions being extracted as Selected Payments, will each be effected through CHATS automatically and settled immediately upon completion of its processing and effected across the books of CB pursuant to Rule 3.1.4 by debiting and crediting the CHATS Ledger Accounts for the funds transferred. The CCP Instructions being extracted as Selected Payments will be processed pursuant to Rules 6.3.4.3 and 6.3.4.5.

6.12.4 In case the projected balances of the CHATS Ledger Account for some Selected Payment Members are negative, the system will try to exclude the Selected Payments of such Selected Payment Members based on the criteria as specified in the Operating Procedures in order to reach positive or zero projected balances of each of the Selected Payment Members. Selected Payments which are excluded from the RTGS Liquidity Optimiser will be placed back to the Normal Queue.

6.12.5 CHATS Transactions (other than CHATS Transactions in respect of Articles) received by Clearing House Computer after commencement of the RTGS Liquidity Optimiser process will not be processed as part of that process and will be placed at the end of the Normal Queue and processed in due course in accordance with these Rules provided that Direct Debit Instructions will be placed at the top of the Normal Queue.

6.12.6 Under any of the following situations, the process of RTGS Liquidity Optimiser will be terminated:

(a) all Selected Payments are excluded in the process of Rule 6.12.4;

(b) the process of the RTGS Liquidity Optimiser has not been completed prior to CHATS Value Date Cut-off;

(c) any Selected Payment Member(s) or relevant Receiver(s) is/are in default or if it is/are insolvent;

(d) the processing time exceeds the maximum processing time defined for each RTGS Liquidity Optimiser run from time to time as stipulated in the Operating Procedures; or

(e) any of the specific critical events which are stipulated in the Operating Procedures is activated.

6.12.7 On termination of the process of RTGS Liquidity Optimiser pursuant to Rule 6.12.6, all relevant Selected Payments and any CHATS Transactions (other than CHATS Transactions in respect of Articles) received by Clearing House Computer after commencement of the process of RTGS Liquidity Optimiser will be reinstated in the Normal Queue as if the process of the RTGS Liquidity Optimiser had not been commenced.

6.12.8 Requests for re-sequencing and cancellation of its payments in the Normal Queue or for transfer of its payments from the Normal Queue to the Pending Queue (including in each case the Selected Payments and other CHATS Transactions (other than CHATS Transactions in respect of Articles)) initiated by the Selected Payment Member or CB after the start of RTGS Liquidity Optimiser process and before completion or termination of the process will be rejected.

6.13 Interbank Intraday Liquidity Facility

The IILF shall be made available through CHATS between the CHATS Commencement and CHATS Value Date Cut-off by Liquidity Providers to Liquidity Consumers in accordance with this Rule.

6.13.1 Liquidity Providers shall indicate their willingness to participate in the IILF by registering with

HKICL. Liquidity Providers shall also on behalf of the Liquidity Consumers with whom they have agreed to provide liquidity through IILF register those Liquidity Consumers with HKICL indicating their Liquidity Consumers' desire to obtain liquidity from the Liquidity Providers under the IILF. Liquidity Consumers may only obtain liquidity through IILF from one Liquidity Provider and:

(a) prior to registration Liquidity Providers and Liquidity Consumers shall separately agree among themselves on a bilateral basis the terms on which liquidity through IILF is provided including the intra-day and overnight interest rates;

(b) after registration, the relevant Liquidity Provider shall maintain in the records of HKICL via the MBT:

(i) the limit of the IILF for the time being assigned by it to each Liquidity Consumer, which limit may be amended by the Liquidity Provider via the MBT at any time without prior notice to HKICL or the Liquidity Consumer;

(ii) the priority arrangement by it to each Liquidity Consumer in the event that it has more than one Liquidity Consumer and provision of liquidity is triggered by more than one Liquidity Consumer at the same time and all such requests cannot be met in full; and

(iii) the intra-day and overnight interest rates agreed with each Liquidity Consumer;

(c) HKICL shall publicise on the members' section of its website the names and contact details of registered Liquidity Providers.

6.13.2 The provision of liquidity through IILF process is triggered automatically during the RTGS Liquidity Optimiser process.

6.13.3 If a Liquidity Provider is a Selected Payment Member in the RTGS Liquidity Optimiser process, the provision of liquidity through IILF by such Liquidity Provider will not be triggered in that process.

6.13.4 If a Liquidity Provider is not a Selected Payment Member in the RTGS Liquidity Optimiser process and a Liquidity Consumer to which the Liquidity Provider has agreed to provide liquidity through IILF is a Selected Payment Member in the RTGS Liquidity Optimiser process, the projected balance as stipulated in Rule 6.12.2 shall take into account the available IILF limit specified in Rule 6.13.1(b)(i) to the extent required to make the projected balance of the Liquidity Consumer positive or zero. Should the IILF be taken into account to the extent required to make the projected balance of a Liquidity Consumer positive or zero as provided in the previous sentence, there shall be a deemed request for the provision of liquidity through IILF by the Liquidity Consumer in that amount from the Liquidity Provider to the Liquidity Consumer. The ultimate liquidity drawn by Liquidity Consumer out of the available IILF limit and the detailed arrangements are stipulated in the Operating Procedures.

6.13.5 If more than one Liquidity Consumer are deemed to make a request pursuant to Rule 6.13.4 from the same Liquidity Provider, and such Liquidity Provider does not have sufficient funds to fulfil the requests of all such Liquidity Consumers, the available amounts under the IILF from that Liquidity Provider will be allocated to each Liquidity Consumer according to the priority specified by the Liquidity Provider in Rule 6.13.1(b)(ii).

6.13.6 The lending under the IILF is effected through the settlement of a CHATS Payment Instruction Value Today with a designated payment code indicating that it is a payment of principal under the IILF ("IILF Payment Instruction") generated by HKICL to debit the Liquidity Provider's CHATS Ledger Account and credit the Liquidity Consumer's CHATS Ledger Account.

6.13.7 Liquidity provision through IILF by a Liquidity Provider to one or more of its Liquidity Consumers may also be triggered manually by such Liquidity Provider inputting an IILF

Payment Instruction.

6.13.8 For each settled IILF Payment Instruction, the Liquidity Consumer shall be under an obligation to repay the Liquidity Provider the amount of the IILF Payment Instruction (i.e. principal) and an intra-day interest calculated based on the IILF Payment Instruction. The intra-day interest rate is assigned by the Liquidity Provider to each of its Liquidity Consumer(s) by separate agreement and maintained by the Liquidity Provider in the records of HKICL via the MBT under Rule 6.13.1(b)(iii).

6.13.9 The total outstanding IILF repayable amount of a Liquidity Consumer in respect of each Working Day includes:

(a) the amount of all settled IILF Payment Instruction(s) of the current day not yet repaid by the Liquidity Consumer; and

(b) intra-day interest of the current day not yet paid by the Liquidity Consumer for which the calculation of such interest is stipulated in the Operating Procedures.

6.13.10 If there is any outstanding IILF repayable amount of a Liquidity Consumer as defined in Rule 6.13.9, the repayment process for the Liquidity Consumer will be triggered automatically by HKICL according to the scheduled repayment time on each Working Day determined by CB and subject to change from time to time. CHATS Payment Instructions Value Today with different designated payment codes indicating they are either repayments of outstanding IILF Payment Instructions or payments of outstanding intra-day interest under the IILF (collectively known as "IILF Repayment Instructions") will be generated by HKICL to debit the Liquidity Consumer's CHATS Ledger Account and credit the Liquidity Provider's CHATS Ledger Account to repay outstanding (i) IILF Payment Instruction (i.e. principal); and (ii) intra-day interest separately.

6.13.11 An IILF Repayment Instruction may also be triggered manually by a Liquidity Consumer to its Liquidity Provider by the Liquidity Consumer inputting such an instruction.

6.13.12 If the Liquidity Consumer has insufficient funds to meet the total outstanding IILF repayable amount, the IILF Repayment Instructions will still be generated by HKICL to partially repay the outstanding IILF repayable amount. The detailed arrangements are stipulated in the Operating Procedures.

