



**BOND CONNECT COMPANY LIMITED**

**ACCESS RULE BOOK**

(As of 30 June 2017)

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## 1 INTRODUCTION

- 1.1 The Company is authorised by the SFC as an ATS in Hong Kong pursuant to Part III of the SFO for facilitating a mutual market access mechanism between the PRC interbank bond market and Hong Kong bond market infrastructures as approved by PBOC and Hong Kong Monetary Authority (“**HKMA**”), which (i) would enable Eligible Foreign Investors to directly trade Northbound Trading Link Instruments on the CIBM (the “**Northbound Trading Link**”) and (ii) in the future, may also enable investors in the PRC to directly trade certain instruments available on the international bond markets.
- 1.2 The Northbound Trading Link shall be accessed by Eligible Foreign Investors through one or more Access Platforms. Each Access Platform shall provide Eligible Foreign Investors with access to the CIBM through the Northbound Trading Link via direct connection to the CFETS System.
- 1.3 This Rulebook has been established in order to facilitate the efficient, fair and orderly operation of the Northbound Trading Link and to satisfy the Company’s regulatory obligations. This Rulebook is applicable to each Access Platform and each Eligible Foreign Investor and (in respect of an Eligible Foreign Investor that is an investment product) the manager of each Eligible Foreign Investor.
- 1.4 Under the Northbound Trading Link, each person recognised by the PBOC and admitted by the Company as an Access Platform may provide Eligible Foreign Investors with direct access to the CFETS System for trading in Northbound Trading Link Instruments on the terms set out in the Applicable PRC Rules, the Access Agreement and this Rulebook, from and including the relevant Platform Access Effective Date and for so long as its status as an Access Platform is not terminated by the Company in accordance with the Access Agreement or this Rulebook.
- 1.5 For the avoidance of doubt, unless otherwise specified, this Rulebook governs the access by Access Platforms and Eligible Foreign Investors to the Northbound Trading Link only.
- 1.6 This Rulebook is supplemental to, and form part of, the Access Agreement entered into by each Access Platform.
- 1.7 By trading through the Northbound Trading Link, each Eligible Foreign Investor or, in respect of each Eligible Foreign Investor that is an investment product, the manager of each such Eligible Foreign Investor agrees to comply with this Rulebook.

## 2 DEFINITIONS

- 2.1 For the purposes of this Rulebook, the below terms shall have the following meanings in this Rulebook:

“**Access Agreement**” means, in respect of an Access Platform, the agreement between such Access Platform and the Company relating to such Access Platform’s use of the Northbound Trading Link;

“**Access Platform**” means a legal entity that has been recognised by the PBOC and admitted by the Company pursuant to Rule 3;

“**Access Platform Group**” means the Access Platform and each of its Affiliates that is involved in the provision of access through the Northbound Trading Link to Eligible Foreign Investors or that otherwise performs any of the duties or obligations of the Access Platform under the relevant Access Agreement from time to time, subject to the notification to and approval by the

Company of the removal or addition of any Affiliate to the Access Platform Group in accordance with the Access Agreement (such approval not to be unreasonably withheld);

“**Affiliate**” means, with respect to a person, any direct or indirect holding company or entity, a subsidiary of such person or any other subsidiaries of any such holding company or entity;

“**Applicable Law**” means, with respect to any person, (i) any laws, rules, regulations, directives, treaties, judgments, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person and (ii) any Applicable PRC Rules;

“**Applicable PRC Rules**” means any laws, regulations, directives, guidelines, rules, notices or orders issued by PBOC or CFETS or any other PRC governmental or regulatory authority, self-regulatory industry organisation, organised trading platform, settlement institution or clearing house that are in force from time to time which govern trading, clearing and/or settlement of bonds on the CIBM and, in particular, through the Northbound Trading Link;

“**ATS**” means a provider of “automated trading services” (as defined in the SFO);

“**Business Day**” means a day on which banks are open for business in Hong Kong and Shanghai (excluding Saturdays, Sundays and public holidays in Hong Kong or the PRC);

“**CFETS**” means China Foreign Exchange Trading System (National Interbank Funding Centre), an organisation established under the laws of the PRC, with its registered address at No. 15 Zhongshan Dong Yi Road, Shanghai, PRC;

