

# **Trading Rules of the Shanghai International Energy Exchange**

## **(for Public Consultation)**

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## **Chapter 1 General Provisions**

**Article 1** These *Trading Rules of the Shanghai International Energy Exchange* (hereinafter referred to as the “Trading Rules”) are formulated pursuant to the *General Exchange Rules of the Shanghai International Energy Exchange*, in order to regulate the futures trading activities, protect the legitimate rights and interests of all parties in futures trading, and maintain the orders of futures trading at the Shanghai International Energy Exchange (hereinafter referred to as the “Exchange”).

**Article 2** These Trading Rules are binding on the Exchange and its Members, Overseas Special Participants (hereinafter referred to as the “OSPs”), Overseas Intermediaries and Clients.

## **Chapter 2 Trading Seats Management**

**Article 3** A “trading seat” refers to the access through which a Member or an OSP places orders for execution into the Exchange’s electronic trading system for matching.

Multiple computer terminals can be connected to one trading seat through a server.

**Article 4** A Member or an OSP may apply to the Exchange for the corresponding numbers of trading seats according to its business needs.

**Article 5** A Member or an OSP applying for a trading seat shall meet the following criteria:

1. satisfying the requirements of trading volume and capital set forth by the Exchange;

2. having necessary telecommunication facilities and funds transfer conditions at the proposed remote trading premises in compliance with the Exchange's operational requirements for futures trading;

3. being equipped with a stable and reliable computer system with backup systems, a telecommunication system (including telecommunication route), and appropriate telecommunication experts;

4. having sound internal rules and remote trading management measures; and

5. operating in good condition and having no record of default or severe rule violations.

**Article 6** A Member or an OSP applying for a trading seat shall submit the following materials to the Exchange:

1. purpose and types of the trading seat;
2. installation address and description of the trading seat;
3. software and version information of the trading system;
4. Client type and number of Clients; and
5. Other materials as prescribed by the Exchange.

**Article 7** The Exchange shall respond to the application in writing

within ten (10) trading days as of receiving the complete application materials conforming to the requirements. If the application is approved, the Exchange shall notify the Members and OSPs to test the system. If the application is not approved, the Exchange shall inform the applicant with reasons.

**Article 8** Members and OSPs shall complete the trading facilities installation and system testing, and engage in the overall testing and simulation operation organized by the Exchange. A trading seat shall not be put into use until all the necessary requirements for the trading facilities installation and system testing are satisfied.

**Article 9** For the trading seats granted, the applicant shall pay the trading seats fee annually. An undertaking letter of using the trading seats shall be submitted to the Exchange for the first time.

Trading seats fee collected shall not be refunded for any trading seat cancelled.

**Article 10** The trading seats fee standards shall be prescribed by the Exchange separately.

**Article 11** The Members and the OSPs shall improve the management of trading seats and the maintenance of trading system.

**Article 12** The Exchange retains the right to supervise and inspect the use of trading seats.

A Member or an OSP shall obtain the prior approval of the Exchange to replace or modify its major trading facilities and software, and to remove the

trading seats from the original registered premises.

**Article 13** Permission to use a trading seat shall be withdrawn under any of the following circumstances:

1. a Member or an OSP applies to withdraw the trading seat and obtains the Exchange's approval;

2. a Member or an OSP subcontracts, subleases or transfers the trading seat without the approval of the Exchange;

3. a Member or an OSP obtains confidential information through the trading system, or disrupts the trading system;

4. a Member or an OSP fails to manage its trading seat(s) in a proper way, and is deemed ineligible to continue operating the trading seat(s);

5. disqualification of a Member or an OSP;

6. a Member or an OSP has serious rule violations;

7. other circumstances prescribed by the Exchange.

### **Chapter 3 Price and Filling of Orders**

**Article 14** The Exchange shall timely publish the market data including the opening price, closing price, the highest price, the lowest price, the latest price, price change, the highest bid, the lowest ask, bid volume, ask volume, settlement price, trading volume, open interest and other information regarding futures trading.