6.13.13 If there is any outstanding IILF Payment Instruction of Liquidity Consumer after CHATS Value Date Cut-off, an overnight interest assigned by the Liquidity Provider to the Liquidity Consumer and maintained by the Liquidity Provider in the records of HKICL via the MBT under Rule 6.13.1(b)(iii) shall apply. HKICL shall then calculate the overnight interest according to the formula stipulated in the Operating Procedures and provide such information to the Liquidity Provider and Liquidity Consumer. However, the overnight interest, together with the outstanding IILF repayable amount, shall be settled outside of the CHATS after CHATS Value Date Cut-off between the Liquidity Provider and Liquidity Consumer, and CB and HKICL shall have no further involvement.

6.14 Account Balance Sweeping Facility between CHATS and FPS

6.14.1 Rule 6.14 is only applicable to Members that are also Settlement Participants (as defined in the FPS Rules).

6.14.2 The account balance sweeping facility shall be made available on a Working Day and Operating Saturdays and Sundays within the timeframe stipulated in the FPS Operating Procedures for the transfer of funds between a CHATS Ledger Account of a Member and its FPS Ledger Account.

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6.14.12 MA, HKICL and CB shall not be liable for any claim, loss, damage or expense of any kind or nature whatsoever arising in whatever manner directly or indirectly out of or in connection with any transaction settlement delay or failure in CHATS and/or FPS due to insufficient funds with or without account balance sweeping facility applied.

Part VII The processing of funds transfers in respect of Articles

7.1 Provisions relating to the processing of funds transfers in respect of Articles

7.1.1 Timetable

(a) In the interests of Members and CB, the times for the delivery of Articles to the Clearing House and the times relating to the various processes of clearing and/or settlement may be amended at the discretion of HKICL and/or CB upon prior consultation with MA and at least 3 days' notice of any amendment will be given by HKICL to all Members. The timetables for the delivery of Articles for clearing and/or settlement, Returned Articles and Unpaid Articles are set out in Schedule III and the Operating Procedures. Each of such times is hereinafter, separately, referred to as "the appointed time".

(b) Subject to Rule 7.1.1(c), HKICL will have the discretion to postpone or extend any of the appointed times (including the appointed time for a Bulk Clearing Settlement Run, the delivery of Returned Articles, Unpaid Articles and/or Articles for clearing and/or settlement) in cases of emergencies or exceptional circumstances due to reasons of an operational or technical nature (e.g. breakdown in facilities, power failure etc.). In such cases, HKICL shall notify all Members by a broadcast in the manner as stipulated in the Operating Procedures, and shall notify HKSCC and OTC Clear in a manner separately agreed with them, or in the case of users of the e-Cheque Presentment Service shall advise Members and publish on any website, mobile application or on any other system on which an e-Cheque Presentment Service is made available notice of the revision of the appointed time(s) and such revision shall be binding on Members.

(c) In the case of CHATS Commencement being delayed due to urgent system maintenance and when it is reasonably certain that the normal operation of CHATS can resume within the same Working Day, the affected appointed times shall be adjusted according to the principles stipulated in Rules 7.7. HKICL will notify all Members by a broadcast in the manner as stipulated in the Operating Procedures the revision of the appointed time(s) and such revision shall be binding on Members.

7.1.2 Delivery

All Articles (or information relating thereto and/or (where permitted) images thereof contained in Electronic Media) to be processed in a Bulk Clearing Settlement Run must be delivered at the Clearing House by the relevant appointed time.

HKICL, after consultation with MA and CB, has authority to refuse to accept Articles for clearing and settlement after the relevant appointed time.

Members or CB may appoint staff members or any other person to act as their agents for the purpose of delivery and collection of Articles, Returned Articles and Unpaid Articles to or from the Clearing House. Such persons shall bear authorisation cards issued by HKICL. Each Member or CB shall be responsible for all acts and omissions of its agents who shall be regulated in accordance with the Operating Procedures.

7.1.3 List of Articles

Lists of Articles (except those which are to pass through electronic clearing) containing such information as is from time to time required must accompany all deliveries of Articles for clearing, Returned Articles and Unpaid Articles.

7.1.4 Settlement

(a) The process for the settlement of Articles (other than OTC Items), CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions is set out in Schedule I and detailed provisions relating to the settlement of such items are set out in Schedule III.

(b) The process for the settlement of OTC Items is set out in Part IV of Schedule III.

7.1.5 Returned Articles and Unpaid Articles

(a) All Returned Articles and Unpaid Articles shall be delivered to the Clearing House by the relevant appointed time. HKICL has authority to refuse to accept Returned Articles and Unpaid Articles delivered to it after the relevant appointed time.

(b) Returned Articles and Unpaid Articles returned in physical form shall be delivered to the Clearing House accompanied by a list containing such information as is currently required.

(c) Unpaid Articles in respect of e-Cheques and Returned Articles of E-bill Payments shall be delivered to the Clearing House in Electronic Media unless otherwise permitted by HKICL.

(d) Unpaid Articles in respect of Paper Cheques shall be delivered to the Clearing House in Electronic Media in accordance with the Operating Procedures unless otherwise permitted by HKICL.

(e) [This provision has been left blank intentionally]

(f) This Rule 7.1.5 applies to Paper Cheques initially exchanged between Group A Members pursuant to Rule 7.1.9.

7.1.6 Wrongly Delivered Articles

Articles wrongly delivered through the clearing process should be returned to the Clearing House with Unpaid Articles or Returned Articles, as the case may be. A Member receiving a wrongly delivered Article shall give immediate telephone notice to HKICL, which will advise the Member by or through which the Article is payable. This Rule 7.1.6 does not apply to CCASS Participant Items, E-bill Payments, Returned Articles of E-bill Payments, SCCASS Participant Items, SCASSN Participant Items and OTC Items.

7.1.7 Articles Returned to a Wrong Party

If any E-bill Payment, CCASS Investor Item, Paper Cheque or e-Cheque Payment is returned to a wrong party as Returned Articles or Unpaid Articles, the Member discovering the error should advise HKICL of the details and HKICL should then notify CB and the Member concerned of the error and the amount payable or receivable (including the amount payable or receivable under the Interest Adjustment Scheme) by each of them in order to rectify the error and the Member from whom a payment is due shall effect the payment by means of a CHATS Payment Instruction immediately. The Member which made the error will be responsible for the re-delivery of the Returned Articles or the Unpaid Articles to the correct party.

7.1.8 Direct Presentation of Articles

These Clearing House Rules do not deprive any Member of the right to present an Article (other than e-Cheque) direct to the Member by or through which that Article is payable for payment in cash.

7.1.9 Clearing without Delivery of Paper Cheques by Group A Members

Group A Members may after giving 60 days' notice in writing to HKICL:

(a) exchange physical Paper Cheques and/or images of Paper Cheques in Electronic Media among themselves without delivery to the Clearing House; and

(b) deliver information relating to such Paper Cheques by Electronic Media to the Clearing House (such information to be delivered to the Clearing House by each Group A Member concerned) for clearing without physical delivery of such Paper Cheques and without delivery of images of such Paper Cheques in Electronic Media to the Clearing House.

Group A Members who have given such notice may by 60 days' prior notice in writing to HKICL revert to exchange of Paper Cheques through the Clearing House in accordance with Rule 7.5.1. All such notices must be given on behalf of all the Group A Members participating in the same exchange arrangement. Notices given under this Rule may not be given more frequently than once per calendar year. Group A Members who exchange Paper Cheques among themselves in the manner contemplated by this Rule shall ensure that each Paper Cheque that is cleared pursuant to an exchange among themselves in the manner contemplated by this Rule shall bear a notation with the word "clearing" and state the date of presentation. A Paper Cheque that has been exchanged between Group A Members but is not paid shall be returned to the Clearing House pursuant to Rule 7.1.5.

7.2 Value Date of Articles

7.2.1 Inter-Member Level

(a) The value date of payment of an Article (other than e-Cheques, E-bill Payments, Returned Articles of E-bill Payments, SEPS Items, SCCASS Participant Items (but including further amendments to SCCASS Participant Items reported by Members to CCASS after completion of the Bulk Clearing Settlement Run for SCCASS Participant Items but before 20.00 hours on Day D), SCASSN Participant Items and OTC Items) cleared and/or settled through CHATS at the inter-Member level or between CB and Members shall be the Working Day immediately following the day of presentation of such Article to the Clearing House for clearing, except as otherwise provided in Schedule III.

(b) The value date of payment of e-Cheques cleared and settled through CHATS at the inter-Member level shall be the Working Day immediately following the day of generation of the relevant e-Cheque Payments by HKICL.