“**CFETS System**” means the computer processing system and data communication network operated and managed by CFETS which offers quotes, settlements and other auxiliary trading services to the CIBM trading members;

“**CIBM**” means the PRC interbank bond market which is managed and operated by CFETS and regulated by PBOC;

“**Company**” means Bond Connect Company Limited (債券通有限公司), a limited liability company incorporated in Hong Kong which is jointly owned by CFETS, CFETS Information Technology (Shanghai) Co., Ltd. (a CFETS wholly-owned subsidiary), and HKEX, conducting regulated activities as an ATS in Hong Kong;

“**Company Website**” shall mean the website at [www.chinabondconnect.com](http://www.chinabondconnect.com);

“**Disclosure Requirements**” means any disclosures that are required by any Applicable PRC Rules to be made by a holder of any Northbound Trading Link Instrument with respect of its holding over such Northbound Trading Link Instrument;

“**Eligible Foreign Investors**” means a legal entity or an investment product issued by a legal entity that has been recognised by PBOC pursuant to Applicable PRC Rules to access the Northbound Trading Link;

“**Foreign Investor Admission Criteria**” has the meaning given to it in Rule 4.2;

“**HKEX**” means Hong Kong Exchanges and Clearing Limited, a company incorporated with limited liability in Hong Kong (number 681388) whose registered office is at 12/F, One International Finance Centre, 1 Harbour View Street, Central Hong Kong;

“**Insolvency Proceeding**” means where a person: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or unable to pay its debts, or fails, or admits in writing its inability generally, to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d)

institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation; and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition: (i) results in a judgment of insolvency or bankruptcy, or the entry of an order for relief, or the making of an order for winding-up or liquidation; or (ii) is not dismissed, discharged, stayed or restrained, in each case, within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (g) has a secured party take possession of all or substantially all its assets, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets, and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case, within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under Applicable Law, has an analogous effect to any of the events specified in paragraphs (a) to (g) above;

**"KYC"** means know-your-customer checks;

**"Market Abuse"** means any behaviour that constitutes market abuse, market manipulation, insider dealing, fraudulent acts, round-trip transactions for the same investor or entities within the same group or any other similar or analogous behaviour prohibited or subject to sanctions or penalties under Applicable PRC Rules;

**"Northbound Trading Link"** has the meaning given to it in Rule 1.1;

**"Northbound Trading Link Instruments"** means the individual financial instruments that are eligible for trading under the Applicable PRC Rules;

**"Northbound Transactions"** means trades in Northbound Trading Link Instruments that are concluded on the CFETS System through the Northbound Trading Link by Eligible Foreign Investors;

**"Participant"** means, in respect of an Access Platform, a participant of such Access Platform Group that is an Eligible Foreign Investor, to whom such Access Platform Group provides access to the Northbound Trading Link;

**"PBOC"** means the People's Bank of China;

**"Platform Access Effective Date"** means, in respect of an Access Platform, the date as notified by the Company to the relevant Access Platform on which (i) the Company determines that all conditions for access to the Northbound Trading Link by such Access Platform Group as set out in the relevant Access Agreement or this Rulebook have been fulfilled to the satisfaction of the Company, and (ii) such Access Platform Group may start providing access to the Northbound Trading Link to Eligible Foreign Investors;

**"PRC"** means the People's Republic of China, excluding, for the purposes of this Rulebook, Hong Kong, the Macau Special Administrative Region and Taiwan;

**"Relevant Regulator"** means, in respect of any person, any governmental or regulatory authority that has jurisdiction over such person;

**"Right"** has the meaning given to it in Rule 11.5;

“**Rulebook**” means this document (including any Appendices);

“**Rule(s)**” means the rules set out in this Rulebook;

“**Service Fee**” has the meaning given to it in the Access Agreement;

“**SFC**” means the Securities and Futures Commission;

“**SFO**” means the Securities and Futures Ordinance, Cap.571 of the laws of Hong Kong; and

“**Technical Connection Agreement**” means a technical connection agreement entered into by an Access Platform with CFETS in a form prescribed by CFETS from time to time.