**Article 15** The type of trading order includes price limit order, “fill-and-kill” order (FAK order), “fill-or-kill” order (FOK order) and other types as prescribed by the Exchange.

**Article 16** A trading order on a futures contract shall only be quoted within the range of the price limits for the contract.

A maximum of five hundred (500) lots and a minimum of one (1) lot may be executed in each order, unless otherwise prescribed by the Exchange.

**Article 17** Program trading shall be filed in advance with the Exchange.

If the trading orders placed by Members, OSPs, Overseas Intermediaries and Clients engaging in program trading may influence the safety of the Exchange’s system or disrupt the normal order of futures trading, the Exchange may adopt relevant restrictive measures.

**Article 18** Trading hours of a futures contract on each trading day shall be managed by sessions, and announced by the Exchange separately when such contract is listed.

**Article 19** The beginning and the end of the central auction session is automatically dictated by the Exchange’s trading system, and displayed on the computer terminals.

The central auction session is a five (5)-minute session prior to the market opening on each trading day. Bids and asks are entered into the central order book during the first four (4) minutes, and are matched during the last minute.

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The trading price of a contract generated through the central auction is the open price. If a trading price is not generated from the central auction, the price of the first trade executed following the central auction session shall be the open price. The price of the first trade is calculated according to Article 21 of these Trading Rules, where the price of the previous trade executed is the close price of the last trading day.

**Article 20** The central auction session applies “trade maximization” to the orders to be filled. The price established during the central auction session shall match the most bids and asks. Bids higher than or asks lower than the price generated from the central auction shall all be executed. Bids or asks at the price generated from the central auction shall be executed up to the number of bids or asks, whichever is less.

In continuous trading session, the Exchange’s trading system will automatically match the bids and asks in order of price and time priority.

Under the circumstance where the price limit is reached, the matching is in order of closing position and time priority. Closing position priority is not applicable to the close of the positions opened of the day.

**Article 21** The new trading price is the price standing in the middle among the bid price (bp), the ask price (sp) and the price of the previous trade executed (cp), as follows:

$bp \geq sp \geq cp$ , the current trading price = sp;

$bp \geq cp \geq sp$ , the current trading price = cp; or

$cp \geq bp \geq sp$ , the current trading price = bp

The bid and ask matched through the trading system constitute a valid transaction, and the data thereof shall be sent through the Exchange's trading system to the Members or/and the OSPs. The Members and the Overseas Special Brokerage Participants (hereinafter referred to as the "OSBP") shall, upon the receipt of the transaction data, instantly notify the Clients of the completed transaction.

**Article 22** The unfilled orders during the central auction session shall remain active for automatic matching in the trading session. The orders will stay valid for the whole trading day until they are filled or cancelled.

**Article 23** At the close of each trading day, Members and OSPs shall check the trading records through the member service system of the Exchange, and shall promptly verify such records.

Should any dispute over the accuracy of the records arises, a Member or an OSP shall submit a notice in writing to the Exchange no less than thirty (30) minutes prior to the market opening of the next trading day. In case of an emergency, a notice in writing shall be submitted to the Exchange within two (2) hours after the market opening of the next trading day. The Exchange will promptly deal with the dispute and provide feedbacks thereof.

If a Member or an OSP does not raise any objections within the specified time, it shall be regarded that the Member or the OSP has acknowledged the trading records.



**Article 24** The Exchange for Physical (the “EFP”) is applicable to the previous open positions of all listed futures contracts of the Exchange, but not applicable to the new positions opened on the application day.

**Article 25** The Exchange shall, before 15:00 of the application day, close the positions of the corresponding futures contract of the delivery month held by the buyer and the seller tendering the EFP, at the settlement price of the trading day immediately before the application day for the corresponding contract of the delivery month.

**Article 26** The listing price for a new contract is determined by the Exchange and shall be released in advance of the first day of trading. The price limit for such contract on its first trading day shall be determined on the basis of the listing price.

**Article 27** The price limit for a new contract on its first trading day shall be twice the price limit stipulated by the contract specifications.

If trades are executed on the first trading day, the price limit shall revert to its regular price limit as set forth in the contract specifications and the settlement price on the first trading day shall be determined pursuant to the provisions provided in the *Clearing Rules of the Shanghai International Energy Exchange*.