(c) The value date of payment of E-bill Payments, Returned Articles of E-bill Payments, SEPS Items, SCCASS Participant Items (but excluding further amendments to SCCASS Participant Items reported by Members to CCASS after completion of the Bulk Clearing Settlement Run for SCCASS Participant Items but before 20.00 hours on Day D), SCASSN Participant Items and OTC Items at the inter-Member level shall be the Working Day of presentation of such E-bill Payments, Returned Articles of E-bill Payments, SEPS Items, SCCASS Participant Items, SCASSN Participant Items and OTC Items to the Clearing House for clearing.

7.2.2 Member-customer Level

(a) Notwithstanding Rule 7.2.1 (a) and (b) and subject to Rule 7.2.2 (b), at the Member-customer level, payment of an Article (except a Special CCASS Item, an e-Cheque and a Returned Article of E-bill Payment) shall be valued the same day as the day of presentation of that Article by the customer of a Member to the Member concerned; and payment of Special CCASS Items shall be valued at the Member-customer level

and settled at the inter-Member level on the same day being the Working Day after the day of presentation of the Special CCASS Items; and payment of e-Cheques shall be valued at the Member-customer level on the day of generation of the relevant e-Cheque Payments by HKICL.

(b) At the Member-customer level, payment of a Returned Article of E-bill Payment due to reasons other than refund shall be valued on the Working Day of original presentation of such E-bill Payment that need to be returned to the presenting Member.

7.3 Interest Adjustment Scheme

In order to deal with the situation created by the difference between the value date of payments of Articles (except E-bill Payments (but including Returned Articles of E-bill Payments); SEPS Items; SCCASS Participant Items (but including further amendments to SCCASS Participant Items reported by Members to CCASS after completion of the Bulk Clearing Settlement Run for SCCASS Participant Items but before 20.00 hours on Day D); SCASSN Participant Items; OTC Items; and Special CCASS Items) at the inter-Member level and the Member-customer level, a Member which is required to pay a Settlement Amount in a Bulk Clearing Settlement Run will pay, and a Member or CB which is entitled to receive a Settlement Amount in the same Bulk Clearing Settlement Run will receive, interest on their respective Settlement Amounts in accordance with the provisions of the Interest Adjustment Scheme set out in Schedule IV. References to "Settlement Amount" in this Rule 7.3 exclude interest payable under the Interest Adjustment Scheme. The Interest Adjustment Scheme does not apply to amounts payable or receivable in a Bulk Clearing Settlement Run of E-bill Payments (but including Returned Articles of E-bill Payments); SEPS Items; SCCASS Participant Items (other than further amendments to SCCASS Participant Items reported by Members to CCASS after completion of the Bulk Clearing Settlement Run for SCCASS Participant Items but before 20.00 hours on Day D); SCASSN Participant Items; OTC Items; and Special CCASS Items.

7.4 Indemnity

7.4.1 Subject to Rule 7.4.2, CB or a Member (including in its capacity as an agent bank of EPSCO) that delivers to the Clearing House information relating to Articles, Returned Articles of E-bill Payments, Unpaid Articles in respect of e-Cheques, return of presented e-Cheques by payee bank Members pursuant to Rule 7.6.7.4 ("return of presented e-Cheques"), Unpaid Articles of Paper Cheques and an image of a Paper Cheque itself in Electronic Media (whether or not it also delivers the related Paper Cheque):

(a) will be responsible for the correctness of the contents in the Electronic Media;

(b) authorises HKICL to rely exclusively on the relevant information relating to the Articles, Returned Articles of E-bill Payments, Unpaid Articles in respect of e-Cheques, return of presented e-Cheques, Unpaid Articles of Paper Cheques and on the image of the Paper Cheque without making any other independent verification of the Articles, Returned Articles of E-bill Payments, Unpaid Articles in respect of e-Cheques, return of presented e-Cheques and Unpaid Articles of Paper Cheques;

(c) authorises HKICL to rely exclusively on the Electronic Records of presented e-Cheques, Unpaid Articles in respect of e-Cheques and return of presented e-Cheques should such Electronic Records fulfil duplicate presentment checking and validations as defined in the Operating Procedures, without making any other independent verification of the presented e-Cheques, Unpaid Articles in respect of e-Cheques and return of presented e-Cheques; and

(d) undertakes to indemnify (in the case of Members) CB and (in the case of Members and CB) HKICL against all liabilities and expenses incurred by either of them arising out of or as a result of any error in instructions or discrepancy between such information and the related Articles, Returned Articles of E-bill Payments, Unpaid Articles in respect of e-Cheques, return of presented e-Cheques, Unpaid Articles of Paper Cheques, any discrepancy between the original Paper Cheque and the image of the

Paper Cheque, and any discrepancy arising from the failure of any e-Cheque format used by the Member to comply with the lay-out requirements stipulated in the Operating Procedures.

7.4.2 Notwithstanding the provisions of Rule 7.4.1:

(a) no Group A Member shall incur any liability to any other Member, CB or HKICL; and

(b) HKICL shall incur no liability to any Member or CB

arising out of an image of a Paper Cheque or information relating to a Paper Cheque in Electronic Media not corresponding with the original of the Paper Cheque as long as the Group A Member or HKICL as the case may be can demonstrate that in production of the image of the Paper Cheque or information relating to the Paper Cheque, it has followed a Compliance Assessment Programme for Cheque Imaging Systems and Related Processes as amended by the Group A Member or HKICL (as appropriate) from time to time at its discretion; and

7.4.3 Save as provided in Rule 7.4.1, CB shall incur no liability to any Member or HKICL arising out of an image of a Paper Cheque or information relating to a Paper Cheque in Electronic Media not corresponding with the original of the Paper Cheque.

7.5 Special Rules for Paper Cheques

The following Rules shall apply to clearing Paper Cheques:

7.5.1 Presentation of Paper Cheques

Save as hereinafter provided, Paper Cheques shall be presented to the Clearing House and forwarded by the Clearing House to the Member on which the Paper Cheques are drawn by delivery of their images in Electronic Media provided however that:

7.5.1.1 Presentation of an image of a Paper Cheque by Group B Members will be effected by the Group B Members delivering the physical Paper Cheque to the Clearing House for HKICL to produce the image of the Paper Cheque for the purpose of clearing and settlement;

7.5.1.2 In respect of any Paper Cheque presented by an image of the Paper Cheque in Electronic Media, the Member on whom that Paper Cheque is drawn may require it to be presented physically in accordance with the Operating Procedures;

7.5.1.3 Paper Cheques may be cleared by Group A Members without delivery of the physical Paper Cheques to the Clearing House in accordance with the provisions of Rule 7.1.9. In the event of the giving of a notice to HKICL to revert to exchange of Paper Cheques through the Clearing House presentation of Paper Cheques shall be subject to the provisions of this Rule.

7.5.2 Stamps

7.5.2.1 All Paper Cheques which have been delivered by Group A Members to the Clearing House for the purpose of clearing shall as evidence of such delivery and clearing be impressed by Group A Members with a stamp on the reverse with the word “Clearing”, the date of presentation and the name of the presenting Group A Members.

7.5.2.2 All Paper Cheques which have been delivered by Group B Members for the purpose of clearing pursuant to Rule 7.5.1.1 shall as evidence of such delivery and clearing be impressed by HKICL with a stamp on the reverse with the word “Clearing”, the date of presentation and the name of HKICL.

7.5.2.3 Members shall not return Paper Cheques unpaid on the ground that they do not bear the appropriate stamp, but shall liaise with the relevant Group A Member or HKICL (as appropriate) for confirmation.

7.5.2.4 In order to identify the presenting party, all Paper Cheques must be enfaced by the relevant presenting Member or CB with a crossing stamp bearing the name of the presenting Member or CB.

