*The guidelines of the Shanghai International Energy Exchange are made in Chinese. The English version of such guidelines is for reference only and shall have no legal effect.*

**Operational Guidelines for the Futures Trading Participant Eligibility Rules of the Shanghai International Energy Exchange**

These *Guidelines* are formulated pursuant to the *Futures Trading Participant Eligibility Management Rules of the Shanghai International Energy Exchange* (hereinafter referred to as “*Rules*”) to implement trader eligibility rules for specified futures and options products and to regulate the operations of Futures Firm Members (hereinafter referred to as “FF Members”), Overseas Special Brokerage Participants (hereinafter referred to as “OSBP”), and Overseas Intermediaries (hereinafter collectively referred to as “Account Opening Institutions”).

**I. Trading Access Management Requirements**

(1) Trading access shall apply to the trading code management. After its Client who has passed an eligibility assessment or has met the requirements for exemption from such assessment obtains a trading code, an Account Opening Institution shall, as requested by the Client, apply for the trading access in relevant products on behalf of the Client.

(2) An Client that met the requirements may apply to its Account Opening Institution to further obtain or terminate the trading access in listed products.

**II. Basic Knowledge Requirements**

Individual Clients and related personnel of institutional Clients shall personally have basic knowledge of futures trading and a good understanding of the trading rules of the Shanghai International Energy Exchange (hereinafter referred to as the “Exchange”). An Account Opening Institution may obtain an understanding of its Clients’ level of futures trading knowledge through the following methods:

(1) Knowledge test. A Client shall take the online knowledge test through the futures investor appropriateness test centre of China Futures Association (hereinafter referred to as “CFA”) and score equal or higher than eighty (80) out of one hundred(100). Individual Clients and the authorized trader of institutional Clients shall take the knowledge test in person rather than having others to take such test on their behalf.

(2) Letter of commitment. Overseas Clients may demonstrate their level of knowledge on futures trading as required under the *Rules* by issuing a letter of commitment to that effect and shall be liable for the untruthfulness thereof. The letter of commitment shall indicate that the overseas individual Client or the related personnel of the overseas institutional Client personally have basic knowledge on futures trading and a good understanding of relevant trading rules.

**III. Trading Experience Requirements**

(1) Simulated trading experience. Simulated futures trading experience recognized by the Exchange includes experience of simulated futures or options trading through the joint testing systems and simulated systems of the Exchange and other domestic trading venues. A Client shall provide such documents as settlement statements for simulated trading issued by institutions such as securities companies or futures firms to prove its track record of having executed twenty (20) or more simulated trades within a total of no less than ten (10) trading days.

(2) Domestic trading experience. A Client shall provide such documents as settlement statements for futures trading issued by institutions such as securities companies or futures firms to prove its track record of having executed ten (10) or more futures, options, or other centrally cleared derivatives trades (such as swaps cleared through Shanghai Clearing House).

(3) Overseas trading experience. A Client shall provide a detailed record of futures trades executed on an overseas trading venue under the regulation of a foreign futures regulator who has entered into a memorandum of understanding with the China Securities Regulatory Commission (hereinafter referred to as “CSRC”), or settlement statements or other documents for such trades to prove its track record of having executed ten (10) or more futures, options, or other centrally cleared derivatives trades (such as swap trades) (hereinafter referred to as “Recognized Overseas Execution Record”).

(4) An order the execution of which involves more than one trade shall be deemed as a record of one trade. All trading records mentioned above shall be issued for real (simulated) trades.

**IV. Balance of the Margin Account Requirements**

1. The balance of the margin account of an Account Opening Institution’s Client shall be calculated based on the Account Opening Institution’s margin requirements. An overseas Client may use foreign currency as margin. Such balance includes the amounts in RMB and foreign currency. The available types of foreign currencies and discount rates for foreign currency funds shall be separately published by the Exchange.

The formula for conversion from foreign currency to RMB is as follows:

Amount of RMB converted = Amount of foreign currency funds × intraday foreign currency/RMB central parity rate published by China Foreign Exchange Trading System × discount rate for foreign currency funds.

2. Timeline requirements

An FF Member who directly applies for a trading code or access on behalf of its Client shall confirm that, the Client’s balance of the margin account at the FF Member after daily clearing during the five (5) trading days prior to the day of application shall not be less than the amount required by the Exchange.

An OSBP or Overseas Intermediary who applies for a trading code or access on behalf of its Client shall confirm that, the Client’s balance of the margin account at the OSBP or Overseas Intermediary after daily clearing during the five (5) consecutive trading days prior to the day of application shall not be less than the amount required by the Exchange.