If there is no trade executed on the first trading day, the price limit of the next trading day shall remain twice the price limit stipulated by the contract specifications, and the settlement price on the first trading day shall be

determined pursuant to the provisions provided in the *Clearing Rules of the Shanghai International Energy Exchange*. When applying such provisions, the listing price of a new contract on the first trading day shall be deemed as the settlement price of the previous trading day of such a contract.

**Article 28** If more than 10% of trading seats with valid connections cannot book deals due to the malfunction of trading systems and communication systems, etc., , the Exchange shall suspend the trading until the malfunction is rectified.

The number of trading seats that cannot book deals shall be calculated by using the maximum number of trading seats with valid connections within the half hour after the market opening of the previous trading day minus the number of current connected trading seats. The number of trading seats with valid connections refers to the maximum number of trading seats with valid connections within the half hour after the market opening of the previous trading day.

**Article 29** The Exchange may adjust the time of opening and closing for the continuous trading session, or suspend it if, before the opening of the continuous trading session, abnormal circumstances are reported through the member service system, more than 30% of Members and OSPs registered to participate in continuous trading fail to complete clearing or the initialization of the trading system, or in other situations as deemed necessary by the Exchange.

## Chapter 4 Trading Code

**Article 30** The Exchange shall implement the trading code.

Trading codes are classified into trading codes for Non-Futures Firm Members (hereinafter referred to as the “Non-FF Members”), trading code for Overseas Special Non-Brokerage Participants (hereinafter referred to as the “OSNBP”) and trading code for Clients, unless otherwise prescribed by the Exchange.

Each Client may open trading accounts with different Futures Firm Members (hereinafter referred to as the “FF Members”), OSBPs, Overseas Intermediaries or other institutions (hereinafter collectively referred to as the “account opening institutions”). Account opening institutions are not allowed to aggregate or net multi-Clients’ positions.

**Article 31** Account opening institutions shall conduct trading code application and other account opening formalities for Clients in accordance with the relevant rules of the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”), the China Futures Market Monitoring Center (hereinafter referred to as the “CFMMC”) and the Exchange.

Securities companies, fund management companies, trust companies, banks and other financial institutions, social security companies and other special institutional clients who manage assets under segregated accounts may

apply for a trading code in accordance with the relevant rules of the CFMMC pursuant to the laws, regulations, rules and other relevant provisions.

**Article 32** An account opening institution shall sign a futures brokerage contract with each of its Clients. Clients may place trading orders with clear instructions and complete information through written authorization, telephone, internet or any other means prescribed by the CSRC.

**Article 33** After receiving the account opening application materials of a Client forwarded by the CFMMC, the Exchange shall allocate, assign and manage the Client's trading code, and report the processing results to the account opening institution via the CFMMC.

After receiving the account opening application materials of a Non-FF Member and/or an OSNBP, the Exchange shall allocate, assign and manage the trading code of the Non-FF Member and/or the OSNBP, and report to them the processing results, respectively.

**Article 34** The trading account shall not be opened during continuous trading hours.

**Article 35** The Exchange may revoke the trading code of a Non-FF Member, an OSNBP or a Client if any of the following condition occurs:

1. materials presented are false;
2. an FF Member or an OSBP applies for cancellation of trading codes of its clients and there are no open positions under such trading codes;
3. a Non-FF Member or an OSNBP applies for cancellation of its trading

code, and there are no open positions under such trading code;

4. be imposed a ban for participating in a securities market or futures market by the CSRC;

5. be declared as “persona non grata to the market” by the Exchange;

6. other circumstances prescribed by the Exchange.

**Article 36** An account opening institution may be required by the Exchange to liquidate the positions within a specified time period if its Clients, or it assists its Clients to, submit false materials as part of the account opening and trading code application. A Non-FF Member or an OSNBP may be required by the Exchange to liquidate the positions within a specified time period, if it submits false materials for account opening and trading code application. The trading code shall be cancelled following the liquidation of the positions, and additional sanctions shall be imposed in accordance with the *Enforcement Rules of the Shanghai International Energy Exchange*.

