

**Futures Trading Participant Eligibility Management Rules of the
Shanghai International Energy Exchange (revised and restated)**

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 Investors*, 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 “traders”) in ~~the~~ futures ~~market~~ trading, ~~protect~~ 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 ~~other~~ unincorporated organization that engages in futures trading and assumes the trading results.

~~Article 3~~—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”) ~~that engages in futures trading on or through the Exchange~~ shall assess traders’ futures trading literacy and risk tolerance in conformity with the requirements of these Eligibility Rules, and shall only ~~accept~~ provide suitable products to those eligible traders ~~to prudently engage in futures trading~~.

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

Chapter 2 ~~Trader’s~~ 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 ~~of the Exchange, and having passed relevant tests;~~

2. having records of no less than ~~ten (10)~~ **twenty (20)** executed orders and of ~~moreno less~~ **no less** than ten (10) days of simulated futures **or options** trading in domestic ~~market~~**trading exchanges**, or records of ~~moreno less~~ **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~~**in** any of the domestic ~~futures~~**trading** exchanges, or records of ~~moreno less~~ **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~~**in** any of those overseas ~~futures~~ 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 **available balance of no less than RMB one hundred thousand (¥ 100,000.00) or its equivalent in foreign currency in each of its margin accounts five (5) consecutive trading days before applying for the trading code or for the trading access;**

To participate in crude oil futures trading, an institutional Client shall

have available balance of no less than RMB one million (¥1,000,000.00) or its equivalent in foreign currency in each of its margin accounts five (5) consecutive business trading days before applying for the trading code or for the trading access;

4. having sound futures trading internal control, risk management and other management rules including futures trading decision making, order placement, funds transfer, physical delivery and other business management rules, as well as appropriate risk control rules for futures trading;

5. having a sound information communication mechanism, including providing and timely updating its head of futures trading and related business personnel to the Account Opening Institutions;

6. having no material adverse credit records, or having never been subjected to a ban from the futures market by any competent regulatory authority; and

7., 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

~~Unless otherwise prescribed by the PRC laws, administrative regulations, rules and provisions of the CSRC, the first three items of this Article may not apply to the Account Opening Institution that applies for a trading code on behalf of a special institutional Client.~~

6. any other condition required by the Exchange.

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 to 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 of the Exchange, and having passed relevant tests;
3. having records of ~~more~~no less than ~~ten (10)~~ twenty (20) executed orders and of no less than ten (10) trading days of simulated futures or options trading in China's domestic futures exchanges; ~~in no less than ten (10) trading days; or having accounts on any China's domestic futures exchanges or any overseas futures exchange regulated by its futures regulatory authority that has a memorandum of understanding on regulatory cooperation with the CSRC, with~~ or records of ~~more~~no less than ten (10) executed orders in futures or options trading ~~orders~~, or in trading of any centrally cleared derivatives, within the past three (3) years; in any of the domestic futures exchanges, or having no less than ten (10) Recognized Overseas Trading Records within the past three (3) years;
4. having available 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) consecutive trading days before applying for the trading code or for the trading access;

To participate in crude oil futures trading, an individual Client shall have available balance of no less than RMB five hundred thousand (¥500,000.00) or its equivalent in foreign currency in each of its margin accounts five (5) consecutive ~~business~~ trading 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; ~~and~~

~~6.~~, 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. any other condition required by the Exchange.

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 waive Article 5-1, Article 5-2, Articles 6-1 and Articles 6-2 of these Eligibility Rules to such Client; when the margin requirements of the aforementioned listed products are not lower than that specified in Articles 5-3 and Article 6-4 of these Eligibility Rules, the Account

Opening Institution may choose not to assess the Client's balance in its margin account.

The Account Opening Institution shall take full use of the available information and assessment reports of the Client who has passed the Eligibility assessment and obtained the trading access of any listed products on the Exchange, and may waive Article 5 and Article 6 of these Eligibility Rules to such Client; when the margin requirements of the listed products that the Client newly applies for trading are higher than that of the aforementioned products, the Account Opening Institution shall assess the Client's balance in its margin account.