## 2.2 Construction

- 2.2.1 References to statutory provisions, regulations, notices, Applicable Law or Applicable PRC Rules shall include these provisions, regulations, notices, law or rules as amended, extended, consolidated, substituted, re-stated or re-enacted from time to time.
- 2.2.2 References to this Rulebook or a contract, agreement, contract or document is to this Rulebook or that contract, agreement or document as amended, novated, supplemented, restated or replaced from time to time.
- 2.2.3 Unless the context requires otherwise, words importing the singular shall be deemed to include the plural and vice versa.
- 2.2.4 References in this Rulebook to a person include any individual, company, partnership, joint venture, unincorporated association or investment product, state or government authority or department, trust or other entity, whether or not having separate legal personality.
- 2.2.5 References in this Rulebook to an investment product (投资产品) shall have the same meaning as it is given in the Applicable PRC Rules in the same context.
- 2.2.6 References in this Rulebook to the manager of an Eligible Foreign Investor or a prospective Eligible Foreign Investor that is an investment product shall include manager, arranger, trustee or any other person that performs the same role with respect to the investment product.
- 2.2.7 Unless the context provides otherwise, references in this Rulebook to an Eligible Foreign Investor or a prospective Eligible Foreign Investor means: (a) in respect of an Eligible Foreign Investor or a prospective Eligible Foreign Investor that is a legal person, such legal person; and (b) in respect of any act or obligation to be performed or any document to be provided by an Eligible Foreign Investor or a prospective Eligible Foreign Investor that is an investment product, the relevant manager acting for and on behalf of such investment product.
- 2.2.8 References in this Rulebook to a person include its successors in title, permitted assigns and permitted transferees.
- 2.2.9 The words “including”, “include”, “in particular” and words of similar effect shall not be deemed to limit the general effect of the words that precede them.
- 2.2.10 If the exercise or performance of any rights or obligations under this Rulebook fall on a day or date which is not a Business Day, the exercise or performance of such rights or

obligations shall instead fall on the next succeeding Business Day after such stated day or date.

2.2.11 Headings shall not affect the construction of any Rule in this Rulebook.

2.2.12 References in this Rulebook to any Appendix shall be to an appendix to this Rulebook. References to this Rulebook shall include any Appendices.

### **3 ADMISSION OF ACCESS PLATFORMS**

**3.1** A person wishing to become an Access Platform under the Northbound Trading Link, and each of its Affiliates that is proposed to form part of the Access Platform Group shall satisfy the following conditions:

3.1.1 it has been or will, prior to the Platform Access Effective Date, be recognised by the PBOC as an overseas electronic trading platform for the purpose of the Northbound Trading Link;

3.1.2 the Company is satisfied that it is permitted to carry on (or is otherwise not prohibited from carrying on) cross-border business with the Access Platform in the jurisdiction of incorporation or place of establishment of the Access Platform;

3.1.3 it (or in the case of a holding company within the Access Platform Group, each of its Affiliates that provide the technical connection in respect of the Northbound Trading Link to Eligible Foreign Investors as notified to the Company) meets the criteria in either (i) or (ii) below:

(i) in respect of an entity incorporated in Hong Kong, it is an ATS; or

(ii) in respect of an entity incorporated outside Hong Kong and the PRC, it has all applicable licences, authorisations and/or exemptions in its jurisdiction of incorporation to operate the Northbound Trading Link;

3.1.4 it is not a legal entity incorporated in the PRC other than a non-PRC branch of a PRC legal entity;

3.1.5 it shall have satisfied the Company's internal KYC requirements; and

3.1.6 it meets any other eligibility criteria in relation to provision of access to the Northbound Trading Link that may be imposed by the Company in its sole discretion.

**3.2** An Access Platform applicant shall provide any relevant documentation and information as may be reasonably requested by the Company to demonstrate that it satisfies the conditions in Rule 3.1 above. Once the Company has received all the relevant documentation and information, and subject to the recognition of such applicant by PBOC, the Company will decide whether or not to admit an applicant as an Access Platform of the Northbound Trading Link. If the Company decides to admit such Access Platform applicant, it will enter into an Access Agreement with the applicant and notify the Access Platform applicant of the Platform Access Effective Date with respect to such applicant.

**3.3** The Company may reject an Access Platform applicant if it does not meet any of the requirements set out in Rule 3.1 or if the Company considers in its sole discretion that admitting the applicant as an Access Platform would not be appropriate.

**3.4** The Company may, from time to time, adjust or apply a discount to the Service Fee based on prevailing market conditions by notifying the Access Platform in writing.