## **Chapter 5 Hedge Trading**

**Article 37** Hedge trading quota is classified into hedge trading position quota for regular months (hereinafter referred to as the “hedging quota for regular months”) and hedge trading position quota for nearby delivery months (hereinafter referred to as the “hedging quota for nearby delivery months”). Hedging quota for regular months is classified into long hedging quota for

regular months and short hedging quota for regular months. Hedging quota for nearby delivery months is classified into long hedging quota for nearby delivery months and short hedging quota for nearby delivery months.

The regular months and nearby delivery months of a futures contract, as well as its quota application time are prescribed in the chapter of these Trading Rules regarding futures contracts of the listed product.

**Article 38** Hedging quota for regular months and hedging quota for nearby delivery months of each contract of the listed products shall be approved by the Exchange.

Clients shall apply to their account opening institutions for the hedging quota, and the account opening institutions shall apply to the Exchange after verification in accordance with relevant provisions. Non-FF Members and OSNBPs shall directly apply to the Exchange for the hedging quota.

**Article 39** A Non-FF Member, an OSNBP or a Client shall provide the following materials to apply for the hedging quota for regular months in accordance with the contract:

1. an Application (Approval) Form of Hedging Quota for Regular Months, including applicant's basic information, contracts applied, hedging quota applied for regular months and other information;
2. a copy of the business license, a certificate of incorporation, or other documents which may prove the applicant's business scope;
3. business performance of physical commodities in the previous year or

the latest audited annual financial report;

4. a business plan of physical commodities for the current year or the following year, and any purchase and sale contracts or other valid certificates related to the application for hedging;

5. a hedging strategy, including analyses of the source of risks and hedging objectives;

6. hedging management rules, if the applicant is a Non-FF Member or an OSNBP;

7. other materials required by the Exchange.

A Non-FF Member, an OSNBP or a Client may apply for hedging quota for regular months for multiple contracts once at a time.

**Article 40** The Exchange shall approve the hedging quota for regular months of an applicant based on whether or not, the subject is competent, the real hedging needs exist, and the hedging products, the positions held, required trading volumes and the hedging period match the production and operation scale, historic operational conditions, financial conditions and other related factors. Hedging quotas for regular months shall not exceed the quota applied by the applicant.

**Article 41** A Non-FF Member, an OSNBP or a Client which needs to adjust the hedging quota for regular months shall timely submit an application for adjustment and provide supporting materials.

**Article 42** A Non-FF Member, an OSNBP or a Client, applying for

hedging quota for the nearby delivery months, may apply for the quota of certain contract(s) and submit the following materials in accordance with the contract:

1. an Application (Approval) Form of Hedging Quota for Nearby Delivery Months, including the applicant's basic information, the contracts applied, the hedging quota applied for nearby delivery months, etc.;

2. a copy of business license, a certificate of incorporation, or other documents which may prove the applicant's business scope;

3. relevant materials which can prove the authenticity of the hedging needs, including the production plan for the current year or the previous year, warrants for physical commodities, processing orders, purchase and sale contracts, purchase and sale invoices, or other valid certificates of the ownership of physical commodities corresponding to the application quota;

4. hedging management rules, if the applicant is a Non-FF Member, or an OSNBP; and

5. other materials required by the Exchange.

If the above materials have been submitted to the Exchange and no change occurs thereafter, there is no need to re-submit the materials.

**Article 43** The Exchange shall approve the hedging quota for nearby delivery months based on factors such as the positions held, the trading volumes, the operational conditions of physical commodities, the positions of the corresponding futures contract, stocks of the deliverable commodities of the



Exchange, and whether or not the prices of futures and its underlying physical commodities have deviated.

The aggregate hedging quota for nearby delivery months for each contract month throughout the year shall not exceed the amount of production capacity or the production plan for the current year, or the business volume of the previous year.

