

Business Rules Of the Cross-border Interbank Payment System

Chapter I General Provisions

Article 1 The *Business Rules Of the Cross-border Interbank Payment System* (the “Rules”) are formulated in accordance with the *Law of the People’s Republic of China on the People’s Bank of China* and other relevant laws and regulations in order to regulate the business activities conducted through the Cross-border Interbank Payment System (the “CIPS”), prevent payment risks, protect the legitimate rights and interests of the CIPS Operator and participants, and clarify the responsibilities of all parties.

Article 2 The Rules shall apply to the CIPS Operator and CIPS participants.

Article 3 “Operator” refers to the corporate legal entity that, with the approval of the People’s Bank of China, provides cross-border RMB clearing and settlement services to domestic and foreign participants.

The People’s Bank of China supervises and guides the business operations of the Operator in accordance with the law.

Article 4 CIPS provides fund clearing and settlement services for its participants’ cross-border and offshore RMB payment transactions, financial market businesses, and other businesses approved by the People’s Bank of China.

Article 5 Participants include direct participants and indirect participants.

“Direct participants” refer to domestic and foreign institutions that have opened accounts with CIPS, have CIPS codes, and handle business directly through CIPS. The Operator shall open CIPS accounts for direct participants in the banking sector. For direct participants in the financial market infrastructure sector, CIPS accounts shall be opened according to business requirements.

“Indirect participants” refer to domestic and foreign institutions that have not opened accounts with CIPS but have CIPS codes and entrust direct participants to handle business through CIPS.

Article 6 The Operator shall formulate participant management measures to clarify the requirements for participant admission and exit management, participant reporting,

participant risk management, and other related requirements.

The Operator shall, in accordance with the participant management measures, fulfill its primary responsibility for participant management, improve internal rules and procedures, and strengthen business monitoring and risk prevention and control.

Participants shall conduct their business in accordance with the participant management measures formulated by the Operator.

When formulating and modifying the participant management measures, the Operator shall report to the People's Bank of China for the record after fully evaluating, demonstrating, and soliciting the opinions of the participants.

Article 7 An overseas institution applying to become a direct participant may entrust an eligible direct participant as its fund custodian bank.

The Operator is responsible for the management of the admission and exit of fund custodian banks.

Chapter II Account Management

Article 8 The CIPS accounts opened by the Operator for direct participants shall be zero-balance accounts. The accounts do not accrue interest and shall not be overdrawn, and the end-of-business (end-of-day) balance must be zero. The funds in a CIPS account belong to the direct participant who opened the account and do not constitute the Operator's own property.

The Operator shall uniformly manage the accounts of participants. A direct participant can only open one zero-balance account with CIPS. Indirect participants do not maintain any account with CIPS.

Article 9 Based on CIPS business requirements, the Operator may open a clearing account with the People's Bank of China to centrally hold settlement funds for participants' CIPS transactions, with such funds segregated from the Operator's other funds. Direct participants are entitled to the corresponding rights and benefits based on the balance of their CIPS accounts. The accounts shall not be overdrawn and the end-of-business (end-of-day) balance must be zero.

The Operator shall not open accounts with commercial banks for depositing settlement funds related to CIPS participants' transactions, nor shall it allow the accumulation of clearing funds.

Article 10 Direct participants shall conduct liquidity management of their CIPS accounts via clearing accounts opened with the People's Bank of China either by

themselves or by their fund custodian banks, based on their clearing and settlement requirements.

Chapter III Business Processing

Article 11 Direct participants in the banking sector shall, in accordance with the instructions of their customers or the entrustment of indirect participants, conduct payment transactions through CIPS on a transaction-by-transaction or batch basis.

Direct participants in the financial market infrastructure sector shall organize or participate in fund settlement through CIPS based on the functional requirements of their relevant trading systems, securities settlement systems, or central counterparties, and shall not expand the scope of services, clientele, or business scenarios without authorization.

Article 12 Direct participants shall apply to the Operator for message access based on their business functions.

Direct participants applying for access to net settlement message functionality must also comply with the settlement risk management requirements of the Operator.

Article 13 Direct participants in the banking sector shall ensure that they are logged in during CIPS business processing hours.

Direct participants in the financial market infrastructure sector shall ensure that they are logged in during their business hours that coincide with CIPS hours.

Article 14 Direct or indirect participants processing payment transactions shall fill in the transaction type in accordance with relevant regulations.

Article 15 The Operator shall publish the CIPS working calendar and operating schedule in a timely manner.

Direct participants shall submit payment transactions to CIPS in a timely manner within the prescribed processing time windows.