## 4 ADMISSION OF ELIGIBLE FOREIGN INVESTORS

4.1 Following the Platform Access Effective Date, participants of an Access Platform that have been recognised by PBOC and admitted by the Company in accordance with Rule 3 above may register with PBOC to become an Eligible Foreign Investor and open a trading account with CFETS by:

4.1.1 submitting the application form to the PBOC via the registration system of the PBOC in accordance with the “Guide on Registration of Overseas Investors for Northbound Trading in Bond Connect” or such Applicable PRC Rules supplementing or replacing such guide as may be published by the PBOC from time to time;

4.1.2 completing the on-boarding and KYC process with the relevant Access Platform in respect of the Northbound Trading Link, which shall include the requirement set out in Rule 4.10 below; and

4.1.3 providing the registration form and other documents required by PBOC and CFETS either:

(i) through the Company in accordance with this Rule 4; or

(ii) through other institutions recognized by the PBOC as registration agents under Applicable PRC Rules, in which case Rule 4.11 shall apply.

4.2 The Company will only accept the PBOC and CFETS registration documents of a person or an investment product if it meets the following requirements:

4.2.1 either:

(i) it is a central bank or monetary authority of a jurisdiction other than the PRC, an international financial organisation or a sovereign wealth fund; or

(ii) it is a legal person or an investment product issued by a legal person and:

(a) is duly incorporated and validly existing under the laws of the jurisdiction where it is incorporated;

(b) in respect of a prospective Eligible Foreign Investor that is an investment product only, its manager is duly incorporated and validly existing under the laws of the jurisdiction where it is incorporated;

(c) has the legal and regulatory capacity to deal in securities (including, if applicable, the obtaining of any applicable licences or exemptions) under the laws of its jurisdiction of domicile and the jurisdiction(s) in which its dealing in Northbound Trading Link Instruments is carried on; and

4.2.2 it meets all the eligibility requirements for trading via the Northbound Trading Link under the Applicable PRC Rules,

together, the “**Foreign Investor Admission Criteria**”.

4.3 Potential Eligible Foreign Investors that wish to provide registration documents to PBOC and CFETS through the Company should submit the following documents and information to the Company:

4.3.1 the application and supporting documents contained in the “Bond Connect Admissions Guide” or other Applicable PRC Rules supplementing, amending or replacing such guide as published by CFETS from time to time (the “**CFETS Bond Connect**



**Admissions Guide**”), in accordance with the procedures and requirements set out therein; and

4.3.2 any additional information as the Company may reasonably require, as published on the Company Website, to enable it to assess whether or not the applicant meets the Foreign Investor Admission Criteria.

4.4 Each application document as required in Rules 4.3.1 to 4.3.2 above:

4.4.1 may be provided in either Chinese or English (and the Company will provide translation services to comply with the relevant CFETS requirements); and

4.4.2 shall be submitted in copy either:

(i) by email or fax to the Company (such email or fax details are made available on the Company Website) or through the relevant Access Platform (if so specified on the Company Website); or

(ii) (if online submission facilities are available on the Company Website) through the Company Website,

in each case with the relevant originals to follow by overnight courier to the address of the Company or to the relevant Access Platform as specified for such application on the Company Website.

4.5 Each potential Eligible Foreign Investor represents, warrants and undertakes to the Company that it has read and understood the jurisdiction-specific guidance (if any) provided by the Company on the Company Website from time to time, and is and will at all times be in compliance with Applicable Law in each jurisdiction in which it is incorporated, domiciled or established or through which it is proposing to access the Northbound Trading Link, and will not cause CFETS or the Company to violate any Applicable Law in such jurisdiction.

4.6 Once the Company has received all the relevant documentation and information from a potential Eligible Foreign Investor, the Company will consolidate the application materials and conduct a preliminary qualification check on the application materials received, and will provide guidance on the application process to such potential Eligible Foreign Investor if the Company deems necessary.

4.7 After the Company determines that the relevant application materials pass the preliminary qualification check, the Company will submit the relevant application materials to CFETS, and CFETS will submit the PBOC registration documents to PBOC Shanghai headquarters for filing purposes.

4.8 After CFETS has received notification of the successful PBOC filing in respect of a potential Eligible Foreign Investor, it will open a trading account for such potential Eligible Foreign Investor in the CFETS System and inform such Eligible Foreign Investor through the Company.