**Article 44** Upon receiving all the application materials for hedging quota, the Exchange shall, within five (5) trading days, review the application and make a decision based on the following scenarios:

1. The Exchange shall approve the application if the hedging requirements are satisfied, and notify the applicant of the result;

2. The Exchange shall disapprove the application if the hedging requirements are not satisfied, and notify the applicant of the result;

3. The Exchange shall request additional supporting documents from the applicant if the application materials are insufficient.

**Article 45** After obtaining the hedging quota, a Non-FF Member, an OSNBP or a Client may open positions before the market closes on the third trading day prior to the last trading day of the contract related to hedging. If the positions are not opened by the prescribed deadline, it is deemed a waiver of the hedging quota.

**Article 46** For those who do not apply for the hedging quota for nearby delivery months as the nearby delivery months approach, the Exchange shall

take the lower level between the hedging quota in regular months and the general position limit of such listed product in nearby delivery months as the hedging quota for nearby delivery months.

Integer multiple adjustments to hedging positions of relevant products for nearby delivery months shall be implemented by reference to the method of integer multiple adjustments to general positions.

**Article 47** If the hedging positions of a Non-FF Member, an OSNBP or a Client exceed the approved quota, the Non-FF Member, the OSNBP or the Client shall make adjustments on its own during the first session of trading hours on the next trading day. If the adjustments are not made within the prescribed time or the requirements remain unsatisfied even after adjustments, the Exchange may implement forced position liquidation.

**Article 48** The Exchange may investigate and supervise the production and operational conditions, credit profile and trading activities in the futures and physical markets provided by hedging applicants, and the applicants shall assist and cooperate with the Exchange during the investigation and supervision.

**Article 49** The Exchange shall supervise the usage of hedging quota.

The Exchange may adjust the hedging quota of a Non-FF Member, an OSNBP or a Client based on the market condition, and the production and operational conditions of the hedging applicant.

The Exchange may require a Non-FF Member, an OSNBP or a Client to

report the futures and physicals trading activities, and provide supplementary supporting materials for the obtained hedging quota based on the futures and physical markets and the open interest held in the contracts.

**Article 50** If a Non-FF Member, an OSNBP or a Client has material change in its production and operational conditions, etc. that may affect the hedging quotas, it shall report to the Exchange without delay.

**Article 51** If a Non-FF Member, an OSNBP or a Client frequently opens and closes positions within the hedging quota, or uses the obtained quota to affect or attempt to affect market prices, the Exchange may adopt the following measures depending on the severity of the situation: giving verbal alert, warning letter, adjusting or cancelling the hedging quota, restricting position opening, ordering position liquidation to be conducted within a specified period, implementing forced position liquidation, and any other actions deemed necessary by the Exchange.

**Article 52** If a Member, an OSP, an Overseas Intermediary or a Client engages in any fraud or violation of the Exchange's rules when applying for hedging quota or conducting hedging activities, the Exchange may dismiss the application, adjust or cancel the hedging quota, convert the hedging positions to general positions, or implement forced position liquidation, and impose other sanctions according to the *Enforcement Rules of the Shanghai International Energy Exchange*.

**Article 53** The Exchange may formulate the method of collecting

margins and transaction fees for hedging positions.

## **Chapter 6 Arbitrage Trading**

**Article 54** Arbitrage trading is classified into calendar spread arbitrage and cross-product arbitrage. The product portfolio for cross-product arbitrage will be announced by the Exchange separately.

**Article 55** If the quota for general positions cannot satisfy the arbitrage requirements, a Non-FF Member, an OSNBP or a Client may apply for arbitrage quota.

Arbitrage quota is classified into arbitrage trading position quota for regular months (hereinafter referred to as the “arbitrage quota for regular months”) and arbitrage trading position quota for nearby delivery months (hereinafter referred to as the “arbitrage quota for nearby delivery months”).

The arbitrage quota for regular months applies to all the futures contracts of the applied products in regular months, but cannot be converted to the arbitrage quota for nearby delivery months.

**Article 56** Clients shall apply to their account opening institutions for arbitrage quota. The account opening institutions shall, according to relevant provisions, apply to the Exchange after verification. Non-FF Members and OSNBPs shall directly apply to the Exchange for arbitrage quota.