Article 8 When an Account Opening Institution applies to the Exchange for a trading code or trading access on behalf of the following Client, it may waive Article 5-1 to Article 5-3, and Article 6-2 to Article 6-4 of these Eligibility Rules, unless otherwise prescribed by laws, regulations, rules and administrations of CSRC:

1. professional investors as defined in *the Measures for Eligibility Management of Securities and Futures Investors*;
2. Clients obtaining the trading access of any listed products that these Eligibility Rules apply to, 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 in any of the domestic futures exchanges,

or Recognized Overseas Trading Records for no less than fifty (50) trading days within the past one (1) year; and

4. market-makers, special institutional Clients and other traders as recognized by the Exchange.

Article 7 9 The Exchange may adjust the criteria of trader's eligibility in accordance with market conditions.

Chapter 3 Implementation of the ~~Trader's~~ Eligibility

~~Management~~ Rules

Article 8 10 An Account Opening Institution shall, in accordance with CSRC's related provisions and these Eligibility Rules, 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 ~~in accordance with the guidance formulated by the Exchange on traders' eligibility, and~~ file with the Exchange the trading code and any change thereof within three (3) trading days after granting or closing the trading access.

Article 9 11 An Account Opening Institution shall establish and effectively implement an accountability mechanism for Client development in which the responsibilities of ~~senior managers, head of~~

~~business operations, heads of business branches, appraisal reviewers, account opening operators and Client development~~relevant personnel shall be specified.

Article 1012 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 ~~trader's~~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 11 The test on a Client's knowledge about futures trading shall meet the following requirements:~~

- ~~1. The Client shall participate in a knowledge test recognized by the Exchange, with a test score no lower than the standard released by the Exchange;~~
- ~~2. The individual Client and the authorized trader of an institutional Client shall attend the test in person rather than having others to attend the test;~~
- ~~3. The Client developer of an Account Opening Institution shall not concurrently act as a supervisor of a knowledge test.~~

—**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, conduct 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 ~~in accordance with relevant laws, regulations and rules.~~

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 16 All traders shall abide by the following:~~

- ~~1. trading code rules, under which trading with aggregated or netted multi-Clients' positions are prohibited;~~
- ~~2. proactive declaration of accounts with affiliated relationships in accordance with the relevant provisions of the Exchange, and being subject to the corresponding supervision.~~

Article 1718 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 1819 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. ~~Such FF Member or OSBP shall review the relevant business of the Overseas Intermediary.~~

Article 1920 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.

Chapter 4

Supervision on Trader's Eligibility Management

Article 20-21 The Exchange shall conduct inspections on Account Opening Institutions ~~to confirm their~~' implementation of these Eligibility Rules.

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

~~Article 21 If an Account Opening Institution violates any of these Eligibility Rules, the Exchange may take measures including but not limited to requiring rectification, warning, reprimand, suspension of opening new positions, suspension of futures business, and/or revocation of its membership or qualification to conduct futures business. In case of serious violations, the Exchange may report to the CSRC, the China Futures Association (hereinafter referred to as the "CFA") and/or the competent futures regulatory authorities in the country (region) where the overseas Account Opening Institution is established, and recommend the imposition of administrative sanctions or disciplinary actions.~~

~~Article 22 If an employee of an Account Opening Institution is deemed responsible for any violation, the Exchange may take measures including but not limited to warning, reprimand, suspension of futures business, and/or revocation of the qualification to conduct futures business on the Exchange. In case of serious violations, the Exchange may recommend the imposition of administrative penalties or disciplinary sanctions, such as revoking the qualification of employment or the practitioner's qualification, to the CSRC, the CFA and/or the futures regulatory authorities in the country (region) where the employing overseas Account Opening Institution is established.~~

Chapter ~~5~~4 Miscellaneous

Article 22 Any violation 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 May ~~11~~30th, ~~2017~~2019.