4.9 Once CFETS notifies the Company of the successful PBOC filing of, and opening of trading account at CFETS System for, the relevant applicant, the Company will notify the same to the applicant through the relevant Access Platform.

4.10 As part of its onboarding process for a potential Eligible Foreign Investor for the Northbound Trading Link, each Access Platform shall procure such potential Eligible Foreign Investor to provide to the Company through the Access Platform a signed original of the undertaking to the Company (the form of which is set out in Appendix I and is also available on the Company

Website), regardless of whether such potential Eligible Foreign Investor has submitted their PBOC registration documents through the Company or other institutions recognized by the PBOC as registration agents under Applicable PRC Rules, other than in respect of any potential Eligible Foreign Investor incorporated, domiciled, established or operating in, or accessing the Northbound Trading Link through a place of business in, a jurisdiction in respect of which such undertaking is not required, as specified on the Company Website.

- 4.11 In respect of any Eligible Foreign Investor who have submitted their PBOC registration documents through institutions recognized by the PBOC as registration agents under Applicable PRC Rules other than the Company, each Access Platform shall as soon as reasonably practicable following the successful PBOC filing of such Eligible Foreign Investor, provide such information to the Company as may be required for it to fulfil its responsibilities under the Applicable PRC Rules.
- 4.12 Additional guidance on the application process may be published by the Company from time to time on the Company Website.

## **5 SUSPENSION AND TERMINATION WITH RESPECT TO AN ACCESS PLATFORM**

- 5.1 Each of the Company and an Access Platform may terminate such Access Platform's access to the Northbound Trading Link by terminating the relevant Access Agreement in accordance with its terms. On or prior to such termination, the Company shall publish a notice of such termination on the Company Website together with any applicable winding down arrangements in respect of Eligible Foreign Investors accessing the Northbound Trading Link through such Access Platform Group as it deems necessary.
- 5.2 After any Access Platform's access to the Northbound Trading Link has been terminated, it shall continue to be liable for the acts or omissions of each member of the Access Platform Group in connection with the Northbound Trading Link while it was an Access Platform and shall comply with any request for information in relation to the period of its participation which the Company may make at any time following the termination of its participation.
- 5.3 An Access Platform whose access to the Northbound Trading Link has been terminated shall remain subject to this Rulebook and the Access Agreement in respect of any outstanding obligations imposed on the Access Platform Group under this Rulebook until those obligations are satisfied by the Access Platform Group.
- 5.4 Upon the occurrence of an event of default in respect of the Access Platform under the Access Agreement, the Company may, but is not obliged to, suspend in whole or in part (for a specified or unspecified period of time) access to the Northbound Trading Link by the Access Platform Group.

## **6 WITHDRAWAL, SUSPENSION AND TERMINATION WITH RESPECT TO ELIGIBLE FOREIGN INVESTORS**

- 6.1 Withdrawal by Eligible Foreign Investors
  - 6.1.1 An Eligible Foreign Investor may withdraw from the Northbound Trading Link by submitting to the Company the Bond Connect Exit Form contained in the CFETS Bond Connect Admissions Guide, and in accordance with the procedures and requirements set out therein. The requirements in Rule 4.4 above shall also apply to the submission of the Bond Connect Exit Form to the Company.

- 6.1.2** Once the Company has received the Bond Connect Exit Form and applicable fees from an Eligible Foreign Investor to its satisfaction, and after the relevant Eligible Foreign Investor has settled all its outstanding transactions under the Northbound Trading Link, the Company shall submit such form and confirm the completion of such matters to CFETS. Once CFETS confirms completion of the investor withdrawal requirements set out in the CFETS Bond Connect Admissions Guide, CFETS will close the relevant trading account, process the withdrawal of such Eligible Foreign Investor from the Northbound Trading Link and inform the Eligible Foreign Investor through the Company.
- 6.1.3** Once CFETS notifies the Company of the withdrawal of the relevant Eligible Foreign Investor from the Northbound Trading Link, the Company will inform such Eligible Foreign Investor through one or more Access Platform(s).