**Article 57** A Non-FF Member, an OSNBP or a Client may apply for

arbitrage quota for the regular months of certain listed product(s) and submit the following materials:

1. an Application (approval) Form of Arbitrage Quota for Regular Months;
2. arbitrage trading strategies, including the description of fund source and size, calendar spread arbitrage or cross-products arbitrage and any other relevant factors; and
3. other materials required by the Exchange.

**Article 58** The Exchange shall determine the arbitrage quota for regular months based on the market condition, applicant's credit profile, trading history, usage of arbitrage trading positions and any other relevant factors.

**Article 59** A Non-FF Member, an OSNBP or a Client may apply for arbitrage quota for nearby delivery months of certain contract(s) and submit the following materials:

1. an Application (Approval) Form of Arbitrage Quota for Nearby Delivery Months;
2. arbitrage trading strategies, including the description of fund source and size, calendar spread arbitrage or cross-products arbitrage, arrangement for position opening and reduction, intention of delivery and any other relevant factors;
3. price deviation analyses for applied contract(s); and
4. other materials required by the Exchange.

**Article 60** The Exchange shall determine the arbitrage quota for

nearby delivery months based on the market condition, applicant's credit profile, trading history, usage of arbitrage trading positions, amount of deliverable commodities, whether price differences of applied contracts are deviated and any other relevant factors.

**Article 61** Upon receiving all the application materials for arbitrage quota, the Exchange shall, within five (5) trading days, review the application and make a decision based on the following scenarios:

1. The Exchange shall approve the application if the arbitrage trading requirements are satisfied, and notify the applicant of the result;
2. The Exchange shall disapprove the application if the arbitrage trading requirements are not satisfied, and notify the applicant of the result;
3. The Exchange shall request additional supporting documents from the applicant if the application materials are insufficient.

**Article 62** If a Non-FF Member, an OSNBP or a Client needs to adjust the arbitrage quota, it shall submit an application of adjustment to the Exchange along with supporting documents without delay. If there is material change in its operational conditions, it shall timely report to the Exchange.

**Article 63** The Exchange may adjust the arbitrage quota of a Non-FF Member, an OSNBP or a Client based on the market condition.

**Article 64** If the general positions and the arbitrage trading positions of a Non-FF Member, an OSNBP or a Client accumulatively exceed the sum of the general position limit for the futures contracts in different periods and

the approved arbitrage quota of the same period, the Non-FF Member, the OSNBP or the Client shall make adjustments on their own during the first session of trading hours on the next trading day; if the adjustments are not made within the prescribed time or the requirements are still not satisfied even after adjustments, the Exchange may implement forced position liquidation.

**Article 65** The Exchange shall supervise the usage of the obtained arbitrage quota by a Non-FF Member, an OSNBP or a Client.

If a Member, an OSP, an Overseas Intermediary or a Client engages in any fraud or violation of laws, regulations and the Exchange's rules when applying for arbitrage quota or conducting arbitrage activities, the Exchange may dismiss the application, adjust or cancel the arbitrage quota, or if necessary, take measures such as restricting position opening, ordering position liquidation to be conducted within a specified period, implementing forced position liquidation and impose other sanctions according to the *Enforcement Rules of the Shanghai International Energy Exchange*.

**Article 66** If a Non-FF Member, an OSNBP or a Client uses the approved arbitrage quota to affect or attempt to affect market prices, the Exchange may adopt the following measures depending on the severity of the situation: giving verbal alert, warning letter, adjusting or cancelling the arbitrage quota, or if necessary, restricting position opening, ordering position liquidation to be conducted within a specified period, implementing position liquidation and imposing other sanctions according to the *Enforcement Rules*

*of the Shanghai International Energy Exchange.*

**Article 67** The Exchange may formulate the methods for collecting margins and transaction fees for arbitrage trading positions.

## **Chapter 7 Hedge Trading and Arbitrage Trading of Crude Oil Futures Contracts**

**Article 68** The regular months regarding the hedging and arbitrage trading positions of a crude oil futures contract shall be the period from the listing day of the contract to the last trading day in the third month prior to the delivery month, while the nearby delivery months are the second and the first months prior to the delivery month.

**Article 69** The application for hedging quota and arbitrage quota for regular delivery months of a crude oil futures contract shall be submitted during the period from the listing day of the contract to the last trading day of the third month prior to the delivery month of the contract. The Exchange does not accept any applications beyond such period.

The application for hedging quota and arbitrage quota for nearby delivery months of a crude oil futures contract shall be submitted during the period from the first trading day of the fourth month prior to the delivery month to the last trading day of the second month prior to the delivery month of the contract. The Exchange does not accept any applications beyond such period.

**Article 70** The hedging quota for nearby delivery months may be



repeatedly used in the second month prior to the delivery month, but cannot be repeatedly used from the first day of the first month prior to the delivery month.

## **Chapter 8 Hedging and Arbitrage Trades of TSR 20 Futures Contracts**

**Article 71** With respect to hedging and arbitrage trading positions in a TSR 20 futures contract, the regular months are the period from the listing day of the contract to the last trading day of the second month prior to the delivery month; the nearby delivery months are the month prior to the delivery month and the delivery month.

**Article 72** The application for hedging quota for regular months of a TSR 20 futures contract shall be submitted between the listing day of the contract and the last trading day of the second month prior to the delivery month of the contract. Late application will not be accepted.

The application for hedging quota and arbitrage quota for nearby delivery months of a TSR 20 futures contract shall be submitted between the first trading day of the third month prior to the delivery month of the contract and the last trading day of the month prior to the delivery month of the contract. The application for arbitrage quota for nearby delivery months of a TSR 20 futures contract shall be submitted between the first trading day of the second month prior to the delivery month of the contract and the last trading day of the month prior to the delivery month of the contract. Late application will not be accepted.

**Article 73** The hedging quota for regular months of a TSR 20 futures contract may be repeatedly used in the month prior to the delivery month, but cannot be repeatedly used from the first trading day of the delivery month.

## Chapter 89 Miscellaneous

**Article 7174** The following terms shall have the following definitions:

1. “remote trading”

A trading method by which Members and OSPs directly place trading orders for matching from their business premises through the telecommunication system connected to the Exchange’s computer trading system.

2. “program trading”

A trading method by which trading orders are automatically signaled or placed through established computerized trading models with the functions of market analysis, risk management, etc.

3. “the first session of trading hours”

Day trading hours from 9:00a.m to 10:15a.m of the current trading day. If continuous trading hours of the listed products are adopted, the first session of trading hours refers to the period from the beginning of continuous trading hours of the previous trading day to 10:15AM of the current trading day, unless otherwise prescribed by the Exchange.

4. “the highest price”

The highest transaction price among the transaction prices of a certain futures contract during a specified period of time.

5. “the lowest price”

The lowest transaction price among the transaction prices of a certain futures contract during a specified period of time.

6. “the last price”

The latest transaction price during the trading period of a certain futures contract of a trading day.

7. “price change”

The difference between the last price of a trade on a futures contract of a trading day and the settlement price of the previous trading day.

8. “the highest bid”

The current highest quote placed by a buyer for a futures contract during a trading day.

9. “the lowest ask”

The current lowest quote placed by a seller for a futures contract during a trading day.

10. “bid volume”

The total of unfilled bids at the highest bid price remained in the Exchange’s trading system of a futures contract on a trading day.

11. “ask volume”

The total of unfilled asks at the lowest ask price remained in the Exchange's trading system of a futures contract on a trading day.

12. "trading volume"

The volume of all filled orders on either long or short side of a certain futures contract of a trading day.

13. "open interest"

The volume of open positions in either long or short trades.

14. "calendar spread arbitrage"

Arbitrage trading among different contracts of the same product.

15. "cross-product arbitrage"

Arbitrage trading among contracts of different products.

**Article 7275** Violations of these Trading Rules shall be subject to the sanctions provided in the *Enforcement Rules of the Shanghai International Energy Exchange*.

**Article 7376** The Exchange reserves the right to interpret these Trading Rules.

**Article 7477** These Trading Rules shall take effective as of [date].