7.5.3 [This provision has been left intentionally]

7.5.4 [This provision has been left intentionally]

7.5.5 [This provision has been left intentionally]

7.5.6 [This provision has been left intentionally]

7.5.7 Paper Cheques Lost or Destroyed

7.5.7.1 In the event of loss or destruction of a Paper Cheque outside the Clearing House, the presenting Member or CB (in its capacity as a presenting Member) shall arrange settlement through the Clearing House or with the Member on whom the Paper Cheque is drawn in accordance with the Operating Procedures and shall submit a certified copy of the lost or destroyed Paper Cheque:

(a) to HKICL in the event of settlement of the Paper Cheque through the Clearing House, and upon such submission to HKICL, the presenting Member or CB (in its capacity as a presenting Member) (as the case may be) shall be deemed as having irrevocably (save where otherwise provided in this Rule) and unconditionally agreed to indemnify and hold each of CB (in its capacity as clearing bank), HKICL and the drawee Member on which the Paper Cheque is drawn harmless from and against all losses, costs, claims or demands arising as a result of HKICL clearing and the drawee Member making payment against the certified copy of the Paper Cheque rather than the original including (but without prejudice to the generality of the foregoing) any loss, cost, claim or demand arising out of the drawee Member being required subsequently to make payment against the original of the Paper Cheque; or

(b) to the Member on whom the Paper Cheque is drawn in the event of settlement between the presenting Member or CB (in its capacity as a presenting Member) and the Member on whom the Paper Cheque is drawn, and upon such submission to the Member on whom the Paper Cheque is drawn, the presenting Member or CB (as the case may be) shall be deemed as having irrevocably (save as otherwise provided in this Rule) and unconditionally agreed to indemnify and hold the drawee Member harmless from and against all losses, costs, claims or demands arising as a result of the drawee Member making payment against the certified copy of the Paper Cheque rather than the original including (but without prejudice to the generality of the foregoing) any loss, cost, claim or demand arising out of the drawee Member being required subsequently to make payment against the original of the Paper Cheque.

Where

(i) two hours before the submission deadline of Unpaid Articles of Paper Cheque, or

(ii) when agreed between the presenting Member or CB (in its capacity as a presenting Member) and the drawee Member, before any other lead time prior

to such submission deadline,

the original of the Paper Cheque is recovered and is delivered directly to the drawee Member concerned (for settlement with the drawee Member or for settlement through the Clearing House), upon such delivery of the original Paper Cheque for settlement, the indemnity given by the presenting Member or CB (in its capacity as a presenting Member) under paragraph (a) or (b) above in this Rule (as the case may be) shall be treated as having been revoked.

7.5.7.2 In the case of a Paper Cheque presented by a Group B Member is lost or destroyed within the Clearing House:

(a) where the details of such Paper Cheque have already been captured by the Clearing House Computer, HKICL will notify the Member on whom the Paper Cheque was drawn in writing and provide the details of the Paper Cheque concerned;

(b) where the details of such Paper Cheque have not yet been captured by the Clearing House Computer, HKICL shall forthwith give notice to the Group B Member concerned of the loss or destruction of its outward clearing for that day;

(c) upon receipt of the notice of loss or destruction from HKICL, the Group B Member concerned shall forthwith arrange for copies of the Paper Cheque which have been so lost or destroyed to be reproduced from its records and submitted to the Clearing House in batches;

(d) each copy of the Paper Cheque referred to in Rule 7.5.7.2(c) shall bear the certification and be signed by an authorised signatory of the presenting Group B Member.

7.5.7.3 Any copy of a Paper Cheque presented by a Group B Member bearing the certification referred to in Rule 7.5.7.2 above shall be treated by the drawee Member in all respects as though it were the original and be dealt with accordingly.

7.5.8 Lay-out Requirements

Lay-out requirements for data and images of Paper Cheques and data in respect of Unpaid Articles in respect of Paper Cheques exchanged between the Clearing House and CB, and between the Clearing House and Members by Electronic Media must comply with the specifications set out from time to time by HKICL. The specifications currently applicable are set out in the Operating Procedures. HKICL is entitled not to accept such exchanges which do not conform to the above-mentioned specifications.

7.5.9 Collection and Payment of Paper Cheques in Shenzhen

7.5.9.1 Paper Cheques collected from banks in Shenzhen ("SZ Banks") shall be presented to HKICL by CB.

7.5.9.2 Amounts payable by Members to SZ Banks are regarded to have been paid when credit has been given to CB in respect of such amounts in a settlement through the Clearing House.

7.6 Special Rules for ECG Items

7.6.1 HKICL may with CB's approval decide from time to time what electronic payment items may be accepted for clearing by the Clearing House on a bulk clearing and settlement basis. Currently, EPS Items, CCASS Items, OTC Items, E-bill Payments, SEPS Items, e-Cheques and Returned Articles or Unpaid Articles in respect thereof are accepted for clearing by the Clearing House.

7.6.2 E-bill Payments

7.6.2.1 Paperless direct credits in respect of electronic bill payments and charity donation payments addressed to participating Members to be cleared and settled on the same Working Day may be accepted. Members to whom direct credits are addressed will return to HKICL any direct credits which cannot be credited for any reasons as stipulated in the Operating Procedures or for any other reasons which make it impossible for a direct credit to be credited to an account or for refund purpose. Such returns must be made within the period defined for different return reasons as stipulated in the Operating Procedures.

7.6.2.2 Compensation for Returned Articles of E-bill Payments due to refund:

7.6.2.2.1 Members making payments shall pay Members receiving payments on the date of settlement of the relevant Bulk Clearing Settlement Run a compensation calculated on the amount of the payment of the Returned Articles of E-bill Payments due to refund for the period between the Working Day of presentation of such Returned Articles of E-bill Payments due to refund (Day R) and the preceding Working Day (Day R-1) at the Interest Adjustment Rate of Day R-1.

7.6.2.2.2 In case of holidays and Non-Clearing Day etc. on which the settlement of the Returned Articles of E-bill Payments due to refund concerned has to be postponed and compensation is payable for more than one day:

(a) the rate applicable to the Working Day preceding the date of presentation of such Returned Articles of E-bill Payments due to refund (Day R-1) for the calculation of compensation as stipulated in Rule 7.6.2.2.1 shall be applied throughout the whole period of the relevant compensation; and

(b) simple interest shall be used in accordance with interbank money market practice.

7.6.3 EPS Items

Paperless direct credits or debits addressed to participating Members may be accepted for clearing when presented by EPSCO's agent bank for this purpose.

7.6.4 CCASS Items

Paperless direct credits and direct debits addressed to Members may be accepted for clearing when presented for clearing by HKSCC for this purpose.

7.6.5 OTC Items

Paperless direct credits and direct debits addressed to participating Members may be accepted for clearing when presented by OTC Clear for this purpose.

7.6.6 SEPS Items

Paperless direct credits or debits addressed to participating Members may be accepted for clearing and settlement on the same Working Day when presented by EPSCO's agent bank to the Clearing House.

7.6.7 e-Cheques

7.6.7.1 Presentment of e-Cheques

(a) Presentment of e-Cheques shall only be effected in Electronic Media by (i) presentment by a Member via the Payee Bank Presentment Service, (ii) presentment by an e-Cheque Drop Box User via the e-Cheque Drop Box Service, (iii) presentment in Shenzhen, delivery to HKICL by CB and collection by HKICL on behalf of CB acting on behalf of the SZ Settlement Centre or (iv) presentment via any other e-Cheque Presentment Service in accordance with the rules and requirements applicable thereto.

(b) Payer bank Members should follow the waiver of presentment requirement as stipulated in the Operating Procedures. Notwithstanding the Bills of Exchange Ordinance (Cap. 19 of the Laws of Hong Kong), no Member shall demand any other form of presentation of an e-Cheque.

(c) If any Member shall notwithstanding this Rule require any other Member to make any presentation of an e-Cheque other than in the manner set out in this Rule, the Member making such a requirement shall indemnify the Member who is required to make such presentation, HKICL and CB from and against any loss, liability, costs, claims or demands incurred by any of them in respect thereof.

7.6.7.2 Generation of e-Cheques Payments

HKICL shall generate e-Cheque Payments at the appointed time on each Working Day as stipulated in Schedule III for the e-Cheques presented in accordance with Rule 7.6.7.1(a) and are not returned by the corresponding payee bank Members.

7.6.7.3 Responsibilities of payer bank Members

(a) Notwithstanding Rule 7.6.8, a Member which issues e-Cheques upon the request of its customers should ensure that there is no discrepancy between the information shown on the display layer of an e-Cheque it issues and the corresponding information carried in the data layer of that e-Cheque, unless the difference is intentionally and reasonably made and is deemed necessary for better clarity and the information in the display layer and the data layer remains correct.