**V. Compliance and Credit Requirements**

1. An Account Opening Institution shall try to obtain its Client’s credit information through various channels and carry out an integrated assessment of the Client’s credit standing by using the relevant credit reference system of each relevant country. The Account Opening Institution shall clearly inform its Clients of rules and requirements for prohibitions or restrictions on futures trading.

2. An Account Opening Institution shall inquire about its Client’s credit standing through such means as the CSRC’s Securities and Futures Market Illegality and Dishonesty Record Inquiry Platform, the CFA’s Industry Information Management Platform, and the list of persons with serious dishonesty related to finance. Moreover, the Account Opening Institution may require its Client to provide an undertaking for its satisfaction of the compliance and credit requirements in the *Rules* and to be liable for any consequences resulting from the untruthfulness of such undertaking.

**VI. Internal Institutional Requirements for Institutional Clients**

To apply for a trading code or access, an institutional Client shall have sound internal control rules, risk management rules, and other rules relating to the management of futures trading, including, but not limited to, rules or procedures for trading decision-making, order submission, funds transfer, and physical delivery and risk management.

**VII. Exemptions from Eligibility Assessment in Part or in Whole**

1. When conducting an eligibility assessment on its Client who meets the following requirements, each Account Opening Institution may exempt the Client from the assessment of basic knowledge and trading experience requirements and, if the balance of the margin account requirements for listed products subject to eligibility rules the trading of which the Client has participated in are not lower than those for products the trading of which the Client newly applies to participate in, may further exempt the Client from the assessment of balance of the margin account requirements.

(i) Having held the trading access in products subject to eligibility rules listed on other domestic commodity futures exchanges;

(ii) Having held a trading code for trading in financial futures;

(iii) Having held the trading access in options on domestic stock exchanges; and

(iv) Having obtained a trading code from the Exchange, held the trading access in products subject to eligibility rules and listed on the Exchange, and applied for the trading access in other products listed on the Exchange.

The Client shall provide supporting materials for such qualifications.

2. When performing an eligibility review of its Client, an Account Opening Institution shall make full use of the acquired information and the available assessment results, may allow the Client’s items already assessed not to be subject to an eligibility assessment again, and may not repeatedly require supporting materials from the Client .

If an Account Opening Institution’s Client has, after applying for the trading access in different products listed on the Exchange through the Account Opening Institution, obtained the trading access in a listed product for which higherbalance of the margin account requirements are imposed, the Client may automatically obtain the trading access in other listed products for which the same or lower balance of the margin account requirements are applied.

3. When applying for a trading code for or the trading access in listed products subject to eligibility rules on the behalf of any of its following Clients, an Account Opening Institution may exempt the Client from the assessment of basic knowledge, trading experience and balance of the margin account requirements:

(i) professional investors as defined in the Measures for Eligibility Management of Securities and Futures Investors;

(ii) 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;

(iii) 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 trading venues , 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. Such Client shall provide trading records, settlement statements, or other documents, proving that such trades have been executed; and

(iv) market-maker, Special Institutional Client and other traders as recognized by the Exchange Special Institutional Clients refers to institutional Clients who are required to manage assets under segregated accounts in accordance with laws, administrative regulations and rules, including, but not limited to, futures firms, securities companies, funds management companies, trust companies and other financial institutions as well as social security funds and Qualified Foreign Institutional Investors.

**VIII. Other Requirements**

1. The requirements for application materials of trading codes shall be also applicable to those of trading access. An Account Opening Institution shall keep its Clients’ documents, such as the supporting materials for their satisfaction of basic knowledge, trading experience, balance,of the margin account and compliance and credit requirements under the eligibility rules and their trading access applications, as account opening materials.

The Clients may not provide any declaration, representation, explanation, or statement which are false or misleading, or omit any material facts.

2. An Account Opening Institution shall, within three (3) trading days after its Client has obtained the trading access in a listed product subject to eligibility rules, file with the Exchange the trading code associated with such trading access. If the account of the Client has been canceled or if the Client applies to terminate a trading access, the Account Opening Institution shall cancel the filing of such trading access within three (3) trading days.

3. If information available to an Account Opening Institution shows that its Client has relevant execution record, the Account Opening Institution may exempt such Client from providing relevant supporting materials.

Upon the request of its Client, an Account Opening Institution shall, where appropriate, issue supporting materials such as those for the Client’s trading experience and trading access.

**IX. Supplemental Provisions**

The Exchange reserves the right to interpret these *Guidelines*.

These *Guidelines* shall take effect as of the date of promulgation. The operational guidelines for the Futures Trader Eligibility Rules of the Shanghai International Energy Exchange (interim) shall be repealed simultaneously.