**Futures Trading Participant Eligibility Management Rules of the Shanghai International Energy Exchange**

**(for Public Consultation)**

Table of Content

Chapter 1 General Provisions

Chapter 2 Eligibility Management Standard

Chapter 3 Implementation of the Eligibility Management

Chapter 4 Supervision on Eligibility Management

Chapter 5 Miscellaneous

**Chapter 1 General Provisions**

**Article 1** These Eligibility Rules are formulated, pursuant to the Regulations on *the Administration of Futures Trading*, the *Interim Measures for Management of Trading Specified Domestic Futures Products by Overseas Traders and Brokers*, the *Measures for Eligibility Management of Securities and Futures Investor*s, relevant laws and regulations, and the business rules of the Shanghai International Energy Exchange (hereinafter referred to as “the Exchange”), to promote rational participation by futures trading participants (hereinafter referred to as the “trader”) in futures trading, safeguard all traders’ legitimate rights and interests, and ensure stable, legalized and healthy development of the futures market.

**Article 2** The trading of specified futures contracts and options contracts conducted on the Exchange shall be subject to these Eligibility Rules.

**Article 3** A trader herein refers to a natural person, a legal person or any unincorporated organization that engages in futures trading and assumes the trading results.

A Trader shall perform comprehensive self-assessment of its knowledge of the market and products, risk control and tolerance, and its financial capabilities in accordance with the requirements of these Eligibility Rules, and prudently decide whether to engage in the futures trading.

**Article 4** A Futures Firm Member (hereinafter referred to as the “FF Member”), an Overseas Special Brokerage Participant (hereinafter referred to as the “OSBP”), an Overseas Intermediary, or any other institution (hereinafter collectively referred to as the “Account Opening Institution”) shall assess traders’ futures trading literacy and risk tolerance in conformity with the requirements of these Eligibility Rules, and shall only provide suitable products to those eligible traders.

Trading access shall apply to the trading code management. Account Opening Institutions shall choose to grant the trading access of the corresponding listed contracts only after opening the trading code for the Client.

**Chapter 2 Eligibility Management Standard**

**Article 5** When an Account Opening Institution applies to the Exchange for a trading code or for trading access on behalf of an institutional Client to participate in the trading of the listed contracts to which these Eligibility Rules apply, such institutional Client shall meet the following criteria:

1. having related personnel with basic knowledge of futures trading and understanding of the relevant business rules;

2. having records of no less than twenty (20) executed orders and of more than ten (10) days of simulated futures or options trading in domestic trading venues, or records of no less than ten (10) executed orders in futures or options trading, or in trading of any centralized cleared derivatives, within the past three (3) years on any of the domestic futures exchanges, or records of no less than ten (10) executed orders in domestic trading venues, or records of no less than ten (10) executed orders in futures or options trading, or in trading of any centralized cleared derivatives, within the past three (3) years on any of those overseas exchanges regulated by its competent futures regulatory authority that has a memorandum of understanding on regulatory cooperation with the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) (the overseas trading records hereinafter as the “Recognized Overseas Trading Records”);

3. having a balance of no less than RMB one hundred thousand (￥100,000.00) or its equivalent in foreign currency in each of his margin accounts five (5) consecutive business days before applying for the trading code or for the trading access;

To participate in futures trading in Crude Oil Futures Contract, an institutional Client shall have a balance of no less than RMB one million (￥1,000,000.00) or its equivalent in foreign currency in each of his margin accounts five (5) consecutive business days before applying for the trading code or for the trading access;

4. having sound internal control, risk management and other management rules appropriate for futures trading;

5. having no material adverse credit records, or have never been subjected to a ban from the futures market by any competent regulatory authority, or having never been prohibited or banned from engaging in futures trading pursuant to any laws, rules and regulations, or the business rules of the Exchange; and

6. other conditions as the Exchange requires.

**Article 6** When an Account Opening Institution applies to the Exchange for a trading code or for trading access on behalf of an individual Client to participate in the trading of the listed contracts in which these Eligibility Rules apply, such individual Client shall meet the following criteria:

1. having full capacity for civil conduct;

2. having basic knowledge of futures trading and understanding of the relevant business rules;

3. having records of no less than twenty (20) executed orders of simulated futures or options trading in China’s domestic futures exchanges in no less than ten (10) trading days; or records of no less than ten (10) executed orders in futures or options trading, or in trading of any centrally cleared derivatives, within the past three (3) years on any of the domestic futures exchanges, or with Recognized Overseas Trading Records of more than ten (10) executed futures trading orders within the past three (3) years;

4. having a balance of no less than RMB one hundred thousand (￥100,000.00) or its equivalent in foreign currency in each of his margin account five (5) business days before applying for the trading code or for the trading access;

To participate in futures trading in Crude Oil Futures Contract, an individual Client shall have a balance of no less than RMB five hundred thousand (￥500,000.00) or its equivalent in foreign currency in each of his margin accounts five (5) consecutive business days before applying for the trading code or for the trading access;

5. having no material adverse credit records, or having never been subjected to a ban from the futures market by any competent regulatory authority, or having never been prohibited or banned from engaging in futures trading pursuant to any laws, rules and regulations, or the business rules of the Exchange;

6. other conditions as the Exchange requires.