(b) Payer bank Members are responsible for identifying fraudulent e-Cheques, notwithstanding that HKICL may also check the Digital Signature of the payer bank Member on each presented e-Cheque and validate it in accordance with the Operating Procedures. None of HKICL, MA or CB is liable under any circumstances for any losses or expenses whatsoever and howsoever arising out of or in connection with HKICL's identification or failure to identify any relevant fraudulent e-Cheque. None of HKICL, MA or CB shall be liable or responsible for any fraud or unlawful activities practiced by a third party or any loss or damage suffered or incurred by a Member, an e-Cheque Drop Box User, or any other person arising out of or in connection with the provision of the e-Cheque Presentment Service or the presentation of e-Cheques through the SZ Settlement Centre or CB.

7.6.7.4 Responsibilities of payee bank Members

If a payee bank Member is unable to credit an e-Cheque presented in accordance with Rule 7.6.7.1(a) into the relevant account for any reason, then that payee bank Member must return such e-Cheque to HKICL before the designated cut-off times stipulated in Schedule III and the Operating Procedures and HKICL shall exclude such e-Cheque

from the generation of e-Cheque Payments for clearing.

7.6.7.5 e-Cheque Drop Box Service

Rule 7.6.7.5 only applies to Members who have subscribed to the e-Cheque Drop Box Service:

(a) HKICL is the owner of the copyright subsisting in the BKANVM API, including all source and machine codes and the BKANVM Development Guide. Members shall use the BKANVM API only for the purpose of the development of BKANVM.

(b) A Member who provides a BKANVM or other related validation rules to HKICL authorises HKICL to rely exclusively on the function of the BKANVM and the validation rules irrespective of the correctness of the contents of the BKANVM. HKICL shall not be liable for any inaccuracies, omissions, mistakes or errors in any transactions, directly or indirectly resulting from the use of or any malfunction of a BKANVM, or any error in the validation rules, or for any economic or other loss which may be directly or indirectly suffered or incurred.

(c) HKICL shall use the BKANVM and the other related validation rules provided by a Member only for the purpose stipulated in the Operating Procedures without further modification, enhancement or conversion.

(d) A Member may terminate the application of a BKANVM or other related validation rules in the e-Cheque Drop Box Service in accordance with the Operating Procedures. Upon receipt of a termination request from a Member, HKICL will withdraw such BKANVM or validation rules from the e-Cheque Drop Box Service as soon as practicable.

7.6.8 Lay-out Requirements

Lay-out requirements for electronic debits, credits, e-Cheques and the relevant information relating thereto, return of presented e-Cheques, Returned Articles of E-bill Payments and Unpaid Articles in respect of e-Cheques exchanged between the Clearing House and Members by Electronic Media must comply with the specifications set out from time to time by HKICL. The specifications currently applicable are set out in the Operating Procedures. HKICL is not required to accept such exchanges which do not conform with the above-mentioned specifications.

7.7 Guiding Principles for Clearing, Return and Settlement of Articles due to Delay of CHATS Commencement

7.7.1 At the discretion of HKICL after consultation with MA and CB, the principles under Rule 7.7 shall be applicable only for the situation when the delay of CHATS Commencement is due to urgent system maintenance and where it is reasonably certain that the normal operation of CHATS can resume within the same Working Day and the start up time can be anticipated under the notification of HKICL as stipulated in Rule 7.1.1(c). Otherwise, contingency measures stipulated in Rules 6.9 shall apply.

7.7.2 Subject to Rule 7.7.1, 7.7.3, 7.7.4, 7.7.5 and 7.7.6, the clearing and return process of Articles shall proceed according to the original schedule.

7.7.3 The clearing and return process of Articles shall proceed only in the case when the clearing systems for all Articles are available.

7.7.4 Subject to Rule 7.7.5, all Bulk Clearing Settlement Run(s) that cannot be executed due to delay in CHATS Commencement (delayed Bulk Clearing Settlement Run) shall be executed in their original sequential order one by one consecutively once CHATS has resumed.

7.7.5 If the first (one or more) delayed Bulk Clearing Settlement Run(s) cannot be completed before the beginning of the next immediate scheduled Bulk Clearing Settlement Run after the revised CHATS Commencement, priority shall be given to the next immediate Bulk Clearing Settlement Run, followed by the delayed Bulk Clearing Settlement Run(s).

7.7.6 In the case where CHATS Commencement cannot occur on a Working Day, the delayed Bulk Clearing Settlement Runs can, at the discretion of HKICL after consultation with MA and CB, be deferred to the time at which CHATS can resume for value as at the Working Day on which the Bulk Clearing Settlement Runs were originally scheduled and this Rule shall apply to them accordingly.

Part VIII Miscellaneous

8.1 PDPO

8.1.1 Each of CB and individual Member (for itself and for each of its Global Users) represents to HKICL that:

(a) all Personal Data provided by it to HKICL:

(i) have been collected by lawful means; and

(ii) are accurate in all material respects so far as it is aware;

(b) in relation to Personal Data collected by it all necessary consents required from Data Subjects have been obtained:

(i) to enable Personal Data to be used for the purpose of the operation of the Clearing House and the Clearing Facilities in accordance with these Clearing House Rules;

(ii) to enable Personal Data to be delivered to HKSCC for the purpose of giving effect to a CCASS Payment Instruction;

(iii) to enable Personal Data to be transferred or delivered to any other person to the extent necessary for the purpose of the operation of the Clearing House and the Clearing Facilities in accordance with these Clearing House Rules; and

(iv) to enable HKICL to provide Personal Data to any party pursuant to any obligation binding upon it under the PDPO; and

(c) it has complied in all respects with the provisions of the PDPO; and

(d) use of the MBT and any equipment through which Members, Global User or CB gain access to the MBT complies with all applicable data protection laws, codes of practices and licences.

8.1.2 Each of CB and individual Member confirms that the collection, use and retention of Personal Data by any outsourcing party in relation to the operation of the Clearing House and the Clearing Facilities pursuant to these Rules comply with all relevant laws and regulations in Hong Kong.

8.2 Contracts (Rights of Third Parties) Ordinance, Cap. 623 of the Laws of Hong Kong

8.2.1 Save in respect of MA, a person who is not a party to these Clearing House Rules pursuant to Rule 2.7.1 shall not have any rights to enforce or enjoy the benefit of any term or provision of these Clearing House Rules, and the application of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) and/or any comparable law in any jurisdiction giving to or conferring on third parties the right to enforce or enjoy the benefit of any term or provision of these Clearing House Rules is expressly excluded.

8.2.2 Any rights or benefits granted to MA under these Clearing House Rules are personal to MA and may not be assigned or enforced by any person other than MA.

8.3 Law and Jurisdiction

8.3.1 These Clearing House Rules and the Operating Procedures shall be governed by and construed in accordance with the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

8.3.2 The Courts of the Hong Kong Special Administrative Region of the People's Republic of China shall have jurisdiction to settle any disputes which may arise in connection with these Clearing House Rules or the Operating Procedures and CB, HKICL and each Member hereby submit to the jurisdiction of such Courts. Proceedings may also be initiated in any other courts of competent jurisdiction.

8.4 Effective Date

These Clearing House Rules shall take effect from the date HKICL announces that they will take effect. In the event of any inconsistency between the version of the Clearing House Rules on HKICL's website and any other version of the Clearing House Rules, the version on HKICL's website shall prevail.

Hong Kong Interbank Clearing Limited

Date: 16 November 2026

SCHEDULE I DEFAULT ARRANGEMENTS FOR ARTICLES (OTHER THAN OTC ITEMS), CCASS OPTIMISER PAYMENT INSTRUCTIONS, SCCASS OPTIMISER PAYMENT INSTRUCTIONS, CHATS OPTIMISER PAYMENT INSTRUCTIONS AND CCPO INSTRUCTIONS

Event	TIME at which the Event is to occur
I. Settlement	
i. Access by Members and CB to the Settlement Amounts of the Bulk Clearing Settlement Run and amounts of CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions scheduled to be settled simultaneously with the Bulk Clearing Settlement Run concerned ("First Settlement") to Members and CB via the MBT.	Completion of clearing and return processing of relevant Articles, as the case may be, but prior to settlement
ii. Commencement of the Settlement Process. During this period, Settlement Holds will be applied to earmark debit Settlement Amounts payable by Members in their CHATS Ledger Accounts and if one or more Members is/are short of funds, HKICL will re-try until the Final Cut-off time. If all Members have sufficient funds in their CHATS Ledger Accounts, settlement will be effected immediately for the First Settlement notwithstanding that the Final Cut-off time has not yet arrived. Settlement completed and will be deemed final.	According to the timetable for commencement of the Bulk Clearing Settlement Run for the respective Articles, CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions
II. Default Situation	
Subject to paragraph VI, if one or more Members ("Default Member(s)") fail to comply with its or their obligation under these Rules, or if its or their available balance in the CHATS Ledger Account(s) are insufficient to meet its or their Bulk Clearing Commitment, or if they are insolvent at the Final Cut-off time –	Final Cut-off time
i. Announcement of the name(s) of the Default Member(s) and mandatory and immediate suspension ("Mandatory Immediate Suspension") of the Default Member(s) from the clearing system, i.e. no payment to or from the Default Member(s) will be accepted by the Clearing House systems, including CHATS, and the e-Cheque Portal, unless the Mandatory Immediate Suspension is lifted.	
ii. CB to advise the SZ Settlement Centre accordingly.	Immediately following announcement by the clearing system

iii. Settlement Holds still apply to funds in CHATS Ledger Accounts of Members (including the Default Member(s) and those not in default) up to their respective debit Settlement Amounts of the First Settlement until the notification of the Re-Settlement Amounts and the commencement of the Settlement Process for the Re-Settlement via the MBT.	
iv. HKICL to prepare the unwinding of the First Settlement (including, where applicable the unwinding of CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions) and calculation of the Re-Settlement.	

III. Notice of Unwinding and Re-Settlement

Subject to paragraph VI, the following announcements will be made by HKICL:	15 minutes after the Final Cut-off time of the First Settlement
- Unwinding of the First Settlement announced.	
- Estimate of the time of the Re-Settlement announced.	
- Estimates of any other deadline adjustments announced.	

IV. Unwinding and Re-Settlement

Subject to paragraph VI,	As soon as possible after the Final Cut-off time of the First Settlement
- HKICL notifies Members and CB of their Re-Settlement Amounts via the MBT.	
- Mandatory Immediate Suspension of the Default Member(s) continues.	
- Settlement Holds on the non-default Members for the First Settlement will be released but such Settlement Holds will be replaced immediately by new Settlement Holds for the debit Re-Settlement Amounts and the Settlement Process on the Re-Settlement will immediately start at the same time.	30 minutes after the commencement of the Re-Settlement
- Final Cut-off time for the Re-settlement.	

V. Declaration of default of the Default Member(s)

Subject to paragraph VI, Mandatory Immediate Suspension of the Default Member(s) will continue until the declaration of CB after	Any time subject to the decision of CB after consultation with MA.

consultation with MA otherwise whereupon HKICL shall cancel the clearing codes of all Global Users who clear CHATS Transactions through that Member.

VI. Exception

Paragraphs II, III, IV and V of this Schedule shall not apply to a Bulk Clearing Settlement Run for SCASSN Participant Items which pursuant to Part III paragraphs C.7 and C.8 of Schedule III is deferred until the next Working Day.

VII. Application

Schedule I does not apply to OTC Items.

Definitions:

"Re-Settlement" means the Settlement Process for and the settlement of a Bulk Clearing Settlement Run after the unwinding of the First Settlement and the re-calculation of the Settlement Amounts of the Members excluding those of the Default Member(s) in the event that one or more of the Member(s) default(s) in a Bulk Clearing Settlement Run in the circumstances set out in Part II of this Schedule.

"Re-Settlement Amounts" means the Settlement Amounts payable to or receivable by the Members or receivable by CB in a Re-Settlement.

SCHEDULE II CHATS, CCASS, CCPMP CUT-OFF AND END OF DAY CUT-OFF

Part I CHATS Customer Cut-off, CHATS Bank Cut-off and CHATS Value Date Cut-off

CHATS (other than the processing of funds transfers in respect of Articles and save as provided in paragraph 1 below) is normally available for around-the-clock processing, but there is a need to have a cut-off time to distinguish payments for same-day value and payments for next-day value and to enable Members, Global Users and CB to assess their end-of-day positions. The following are the arrangements relating to various cut-off times and value dates:

1. CHATS (other than the processing of funds transfers in respect of Articles) will have 24 hours' availability (subject to scheduled regular housekeeping and maintenance work), but for (i) Monday to Friday which is a Working Day, the cut-off times take place on the next calendar day following the CHATS Commencement, specifically CHATS Customer Cut-off will be at 04.45 hours, CHATS Bank Cut-off will be at 05.00 hours and CHATS Value Date Cut-off (i.e. System Date changed) will be at 05.05 hours in each case on the next calendar day or (ii) for Operating Saturdays and Sundays the cut-off times take place on the same calendar day of the CHATS Commencement, specifically CHATS Customer Cut-off will be at 20.45 hours, CHATS Bank Cut-off will be at 21.00 hours and CHATS Value Date Cut-off (i.e. System Date changed) will be at 21.05 hours or (iii) such other time determined by CB after consultation with MA from time to time. Provided however that CHATS Payment Instructions, CCASS Payment Instructions and CCP Instructions to be implemented by CB pursuant to Rule 6.2.6 may only be given on Working Days between the hours agreed in writing between each relevant Member and CB. CHATS Transactions (other than in respect of Articles) settled prior to CHATS Value Date Cut-off shall be valued on the day of the CHATS Commencement.

2. Members, Global Users and CB should comply with the respective cut-off times and other requirements stipulated in the Operating Procedures* when inputting, cancelling or performing any other actions with various payment instructions in CHATS. The Operating Procedures shall specify the actions which may be performed by Members, Global Users and CB and the circumstances under which they may be performed. Each Member shall ensure that each of its Global Users complies with the Operating Procedures in accordance with Rule 6.7.11.

   * Members may refer to the Operating Procedures for CHATS – Service Description for more information on the respective cut-off times and other requirements.

Part II CCASS Interim Cut-off and CCASS End of Day Cut-off

The following are the arrangements for CCASS Interim Cut-off and CCASS End of Day Cut-off:

1. At 3:30 p.m. CCASS will send a preliminary CCASS Interim Cut-off message to CHATS.

2. At 3:35 p.m. CCASS will send a final CCASS Interim Cut-off message to CHATS.

3. After receipt of the preliminary CCASS Interim Cut-off message referred to in paragraph 1:

   (a) the Clearing House Computer will:

      (i) not settle any further CCASS Interim Cut-off Payments;

      (ii) reject all instructions for the processing of further CCASS Interim Cut-off Payments;

      (iii) cancel all undelivered validation requests, validation requests awaiting response from CCASS and queued payments pending in the Normal Queue and Pending Queue for the CCASS Interim Cut-off Payments; and

      (iv) continue to send outstanding confirmation advices to CCASS and to receive acknowledgements from CCASS for the CCASS Interim Cut-off Payments which are settled before the CCASS Interim Cut-off; and

   (b) CCASS will:

      (i) reject all incoming validation requests for the CCASS Interim Cut-off Payments which are sent by CHATS before the CCASS Interim Cut-off but arrived afterwards; and

      (ii) continue to process effected payments, to receive outstanding confirmation advices and to send acknowledgements for the CCASS Interim Cut-off Payments.

4. After receipt of the final cut-off message to CHATS referred to in paragraph 2:

   (a) the Clearing House Computer will stop all further processing of CCASS Interim Cut-off Payments; and

   (b) CCASS will stop all further processing of CCASS Interim Cut-off Payments.

5. At 7:45 p.m. CCASS will send a preliminary CCASS End of Day Cut-off message to CHATS.

6. At 7:50 p.m. CCASS will send a final CCASS End of Day Cut-off message to CHATS.

7. After receipt of the preliminary CCASS End of Day Cut-off message referred to in paragraph 5:

   (a) The Clearing House Computer will:

      (i) not settle any further CCASS End of Day Cut-off Payments;

      (ii) reject all instructions for the processing of further CCASS End of Day Cut-off Payments;

      (iii) cancel all undelivered validation requests, validation requests awaiting response from CCASS and queued payments pending in the Normal Queue and Pending Queue for the CCASS End of Day Cut-off Payments; and

      (iv) continue to send outstanding confirmation advices to CCASS and to receive acknowledgments from CCASS for the CCASS End of Day Cut-off Payments which are settled before the CCASS End of Day Cut-off; and

(b) CCASS will:

(i) reject all incoming validation requests for the CCASS End of Day Cut-off Payments which are sent by CHATS before the CCASS End of Day Cut-off but arrived afterwards; and

(ii) continue to process effected payments, to receive outstanding confirmation advices and to send acknowledgements for the CCASS End of Day Cut-off Payments.