Article 16 Direct participants shall initiate inquiries through CIPS and the receiving party shall respond in a timely manner to the inquiry request.

Chapter IV Settlement Mechanism

Article 17 CIPS shall support a hybrid settlement model to meet the settlement requirements of different payment transactions. CIPS shall conduct real-time gross settlement for payment transactions initiated on a transaction-by-transaction basis by

direct participants, and conduct designated-time net settlement for payment transactions initiated in batches by direct participants. The Operator may adjust the netting sessions and times of designated-time net settlement according to business requirements, and any adjustments will take effect on the same day.

CIPS shall support RMB payments, RMB/foreign currency payment-versus-payment (PvP) settlement, delivery-versus-payment (DvP) settlement, central counterparty clearing, and other cross-border RMB transaction settlements according to the fund settlement requirements of different financial transactions.

Article 18 When CIPS processes payment transactions in accordance with the real-time gross settlement method, if the CIPS account balance of a direct participant is sufficient for payment, CIPS will process the transaction in real time; otherwise, the transaction will be queued in the specified order.

CIPS shall establish two transaction processing queues: expedited and regular. Different priority levels shall be assigned within the expedited queue for different types of transactions. Queued transactions of the same priority level shall be settled on a first-in, first-out basis.

Direct participants may adjust the order of queued transactions of the same priority according to business requirements, but shall not adjust the order of transactions in different queues or of different priorities.

Article 19 CIPS may cancel queued transactions in the expedited queue upon instruction from a direct participant, except for netting results and central counterparty transactions.

The payment transaction of CIPS real-time gross settlement shall not be revoked after the CIPS account of the initiating direct participant is successfully debited and the CIPS account of the receiving direct participant is credited.

Payment transactions under CIPS designated-time net settlement shall not be revoked once netting is completed.

CIPS shall return the queued transactions in the expedited queue and any unconfirmed transactions from direct participants at the end-of-business (end-of-day), with the exception of netting results.

Article 20 Direct participants shall use the payment processing notification message or payment message sent by CIPS as the basis for accounting.

Direct participants may use the local date of their domicile as the billing date for their customers.

Article 21 CIPS shall send payment transaction summary information for reconciliation and fund adjustment information for reconciliation to direct participants in the banking sector; and payment transaction information for reconciliation and fund adjustment information for reconciliation to direct participants in the financial market infrastructure sector.

Direct participants shall perform accounting reconciliation based on the reconciliation data provided by CIPS.

Chapter V Risk Management and Emergency Response

Article 22 The Operator shall establish a robust risk management framework, develop relevant risk management systems, formulate supporting regulations, and implement control measures to monitor, assess, and manage liquidity risks, operational risks, business risks, and other types of risks, ensuring the stable operation of the business.

Article 23 The Operator and direct participants shall establish a robust framework for system failure handling and emergency response mechanisms to ensure the secure and stable operation of the system, guaranteeing business continuity, data integrity, and the security of funds and information.

Article 24 The Operator and direct participants shall collect, analyze, and report information on system operational abnormalities and emergencies, and establish robust early warning mechanisms for system operational abnormalities and emergency incidents.

Article 25 The Operator and direct participants shall establish backup systems related to CIPS, conduct regular switchover drills between production systems and backup systems, and ensure that the backup systems can be rapidly and efficiently deployed following unexpected incidents.

Article 26 When CIPS malfunctions, the Operator shall promptly notify all direct participants and relevant parties. In the event of a failure in the internal system of a direct participant, the participant shall promptly notify the Operator. The Operator and direct participants shall cooperate with each other to troubleshoot and resume business processing as soon as possible.

Chapter VI Supplementary Provisions

Article 27 The Operator shall formulate operational guidelines in accordance with the Rules, specifying the detailed procedures for participants to process RMB transactions through CIPS, along with relevant business and compliance requirements. For cross-border payments in foreign currencies such as Hong Kong dollars processed

through CIPS, the Operator shall separately establish corresponding operational guidelines.

The Operator shall enter into agreements with direct participants to agree on relevant rights and obligations.

The texts of the operational guidelines and agreements shall be submitted to the People's Bank of China in a timely manner.

Article 28 The Operator shall be responsible for formulating and publishing the CIPS message standards, and the relevant standards shall comply with applicable anti-money laundering laws and regulations.

Direct participants shall modify their relevant business systems in a timely manner in accordance with the latest message standards issued by the Operator.

Article 29 The Rules shall be subject to interpretation by the People's Bank of China.

Article 30 The Rules shall take effect on February 1, 2026. The *Rules for Business Conducted through the Cross-border Interbank Payment System* (Yinfa No.72 [2018]) shall be repealed simultaneously.