**Article 7** When an Account Opening Institution applies to the Exchange for a trading code or for trading access on behalf of a Client, who has obtained the trading access by eligibility assessment of any listed products in a domestic Exchange, the Account Opening Institution may choose not to assess the Client in accordance to items I and II in Article 5, and items II and III in Articles 6 of these Eligibility Rules;

When the margin requirements of the aforementioned listed products are not lower than that specified in items III in Articles 5 and item IV in Article 6 of these Eligibility Rules, the Account Opening Institution may choose not to assess the Client’s balance in his margin account.

The Account Opening Institution shall take full use of the known information and assessment reports of Clients who have passed the Eligibility assessment and obtained the trading access of any listed products on the Exchange, and may choose not to repeatedly assess the Client in accordance to Article 5 and 6 of these Eligibility Rules; When the margin requirements of the aforementioned listed products are higher than that specified in these Eligibility Rules, the Account Opening Institution shall assess the Client’s balance in his margin account.

**Article 8** Unless laws、regulations, rules and administrations of CSRC regulate otherwise, an Account Opening Institution may choose not to apply item I, II,III of Article 5, and item II, III, IV of Article 6 of these Eligibility Rules when applying for trading code or trading access for below Clients:

1. professional investors as defined in *the Measures for Eligibility Management of Securities and Futures Investor*s;

2. Clients obtained the trading access of any listed products that these Eligibility Rules apply in, and applying for trading access of the same product through a different Account Opening Institution;

3. Clients having records in futures or options trading, or in trading of any centralized cleared derivatives, for no less than fifty (50) trading days within the past one (1) year on any of the domestic futures exchanges, or with Recognized Overseas Trading Records in futures or options trading, or in trading of any centralized cleared derivatives, for no less than fifty (50) trading days within the past one (1) year; and

4. market maker,  special institutional Client and other traders as recognized by the Exchange.

**Article 9** The Exchange may adjust the criteria of trader’s eligibility in accordance with market conditions.

**Chapter 3 Implementation of the Eligibility Rules**

**Article 10** In accordance with CSRC’s related measures and these Eligibility Rules, an Account Opening Institution shall establish sound business rules and implementation plans for managing Clients’ eligibility, and specify its internal division of responsibilities and business procedures to comprehensively assess the Client’s background, related investment experience, financial capabilities and credit, and file with the Exchange relevant trading code and change history within three (3) trading days from the opening or closing of the trading access.

**Article 11** An Account Opening Institution shall establish and effectively implement an accountability mechanism for Client development in which the responsibilities of relevant personnel shall be specified.

**Article 12** An Account Opening Institution shall fully disclose the futures trading risks, objectively describe the applicable futures trading laws, regulations, and relevant business rules, provisions and decisions of the Exchange and product features to each Client, know each Client’s actual level of knowledge on futures trading, strictly verify each Client’s funds and experience in real and simulated futures trading, prudently assess each Client’s credit and risk tolerance, and carefully review each Client’s application materials for trading codes or trading access.

**Article 13** An Account Opening Institution shall provide guidance to Clients, urge them to comply with the relevant laws, regulations and rules applicable to futures trading, and the business rules, relevant provisions and decisions of the Exchange, keep conducting ongoing education on risk management, and strengthen compliance of laws and regulations by Clients in their trading activities.

**Article 14** An Account Opening Institution shall establish a profile archive for each Client, and keep Clients’ information in strict confidentiality.

**Article 15** An Account Opening Institution shall provide Clients with reasonable channels, methods and procedures to file complaints, properly resolve disputes, and urge Clients to lawfully protect their rights and interests.

**Article 16** A Trader shall truthfully submit relevant application materials for the trading code or trading access, and shall not evade the requirements prescribed in these Eligibility Rules by submitting fraudulent materials or information, etc.

**Article 17** A Trader shall adhere to the principle that buyers and sellers are responsible for their own futures trades, undertake the obligations thereof, and shall not refuse to assume such obligations on account of not meeting the trader’s eligibility criteria.

**Article 18** A Trader shall, in accordance with relevant laws and regulations, protect their legitimate rights and interests with appropriate means, and shall not harm the legitimate rights or interests of the State, the society, the community or any others, or disrupt public order or work order of the Exchange and relevant institutions.

**Article 19** If an FF Member or an OSBP has an authorized clearing agreement or a carrying-brokerage agreement with an Overseas Intermediary, such FF member or OSBP shall establish on-boarding rules and implement relevant requirements as prescribed in these Eligibility Rules.

**Article 20** Prior to accepting an introducing broker to assist the Client in applying for a trading code or trading access, an FF Member shall establish on-boarding practices for such business, implement relevant requirements as prescribed in these Eligibility Rules, and shall review the relevant business of such company.

**Article 21** The Exchange shall conduct inspections on Account Opening Institutions’ implementation of these Eligibility Rules.

Account Opening Institutions shall cooperate with such inspections and provide accurate and true account opening files including but not limited to trading code or trading access application files, breakdowns of account transactions and other relevant materials requested by the Exchange, and shall not conceal any information, obstruct or refuse the inspections.

**Chapter 4 Miscellaneous**

**Article 22** Violations of these Eligibility Rules shall be subject to the sanctions provided in the *Enforcement Rules of the Shanghai International Energy Exchange*.

**Article 23** The Exchange reserves the right to interpret these Eligibility Rules.

**Article 24** These Eligibility Rules shall be effective as of [date].