8. After receipt of the final cut-off message to CHATS referred to in paragraph 6:

(a) the Clearing House Computer will stop all further processing of CCASS End of Day Cut-off Payments; and

(b) CCASS will stop all further processing of CCASS End of Day Cut-off Payments.

For the avoidance of doubt, the above provisions apply to the normal process for CCASS Interim Cut-off and CCASS End of Day Cut-off. In case of exceptional circumstances due to situations including but not limited to CCASS failure, the communication link between the Clearing House Computer and CCASS fails or when the CCASS Interim Cut-off and/or CCASS End of Day Cut-off processing as appropriate is not triggered as scheduled, the arrangements as stipulated in the Operating Procedures shall prevail.

Part III CCPMP Cut-off (in respect of CCP Instructions)

The following are the arrangements for CCPMP:

1. CCPMP will commence operation on each Working Day at CCPMP Commencement or such other time as determined by CB after consultation with MA from time to time.

2. At 18.30 hours on Working Days or such other time as determined by CB after consultation with MA from time to time, CCPMP will send a cut-off message to CHATS.

3. After receipt of the cut-off message referred to in paragraph 2 or after CHATS Bank Cut-off, whichever is the earlier, the Clearing House Computer will:

   (i) cancel all CCP Instructions and CCPO Instructions with value date being the current Working Day which are waiting for CCPMP's validation response;

   (ii) cancel all CCP Instructions with value date being the current Working Day which are in the Normal Queue;

   (iii) reject any incoming CCP Instructions and CCPO Instructions with value date being the current Working Day; and

   (iv) cancel all CCPO Instructions with value date being the current Working Day which have not been settled.

4. After the cut-off message referred to in paragraph 2 is received, the Clearing House Computer will one by one release the hold in Sender's CHATS Ledger Account of the funds in respect of outstanding CCP Instructions. For the avoidance of doubt, this provision does not apply to CCPO Instructions.

Part IV End of Day Cut-off

CHATS (other than the processing of funds transfers in respect of Articles subject as hereinafter provided) is available for around the clock processing of Direct Credit Instructions or Direct Debit Instructions but there is a need to have a cut off time to distinguish payments for same day value and payments for next day value to enable Members and CB to assess their end of day positions. Provided however that Direct Credit Instructions and Direct Debit Instructions to be implemented by CB pursuant to Rule 6.2.6 may only be given on Working Days between the hours agreed in writing between each relevant Member and CB. The following are the arrangements relating to the cut off time.

1. The End of Day Cut-off will be triggered upon completion of the CHATS Value Date Cut-off, and the End of Day Cut-off, (i) for Monday to Friday which is a Working Day, will occur at 05.15 hours of the next calendar day; (ii) for Operating Saturdays and Sundays, will occur at 21.15 hours of the same calendar day; or (iii) such other time as determined by CB after consultation with MA from time to time.

2. During the period prior to End of Day Cut-off

   CB may

   - input Direct Credit Instructions
   - input Direct Debit Instructions
   - subject to Rule 6.3.9.5 and Rule 6.12.8, re-sequence Direct Debit Instructions or cancel any of the Direct Debit Instructions Value Today in the Normal Queue Provided however that in respect of Direct Debit Instructions Value Today implemented pursuant to Rule 6.2.6, CB may only re-sequence or cancel such instructions when instructed to do so by the restricted licence bank, deposit-taking company or overseas bank which initiated the relevant CHATS Payment Instructions, CCASS Payment Instructions or CCP Instruction and may only re-sequence such instructions where the instructions to be re-sequenced are implemented on the instructions of the same restricted licence bank, deposit-taking company or overseas bank

3. After the End of Day Cut-off, the Clearing House Computer will:

   - not settle any Direct Debit Instruction Value Today and Direct Credit Instruction Value Today; and
   - cancel all Direct Debit Instructions Value Today in the Normal Queue

   CB cannot

   - input Direct Debit Instructions or Direct Credit Instructions Value Today

   CB can

   - input Direct Debit Instructions Value Forward Day or Direct Credit Instructions Value Forward Day

SCHEDULE III CLEARING & SETTLEMENT OF ARTICLES, CCASS OPTIMISER PAYMENT INSTRUCTIONS, SCCASS OPTIMISER PAYMENT INSTRUCTIONS, CHATS OPTIMISER PAYMENT INSTRUCTIONS AND CCPO INSTRUCTIONS

Part I The Timetable for Delivery of Articles to the Clearing House

[This section has been left blank intentionally]

Part II The Timetable for the Settlement of Articles, CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions

[This section has been left blank intentionally]

Part III Clearing & Settlement of Articles (Other than OTC Items)

A. General

1. Bulk Clearing Settlement Runs will be completed at specified times during the day as provided in these Clearing House Rules and the principle of "all or none" shall apply to each of the Bulk Clearing Settlement Runs.

2. The clearing items of the following respective Bulk Clearing Settlement Runs will be separately merged:

   (a) the Bulk Clearing Settlement Runs for CLG Items and e-Cheques.

   (b) the Bulk Clearing Settlement Runs for SEPS Items and E-bill Payments for settlement in the evening.

   Members will be given only one aggregated Settlement Amount for the merged Bulk Clearing Settlement Runs but a break-down for each of the merged Bulk Clearing Settlement Runs will also be given for the relevant Member's reference. The merged Bulk Clearing Settlement Runs will not be split in the event of default. However, if there are problems of a technical or operational nature preventing one of the merged Bulk Clearing Settlement Runs from being completed, HKICL shall be entitled to exercise its management discretion to split the said Bulk Clearing Settlement Runs with appropriate notification to the Members.

3. If there are payments in the Normal Queue, the payment of the Settlement Amount for a Bulk Clearing Settlement Run and the payment of any amounts in respect of CCASS Optimiser Payment Instructions, SCCASS Optimiser Payment Instructions, CHATS Optimiser Payment Instructions and CCPO Instructions scheduled to be settled simultaneously with a Bulk Clearing Settlement Run will have priority over the CHATS Payment Instructions Value Today, OTC Clear Payment Instructions Value Today, CCASS Payment Instructions, CCP Instructions Value Today and Direct Debit Instructions Value Today in the Normal Queue.

B. EPS Items

[This provision has been left blank intentionally]

C. CCASS Items

[This provision has been left blank intentionally]

D. E-bill Payments

[This provision has been left blank intentionally]

E. SEPS Items

[This provision has been left blank intentionally]

F. Paper Cheques

[This provision has been left blank intentionally]

G. e-Cheques

[This provision has been left blank intentionally]

Part IV Clearing and Settlement of OTC Items

1. [This provision has been left blank intentionally]

2. [This provision has been left blank intentionally]

3. [This provision has been left blank intentionally]

4. [This provision has been left blank intentionally]

5. If the available balance in the CHATS Ledger Account of a Member for OTCCRU Items is insufficient to meet its Bulk Clearing Commitment before the commencement of the Bulk Clearing Settlement Run of OTC Items set out in Part II of Schedule III, the following provisions shall apply:

   (a) The Member concerned shall directly inform OTC Clear in a manner agreed between the Member and OTC Clear if it is a clearing member of OTC Clear; or else if it is a settlement agent appointed by a clearing member of OTC Clear, the Member concerned should inform OTC Clear through the clearing member(s) which designated it to be the settlement agent;

   (b) If OTC Clear should notify HKICL and generate and provide HKICL with a replacement file in Electronic Media according to the handling procedures as stipulated in the Operating Procedures, HKICL will generate a new set of clearing outputs to Members in the settlement run in Electronic Media; and

   (c) the settlement window of such Bulk Clearing Settlement Run of OTC Items will be extended up to 60 minutes after the commencement of the settlement run on the same day.

