Appendix:

Instructions on Trade at Settlement (TAS) Orders

**I. The Basics**

**(1)**

Trade at Settlement (TAS) is an order type that allows a trader to enter an order to buy or sell an eligible futures contract (hereinafter referred to as the eligible contract) at a price equal to the current day’s settlement price for that contract. The eligible contracts are defined by the Exchange.

**(2)**

TAS orders may only be matched with other TAS orders for the same contract. During central auction, TAS orders will be matched by the principle of “maximum trading volume”; during continuous trading, TAS orders will be matched by the principle of time priority.

**(3)**

After TAS orders are executed, the transaction price will be calculated according to the order matching rules, and determined after the daily settlement price of the eligible contract is set.

**(4)**

For eligible contracts, a TAS order may be indicated as “open”, “close today” or “close previous”; and “general” or “hedging”.

**(5)**

TAS orders *cannot* be attached with the properties of fill-or-kill (FOK) or fill-and-kill (FAK) for the time being.

**(6)**

TAS orders are available during the central auction and the first trading session (including the continuous trading hours. Currently the first trading session runs till 10:15 a.m.). At the end of the first trading session, all unfilled TAS bids and offers will be automatically cancelled by the system.

**II. Special Notes**

**(1)**

The trading access and minimum and maximum order sizes of eligible contract apply to the TAS orders in that contract. As for the position limit, hedging quota and trading limit, TAS orders are calculated combining with other orders in the eligible contract.

**(2)**

If a TAS-eligible contract is trading at the limit price, TAS orders in the contract will not be matched by the principle of “close-out orders first”, and will not affect the determination of Limit-locked Market.

**(3)**

Market data of TAS-eligible contracts published during the trading hours does not include the turnover or trading volume from TAS transactions, while the open interest of TAS transactions is included in the change of open interest of eligible contracts. Statistics following market close and settlement do reflect TAS transactions in the turnover and trading volume of the corresponding contracts.

**(4)**

For TAS transactions, the Exchange may, during the trading hours, calculate the margins to be frozen or released based on the settlement price of the eligible contract of the previous trading day and apply the larger-side margining to such margin. For positions formed from TAS transactions, the Exchange may, during daily settlement at market close, calculate and collect margins based on the settlement price of the eligible contract of the current day and apply the larger side margining to such margin.

**III. TAS Order Examples**

**(1) Opening New Position – Example 1**

Assume a client has no existing position in SC2008, and places a TAS order for 40 lots in SC2008 as “long, general, open”, which is then matched with an existing TAS order for short 15 lots. As a result, the client will hold 15 lots of long, general, and today’s position in SC2008. The remaining 25 lots will be automatically canceled by the system if they cannot be matched within the first trading session.

If at market close the settlement price of SC2008 is determined to be 285 yuan/barrel, then the 15 lots filled through the TAS order will be traded at 285 yuan/barrel.

**(2) Opening New Position – Example 2**

Assume a client has no existing position in SC2009, and submits a TAS “short, general, open” order for 10 lots. After 5 lots are filled, the client will hold 5 lots of short, general, and today’s position in SC2009. If now the client places and executes a limit order for 3 lots of SC2009 as “long, general, and close today”, then the client will hold 2 lots of short, general, and today’s position in SC2009.

If at market close the settlement price of SC2009 is determined to be 300 yuan/barrel, then the 5 lots filled through the TAS order will be traded at 300 yuan/barrel.

**(3) Closing Out Today’s Position**

Assume a client has no existing position in SC2009, and submits a limit order for 10 lots of SC2009 as “short, general, and open”. After 4 lots are filled, the client will hold 4 lots of short, general, and today’s position in SC2009. If then the client places and executes a TAS “long, general, close today” order for 1 lot, then the client will hold 3 lots of short, general, and today’s position in SC2009.

If at market close the settlement price of SC2009 is determined to be 305 yuan/barrel, then the 1 lot filled through the TAS order will be traded at 305 yuan/barrel.

 **(4) Closing out Previous Positions**

Assume a client holds 50 lots of long, hedging, and previous position in SC2010, and submits a TAS “short, hedging, close previous” order for 50 lots. Once 40 lots of the order are filled, the client will hold 10 lots of long, hedging, and previous position in SC2010.

If at market close the settlement price of SC2010 is determined to be 310 yuan/barrel, then the 40 lots filled through the TAS order will be traded at 310 yuan/barrel.