

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

(For Public consultation)

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 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. An Account Opening

Institutions shall grant the trading access of corresponding listed contracts only after providing the trading code for its 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 no less than ten (10) days of simulated futures or options trading in domestic trading exchanges, 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 in any of the domestic trading exchanges, 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 in 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 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 the trading of crude oil futures trading or crude oil options, 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 trading 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 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; and
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;
3. having records of no less than twenty (20) executed orders and of no less than ten (10) trading days of simulated futures or options trading in domestic futures exchanges ; 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 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 the trading of crude oil futures ~~trading~~or crude oil options, 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 his margin accounts five (5) consecutive 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, 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 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 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, 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 the trading code and any change thereof within three (3) trading days after granting or closing 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, 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, 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.

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 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.

Chapter 4 Miscellaneous

Article 22 The terms such as “futures market” in these *Eligibility Rules* shall be deemed to include options business and related activities, unless otherwise prescribed by the Exchange.

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 30th, 2019.