6. If the available balance in the CHATS Ledger Account of a Member for OTCCRU Items is insufficient to meet its Bulk Clearing Commitment after the commencement of the Bulk Clearing Settlement Run of OTC Items set out in Part II of Schedule III, the following provisions shall apply:

   (a) The Member concerned shall directly inform OTC Clear in a manner agreed between the Member and OTC Clear if it is a clearing member of OTC Clear; or else if it is a settlement agent appointed by a clearing member of OTC Clear, the Member concerned should inform OTC Clear through the clearing member(s) which designated it to be the settlement agent;

   (b) If OTC Clear should notify HKICL and generate and provide HKICL with a replacement file in Electronic Media according to the handling procedures as stipulated in the Operating Procedures, HKICL will generate a new set of clearing outputs to Members in the settlement run in Electronic Media;

   (c) the settlement window of such Bulk Clearing Settlement Run of OTC Items will be extended up to 60 minutes after the commencement of the settlement run on the same day; and

   (d) HKICL shall not debit or credit the CHATS Ledger Account of any Member (including the Member concerned with insufficient funds) in respect of the Bulk Clearing Settlement Run of the OTC Items, but shall maintain Settlement Holds on all Members (including so much as is available in the CHATS Ledger Account of the Member with insufficient funds) in respect of that Bulk Clearing Settlement Run until such Settlement Holds are replaced by new Settlement Holds in accordance with the replacement file provided by OTC Clear in (b).

7. If in respect of a Bulk Clearing Settlement Run of OTC Items a Member is in default (i.e. Clearing Facilities have been suspended or refused to the Member under Rule 5.1, 5.2 or 5.3), the following arrangements shall apply:

   (a) Upon receipt of notification from CB (with the prior consent of MA), HKICL will inform OTC Clear the triggering of the default and the identity of the Member in default in a manner agreed between HKICL and OTC Clear;

(b) the Bulk Clearing Settlement Run of OTC Items relating to the Member in default will be withheld. OTC Clear shall exclude all OTC Items relating to the Member in default and re-submit a new clearing file to the Clearing House for clearing and settlement excluding the Member in default. The details of arrangements are stipulated in the Operating Procedures;

(c) HKICL will generate a new set of clearing outputs to Members in the settlement run in Electronic Media excluding the Member in default; and

(d) the settlement window of such Bulk Clearing Settlement Run will be extended up to 60 minutes after the commencement of the settlement run on the same day.

8. If the Bulk Clearing Settlement Run of OTC Items is not successfully undertaken or completed under paragraph 5, 6 or 7, the Settlement Holds will be released upon cancellation of Bulk Clearing Settlement Run of OTC Items.

9. Part III of this Schedule does not apply to OTC Items.

SCHEDULE IV INTEREST ADJUSTMENT SCHEME

In order to deal with the situation created by the difference between the value date of payment of Articles E-bill Payments (but including Returned Articles of E-bill Payments); SEPS Items; SCCASS Participant Items (but including further amendments to SCCASS Participant Items reported by Members to CCASS after completion of the Bulk Clearing Settlement Run for SCCASS Participant Items but before 20.00 hours on Day D); SCASSN Participant Items; OTC Items; and Special CCASS Items) at the inter-Member level and the Member-customer level:

(a) Paying Members shall pay Receiving Members on the date of settlement of the relevant Bulk Clearing Settlement Run an interest compensation to be calculated on their respective Net Balance Payable at the Interest Adjustment Rate.

(b) In case of holidays, Non-Clearing Day or exceptional circumstances where the settlement of the Articles and Returned Articles of E-bill Payments has to be postponed and interest compensation is payable for more than one day:

- the rate applicable for Day D for the calculation of interest compensation under this Interest Adjustment Scheme shall be applied throughout the whole period of the relevant interest adjustment; and

- simple interest will be used in accordance with inter-bank money market practice.

(c) The Clearing House Computer calculates the total net interest compensation payable or receivable, as the case may be, by each Member or receivable by CB for each Bulk Clearing Settlement Run and the same shall be made available from the Clearing House Computer to the Members and CB through the MBT at the time of the completion of bulk clearing and return processing as the case may be of their respective Settlement Amounts.

(d) In the event that a Member's or CB's Settlement Amount is zero, no interest will be due, but a record therefor will still be displayed.

Definitions:

"Net Balance Payable" means the net amount (after adjustment for returned items) payable by a Member in a Bulk Clearing Settlement Run for all Articles covered by the Interest Adjustment Scheme to be cleared excluding interest compensation payable under this Interest Adjustment Scheme.

"Paying Member" means a Member which will be making a payment in a Bulk Clearing Settlement Run.

"Receiving Member" means a Member or CB which will be receiving a payment in a Bulk Clearing Settlement Run.

RAINSTORM PROCEDURES

1. This version of the Rainstorm Procedures is effective from the date HKICL announces that it will take effect.

2. Subject to any exceptional circumstances, in the event of a "black" rainstorm warning being issued during the day the Clearing House will continue to function normally. The processing including the clearing, return and/or settlement arrangements, and cut-off times of all CHATS Transactions and Articles (save in respect of Paper Cheques) will be proceeded with according to the normal schedule. For the avoidance of doubt, when "black" rainstorm signal is hoisted, the initial queue mode of OTC Clear Payment Instruction shall be determined by the default queue mode in adverse weather/holiday as indicated by the payer Member in accordance with the Operating Procedures.

3. The Typhoon Procedures for the time being in force as amended will be applied to the clearing, return and settlement arrangement for Paper Cheques.

4. HKICL may, at its own discretion, deliver broadcast or notice regarding (i) the issuance of "black" rainstorm warning and (ii) the normal functioning of the Clearing House (including the clearing, return and settlement arrangement for Paper Cheques) pursuant to these Rainstorm Procedures. Neither MA nor CB nor HKICL shall owe any duty or incur any liability to any Member or OTC Clear by delivering, delaying the delivery of, or failing to deliver such broadcast or notice.

5. Notwithstanding the above, for exceptional circumstances or for operational considerations, after consultation with CB and MA, HKICL may vary any of the timings for and the processing schedule of the CHATS Transactions and Articles. HKICL shall notify all Members and/or OTC Clear (as the case may be) of such change which shall be binding on all Members.

TYPHOON PROCEDURES

1. This version of the Typhoon Procedures is effective from the date HKICL announces that it will take effect.

2. These Procedures have been drawn up to give guidance to Members and CB as to the procedures to be adopted in the event of the hoisting of Typhoon signal no. 8 or above or the announcement of Extreme Conditions. The Procedures are drawn up so as avoid confusion or misunderstanding among Members and CB.

3. Subject to any exceptional circumstances, the processing, including the clearing, return and/or settlement arrangements, and cut-off times of all CHATS Transactions and Articles (save in respect of Paper Cheques) will be proceeded with according to the normal schedule. For the avoidance of doubt, when typhoon signal no. 8 or above is hoisted or Extreme Conditions are in force, the initial queue mode of OTC Clear Payment Instruction shall be determined by the default queue mode in adverse weather/holiday as indicated by the paying Member in accordance with the Operating Procedures.

4. Subject to any exceptional circumstances, the presentation of Paper Cheques of the day for clearing will be accepted according to the normal schedule except that the presentation of Paper Cheques of the day and the clearing thereof will be held over to the immediately following Working Day in the case when typhoon signal no. 8 or above or Extreme Conditions remain in force up to and including 12.00 hours on the day. The return and settlement of the preceding Working Day Paper Cheques will be proceeded with according to the normal schedule, provided that clearing of the preceding Working Day Paper Cheques has been processed as usual. The details of the arrangements are stipulated in the Operating Procedures.

5. HKICL may, at its own discretion, deliver broadcast or notice regarding (i) the hoisting of Typhoon signal no. 8 or above or the announcement of Extreme Conditions and (ii) the normal functioning of the Clearing House (including the clearing, return and settlement arrangement for Paper Cheques) pursuant to these Typhoon Procedures. Neither MA nor CB nor HKICL shall owe any duty or incur any liability to any Member or OTC Clear by delivering, delaying the delivery of, or failing to deliver such broadcast or notice.

5. Notwithstanding the above, for exceptional circumstances or for operational considerations, after consultation with CB and MA, HKICL may vary any of the timings for and the processing schedule of the CHATS Transactions and Articles. HKICL shall notify all Members and/or OTC Clear (as the case may be) of such change which shall be binding on all Members.