**6.2** Suspension and termination with respect to Eligible Foreign Investors

- 6.2.1** The Company may suspend or terminate an Eligible Foreign Investor's right to access the Northbound Trading Link if:
- (a) in the Company's opinion, the Eligible Foreign Investor or (in respect of an Eligible Foreign Investor that is an investment product) the manager of such Eligible Foreign Investor ceases to meet any of the Foreign Investor Admission Criteria;
  - (b) the Company becomes aware that:
    - (i) the Eligible Foreign Investor is in breach of this Rulebook in any material respect;
    - (ii) the Eligible Foreign Investor is in breach of any Applicable Law;
    - (iii) an Insolvency Proceeding has commenced with respect to the Eligible Foreign Investor or (in respect of an Eligible Foreign Investor that is an investment product) the manager of such Eligible Foreign Investor; or
    - (iv) the Eligible Foreign Investor has made a material misrepresentation to the Company or CFETS;
  - (c) the Eligible Foreign Investor disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Rulebook; or
  - (d) so required by CFETS or any Relevant Regulator.
- 6.2.2** In connection with Rule 6.2.1, the Company may also:
- (a) request information in respect of any of the events or purported events under Rule 6.2.1 from the Access Platform through which the relevant Eligible Foreign Investor accesses the Northbound Trading Link; and/or
  - (b) require the Access Platform through which the Eligible Foreign Investor accesses the Northbound Trading Link to request that the Eligible Foreign Investor and/or (in respect of an Eligible Foreign Investor that is an investment product) the manager of such Eligible Foreign Investor take further action to remedy any breach of this Rulebook, Applicable PRC Rules or Applicable Law.
- 6.2.3** The Company may suspend or terminate an Eligible Foreign Investor's right to access the Northbound Trading Link pursuant to Rule 6.2.1 with or without notice.

- 6.3** An Eligible Foreign Investor who has withdrawn from the Northbound Trading Link or whose right to use the Northbound Trading Link has been suspended or terminated, and any manager of an Eligible Foreign Investor that is an investment product (acting on behalf of such Eligible Foreign Investor), shall remain subject to this Rulebook in respect of acts and omissions while it was an Eligible Foreign Investor and shall comply with any request for information in relation to the period of its participation which the Company may make at any time following the termination of its participation.
- 6.4** An Eligible Foreign Investor who has withdrawn from the Northbound Trading Link or whose right to use the Northbound Trading Link has been suspended or terminated, and any manager of an Eligible Foreign Investor that is an investment product (acting on behalf of such Eligible Foreign Investor), shall remain subject to this Rulebook in respect of any outstanding obligations under this Rulebook until those obligations are satisfied.

## **7 ACCESS PLATFORM OBLIGATIONS**

- 7.1** Each Access Platform shall, and shall procure that each member of the Access Platform Group, in addition to their obligations under the relevant Access Agreement, at all times:
- 7.1.1** meet the requirements set out in Rule 3.1.1 to 3.1.5 above;
  - 7.1.2** comply with the requirements of this Rulebook and the Access Agreement;
  - 7.1.3** comply with any Applicable PRC Rules and Applicable Law in all relevant jurisdictions (including, but not limited to, Hong Kong); and
  - 7.1.4** have in place measures to ensure that each of its Participants has the legal and regulatory capacity to deal in securities (including, if applicable, the obtaining of any applicable licences or exemptions) under the laws of its jurisdiction of domicile and the jurisdiction(s) in which its dealing in Northbound Trading Link Instruments is carried on.
- 7.2** Each Access Platform shall, and shall procure that each member of the Access Platform Group, on an on-going basis operate, and have an agreement with any of its Participants that is provided with access to the Northbound Trading Link that states that:
- 7.2.1** such Participant shall operate, in compliance with this Rulebook, any Applicable PRC Rules and Applicable Law in all relevant jurisdictions (including, but not limited to, Hong Kong); and
  - 7.2.2** its Participants comply with applicable Disclosure Requirements.
- 7.3** An Access Platform shall notify the Company promptly upon becoming aware of any of the following in respect of itself or any member of the Access Platform Group:
- 7.3.1** if there is any material change in its regulatory status under any Applicable Law;
  - 7.3.2** if any information provided by it to the Company for admission as an Access Platform ceases to be true, accurate or complete;
  - 7.3.3** any of its Participants ceases to satisfy the Foreign Investor Admission Criteria;
  - 7.3.4** any breach of this Rulebook or any event, act or omission which may affect its ability to comply with this Rulebook, in each case with respect to either itself or any member of the Access Platform Group;

- 7.3.5 any of its Participants or any member of the Access Platform Group is in breach of or any Applicable PRC Rules or Applicable Law in any relevant jurisdictions (including, but not limited to, Hong Kong);
  - 7.3.6 any litigation or enforcement action which could impair its ability to comply with this Rulebook (where such disclosure is permitted by law or any relevant regulatory authority);
  - 7.3.7 an Insolvency Proceeding commences with respect to it, any member of the Access Platform Group or any of its Participants;
  - 7.3.8 any application or notification to a relevant regulatory authority in respect of a direct or indirect change in its ownership or control; or
  - 7.3.9 any other material event or matter of which the Company might reasonably expect to be made aware.
- 7.4** Each Access Platform shall, and shall procure that each member of the Access Platform Group, assist the Company in collecting the following documents and information from its Participants:
- 7.4.1 explanation for settlement failure by any Participant wishing to submit such information to CFETS through the Company, in such form as may be prescribed by CFETS for such purpose;
  - 7.4.2 information required to be submitted by any Participant to CFETS to comply with the Disclosure Requirements; and
  - 7.4.3 such other document or information that is required or authorised by Applicable PRC Rules or otherwise requested by CFETS or any Relevant Regulator to be collected by the Company from Eligible Foreign Investors from time to time, as notified by the Company to the Access Platform.
- 7.5** Each Access Platform shall, and shall procure that each member of the Access Platform Group, assist the Company in providing the following documents and information to its Participants:
- 7.5.1 guidance issued by the Company to Eligible Foreign Investors regarding their compliance with the Disclosure Requirements; and
  - 7.5.2 such other document or information that is required or authorised by Applicable PRC Rules or otherwise requested by CFETS or any Relevant Regulator to be provided by the Company to Eligible Foreign Investors from time to time, as notified by the Company to the Access Platform.
- 7.6** An Access Platform shall be fully liable for any acts and omissions of any member of the Access Platform Group. The Company shall not be liable for any losses that an Access Platform may suffer as a result of the acts or omissions of any member of the Access Platform Group.

## **8 COMPANY'S OBLIGATIONS**

The Company shall:

- 8.1.1 make the Northbound Trading Link available to the Access Platforms, subject to the provisions of the Access Agreements, this Rulebook, Applicable PRC Rules and Applicable Law; and
- 8.1.2 operate the Northbound Trading Link in accordance with this Rulebook, Applicable PRC Rules and Applicable Law.

## **9 MARKET MONITORING**

- 9.1 The Company may, if requested by CFETS, conduct a review of any Northbound Transaction to determine whether there is any Market Abuse. In making such determination, the Company may utilise such information and consult with any relevant parties that it deems appropriate.
- 9.2 In the event that the Company determines any Northbound Transaction entered into by the relevant Eligible Foreign Investor constitutes Market Abuse in connection with Rule 9.1 above, it may take whatever action it deems necessary or appropriate in the circumstances including, without limitation, reporting to CFETS or any Relevant Regulator.

## **10 AMENDMENTS**

- 10.1 The Company may in its absolute discretion, and at any time, supplement, amend, or replace this Rulebook partially or wholly.
- 10.2 Access Platforms and Eligible Foreign Investors shall be notified of any such change to the Rules by notice on the Company Website describing the relevant changes or by otherwise publishing an electronic copy of the amended Rulebook.

## **11 GENERAL**

### **11.1 Exclusion of liability**

Each Eligible Foreign Investor, and each manager of an Eligible Foreign Investor that is an investment product (acting on behalf of such Eligible Foreign Investor) agrees and acknowledges that:

- 11.1.1 It shall be liable to the Company, any shareholder of the Company and their respective agents, nominees, representatives, officers and employees and make each of them good against all costs, fees, expenses, liabilities, taxes, assessments, losses, fines, penalties and damages of any nature whatsoever (including the interest accrued to any such amount) suffered or incurred by any of them directly as a result of, or in connection with, the breach of any of its obligations under this Rulebook.
- 11.1.2 None of the Company, any shareholder of the Company nor their respective agents, nominees, representatives, officers or employees shall be liable to it for any costs, fees, expenses, liabilities, taxes, assessments, losses, fines, penalties or damages of any nature whatsoever suffered or incurred by it directly or indirectly in connection with the Northbound Trading Link other than in the case of fraud by the Company.
- 11.1.3 The Company is not responsible or liable for any clearing, settlement or custody arrangements or compliance with any disclosure, reporting and/or filing requirements in respect of Northbound Transactions. Each Eligible Foreign Investor is responsible for its own clearing, settlement or custody arrangements as well as compliance with any disclosure, reporting and/or filing requirements (including any Disclosure Requirements) in respect of its Northbound Transactions.

11.1.4 None of the Company, any shareholder of the Company nor their respective agents, nominees, representatives, officers or employees shall be liable for any act or omission by any Access Platform.

## 11.2 Termination

Without prejudice to any provisions of other documents which are expressed to survive termination of an Access Platform's or an Eligible Foreign Investor's participation in the Northbound Trading Link, Rules 2 and 11 will survive termination of an Access Platform's or an Eligible Foreign Investor's participation in the Northbound Trading Link.

## 11.3 Governing law and jurisdiction

This Rulebook is governed by, and shall be construed in accordance with, Hong Kong law. Any matter or dispute arising under or out of or in connection with this Rulebook shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

## 11.4 Third Party Rights

Except for CFETS, no person other than the Company may enforce any Rules in this Rulebook under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong).

## 11.5 Waiver

No failure of the Company to exercise, and no delay by it in exercising, any right, power or remedy in connection with this Rulebook (each a "**Right**") shall operate as a waiver thereof, nor shall any single or partial exercise of any Right preclude any other or further exercise of that Right or the exercise of any other Right. The Rights provided in this Rulebook are cumulative and not exclusive of any other Rights (whether provided by law or otherwise). Any express waiver by the Company of any breach of this Rulebook shall not be deemed to be a waiver of any subsequent breach.

## **APPENDIX**

### **Form of the Undertaking to the Company**

Terms used but not defined in this Undertaking Letter have the meaning given to them in the Access Rule Book of the Bond Connect Company Limited (the “**Access Rules**”) in effect as of the date of this Undertaking Letter.

We hereby represent, warrant and undertake as at the date of this Undertaking Letter and at all times (as applicable) that:

- 1** we have read and understood, and agree to be bound by, the Access Rules (including without limitation the terms relating to our liability to the Company and the exclusion of liability of the Company under Rule 11.1), the rules promulgated by CFETS in connection with the Northbound Trading Link, other relevant laws and policies relating to the China Inter-bank Bond Market and other applicable laws and regulations in China or elsewhere;
- 2** we have read and understood the jurisdiction-specific guidance (if any) provided by the Company on the Company Website from time to time, and are and will at all times be in compliance with Applicable Law in each jurisdiction in which we are incorporated, domiciled or established or through which we are proposing to access the Northbound Trading Link, and will not cause CFETS or the Company to violate any Applicable Law in such jurisdiction(s);
- 3** we have a sound corporate governance structure and internal controls to regulate our business activities;
- 4** the funds for our investments under the Northbound Trading Link are from lawful sources; and
- 5** we have the ability in assessing, identifying and undertaking risks, and understands and can independently undertake the risks in connection with or arising from bond investment.

We agree that CFETS and/or the Bond Connect Company Limited may obtain information relating to us or other matters in connection with our application for admission to the Northbound Trading Link directly from any Access Platform or global custodian specified in our application documents to verify any information provided by us in connection with our application, and we hereby agree to the disclosure of information by any such person to CFETS and/or the Bond Connect Company Limited for such purpose.

We represent and warrant that we will: (i) provide all of our relevant individuals, who provide personal data to the Bond Connect Company Limited and/or CFETS from time to time, with the Personal Information Collection Statement as set out in the Company Website; and (ii) obtain all necessary consents from such individuals and do all other acts as reasonably requested by the Bond Connect Company Limited and/or CFETS which enable the Bond Connect Company Limited and/or CFETS to comply with their obligations under relevant personal data regulations.

We hereby expressly agree to bear all administrative and legal responsibilities arising from or in connection with any breach of this Undertaking Letter. This Undertaking Letter is governed by, and shall be construed in accordance with, the laws of the Hong Kong. Any matter or dispute arising under or out of or in connection with this Undertaking Letter shall be subject to the exclusive jurisdiction of the courts of Hong Kong.

Signed by authorised signatory:

Date: