Appendix 8

**Overseas Special Participants Management Rules of the Shanghai International Energy Exchange**

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# Chapter 1 General Provisions

* 1. These Rules are formulated, pursuant to the *General Exchange Rules of the Shanghai International Energy Exchange* (hereinafter referred to as the “General Exchange Rules”), to strengthen the self-disciplinary regulation of Overseas Special Participants (hereinafter referred to as the “OSPs”) and regulate the business activities of OSPs on the Shanghai International Energy Exchange (hereinafter referred to as “the Exchange”).
	2. OSPs are overseas entities that meet the qualifications prescribed by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”) and the Exchange, and are approved by the Exchange to directly engage in trading with the Exchange, including overseas traders that directly conduct trading on futures exchanges as prescribed in paragraph 2, Article 5, and overseas brokers that directly engage in trading with the Exchange as prescribed in paragraph 2, Article 6, of the *Interim Measures for the Administration of Overseas Traders’ and Overseas Brokers’ Engagement in the Trading of Specified Domestic Futures Products*.
	3. The Exchange, OSPs and their practitioners, Overseas Intermediaries and Clients shall comply with these Rules*.*
	4. These Rules apply to OSPs that engage in trading specified domestic futures products with the Exchange. For those not prescribed in these Rules, the provisions governing Members in each of the business rules of the Exchange shall apply.

# Chapter 2 Rights and Obligations of Overseas Special Participants

* 1. OSPs are classified into Overseas Special Brokerage Participants (the“OSBPs”) and Overseas Special Non-Brokerage Participants(the“OSNB Ps”).
	2. An OSBP is entitled to the following rights:
		1. trading on the Exchange directly by the authorization of overseas Clients;
		2. authorizing Members to conduct clearing, delivery and other relevant business with the Exchange in accordance with relevant provisions;
		3. accessing the trading facilities provided by the Exchange and obtaining the information and services related to futures trading;
		4. exercising its contractual rights in accordance with the agreement entered into with the Exchange;
		5. exercising the petition right in accordance with the General Exchange Rules; and
		6. any other rights prescribed by the Exchange.
	3. An OSNBP is entitled to the following rights:
1. trading on the Exchange directly and assuming the trading results;
2. authorizing Members to conduct clearing, delivery and other relevant businesses with the Exchange in accordance with the provisions;
3. accessing the trading facilities prescribed by the Exchange and obtaining the information and services related to futures trading;
4. exercising its contractual rights in accordance with the agreement entered into with the Exchange;
5. exercising the petition right in accordance with the General Exchange Rules; and
6. any other rights prescribed by the Exchange.
	1. An OSP shall fulfill the following obligations:
		1. complying with the relevant laws, regulations and rules of the People’s Republic of China (hereinafter referred to as the “PRC”);
		2. complying with the General Exchange Rules and its implementing rules of the Exchange, and other relevant provisions;
		3. paying related fees as prescribed;
		4. accepting the supervision and management of the Exchange; and
		5. An OSBP shall establish, improve and strictly implement business management rules and risk management rules, comply with information disclosure rules, have a full and continuous understanding of the Clients, strengthen Client management, and enhance the monitoring of abnormal trading behaviors by Clients so as to ensure the security of Clients’ assets and transaction; and
		6. any other obligations prescribed by the Exchange.

# Chapter 3 Acquisition, Change and Termination of Qualifications of Overseas Special Participants

* 1. An applicant that applies to be an OSBP shall meet the following criteria:
		1. its country (region) of residence has sound legal and regulatory systems;
		2. having a sound financial condition, good credit and sufficient working capital;
		3. having a sound corporate governance structure, a sound internal control system and duly operated business;
		4. the futures regulatory authority in its country (region) of residence has entered into a memorandum of understanding on supervisory cooperation with the CSRC;
		5. being incorporated overseas and holding a futures brokerage license in its country (region)of residence;
		6. acknowledging and agreeing to abide by the business rules and each of the provisions and decisions of the Exchange;
		7. having a net capital of no less than RMB thirty (30) million or its equivalent in foreign currency;
		8. its business having been operated for more than two (2) years consecutively;
		9. having the personnel, futures business trading system, facilities and premises that are necessary to conduct business;
		10. having a sound financial management system, a sound futures business management system and good operational capacities, credit and reputation, and being under normal operational condition;
		11. having authorized a business organization or representative institution that has been validly existing in the PRC for no less than one (1) year as its designated contact institution, and having appointed a senior manager or a staff with good credibility of such business organization or representative institution as its designated contact person; and
		12. any other requirements prescribed by the Exchange.

The Exchange is entitled to waive one or more conditions above depending on certain financial conditions, risk management capabilities and soundness of operation of the applicant.

* 1. An applicant that applies to be an OSNBP shall meet the following criteria:
		1. its country (region) of residence has sound legal and regulatory systems;
		2. having a sound financial condition, good credit and sufficient working capital;
		3. having a sound corporate governance structure, a sound internal control system and duly operated business;
		4. acknowledging and agreeing to abide by the business rules and each of the provisions and the decisions of the Exchange;
		5. having a net capital or net assets of no less than RMB ten (10) million or its equivalent in foreign currency;
		6. having the personnel, futures business trading system, facilities and premises that are necessary to conduct business;
		7. having a sound financial management system, a sound futures business management system and good operational capacities, credit and reputation, and being under normal operational condition;
		8. having authorized a business organization or representative institution that has been validly existing in the PRC for no less than one (1) year as its designated contact institution, and having appointed a senior manager or a staff with good credibility of such business organization or representative institution as its designated contact person; and
		9. any other requirements prescribed by the Exchange.

The Exchange is entitled to waive one or more conditions above depending on certain financial conditions, risk management capabilities and soundness of operation of the applicant.

* 1. An applicant that applies to be an OSBP shall submit the following documents and materials to the Exchange:
		1. an application letter signed by the authorized signatory;
		2. an undertaking letter in which the applicant undertakes that it will acknowledge and abide by the business rules and each of the provisions and decisions of the Exchange, and all application materials are authentic, accurate, complete and valid;
		3. the latest annual financial statements audited by an accounting firm or an auditing firm;
		4. supporting documents proving that the applicant has a brokerage license in its country or region of residence, and that the applicant has been operating consecutively for over two (2) years;
		5. descriptions of the personnel, futures business trading system, facilities and premises that meet the business requirements;
		6. notarized and legally certified materials on the legal establishment of the applicant;
		7. applicant’s Articles of Association, organizational chart, list of major shareholders, list of the board of directors, list of overseas branches and affiliates, financial management system, internal risk control system and futures business management system;
		8. documents that evidence the applicant’s normal operation condition, sound operation capabilities, good credit and reputation;
		9. certificates of valid IDs, resumes and signature specimen of the applicant’s Chief Executive Officer, the person-in-charge of futures business and the chief risk control officer;
		10. a legal document for authorizing a business organization or a representative institution that has been validly existing in the PRC for no less than one (1) year and has a fixed office premise as the designated contact institution, and authorizing relevant personnel thereof as the designated contact person, a document that evidences such entity and individual have consented to such authorization, and the names, contact details and certificates of valid IDs of the contact person and the designated contact person;
		11. powers of attorney where documents are signed by authorized signatories; and
		12. any other documents the Exchange deems necessary to provide.

Relevant documents and materials can be waived at the Exchange’s discretion.

* 1. An applicant that applies to be an OSNBP shall submit the following documents and materials to the Exchange:
		1. an application letter signed by the authorized signatory;
		2. an undertaking letter in which the applicant undertakes that it will acknowledge and abide by the business rules and each of the provisions and decisions of the Exchange, and all application materials are authentic, accurate, complete and valid;
		3. the latest annual financial statements audited by an accounting firm or an auditing firm;
		4. descriptions of the personnel, futures trading business system, facilities and premises that meet the business requirements;
		5. notarized and legally certified materials on the legal establishment of the applicant;
		6. applicant’s Articles of Association, organizational chart, list of major shareholders, list of the board of directors, list of overseas branches and affiliates, financial management system, internal risk control system and futures business management system;
		7. documents that evidence the applicant’s normal operation condition, sound operation capabilities, good credit and reputation;
		8. certificates of valid IDs, resumes and signature specimens of the applicant’s Chief Executive Officer and the person-in-charge of futures business and the chief risk control officer;
		9. a legal document for authorizing a business organization that has been validly existing in the PRC for no less than one (1) year and has a fixed office premise as the designated contact institution, and authorizing relevant personnel thereof as the designated contact person, a document that evidences such entity and individual have consented to such authorization, and the names, contact details and certificates of valid IDs of the contact person and the designated contact person;
		10. powers of attorney where documents are signed by authorized signatories; and
		11. any other documents the Exchange deems necessary to provide.

Relevant documents and materials can be waived at the Exchange’s discretion.

* 1. An applicant that applies to be an OSP shall submit a written application to the Exchange, which shall include the following contents:
		1. the name, address and registered capital of the applicant, the business type that it applies for, etc.;
		2. the purposes and reasons of application;
		3. the corporate and operational structure; and
		4. any other information the Exchange requires to describe.
	2. Upon receiving completed application materials, the Exchange shall, within thirty (30) trading days, provide its review comments on the application. If the Exchange approves the application, it will send a written notice of OSP admission to the applicant, requiring the applicant to complete the relevant procedures to become an OSP of the Exchange; if the application is not approved by the Exchange, it will notify the applicant in writing.
	3. Within ninety (90) days after receiving the notice of admission from the Exchange, the applicant shall complete the following procedures:
1. entering into an agreement with the Exchange;
2. paying trading seats fees at the prescribed rate separately announced by the Exchange;
3. opening a futures settlement account with the Designated Depository Bank of the Exchange in accordance with the provisions;
4. submitting the authorized clearing agreements entered into with Members to the Exchange;
5. performing the authorization procedures for relevant personnel and seals;
6. providing the resumes and certificates of no less than two (2) personnel who have passed the futures qualification exams in the PRC; and
7. any other required procedures.

If the above procedures are not completed within the prescribed period, the applicant shall be deemed to have voluntarily given up its admission qualification.

* 1. An applicant is formally granted as an OSP after completing all the procedures. The Exchange will issue a license of O S P to the applicant and report to the CSRC.
	2. An OSP has one trading seat, and may apply for additional trading seats. An OSP shall use the trading seats in strict compliance with the relevant provisions of the Exchange, and shall pay trading seat fees according to the number of trading seats.
	3. The license of OSP shall not be transferred. Any unauthorized transfer or disposal of the license or trading seats of an OSP by lease, collateralization or any other means is prohibited.
	4. In the event that a legal person acquires an OSP, or a new legal person is formed as the result of the merger of an OSP and another entity, and therefore succeeds the license of the OSP, such legal person shall apply to the Exchange for succession, and the license of the OSP shall be succeeded only upon the approval of the Exchange.
	5. Under any of the following circumstances, the Exchange may revoke the qualification of OSP:
		1. a competent authority revokes the futures brokerage license of the OSP, or imposes a ban on futures market against such OSP, or other circumstances under which the OSP loses its qualification;
		2. an OSP transfers or disposes its license or trading seat by lease, collateralization or any other means without authorization;
		3. an OSP fails to conduct futures trading for three (3) consecutive months without justified reasons;
		4. an OSP is declared as a “persona non grata to the market” by the Exchange;
		5. an OSP is declared bankrupt by ruling of the court; or
		6. any other violations of PRC laws, rules and regulations, and serious violations of the relevant provisions of the Exchange.
	6. An OSP shall meet the relevant qualifications on a continuous basis. Once an OSP no longer meets the qualifications, it shall apply to the Exchange to terminate its qualification. If it does not apply for the termination, the Exchange may revoke its qualification of OSP.
	7. An OSP may apply to terminate its qualification as it deems necessary.

When applying to terminate its qualification, an OSP shall submit to the Exchange an application signed by the authorized signatory and other materials prescribed by the Exchange.

Upon receiving completed application materials for termination, the Exchange shall, within thirty (30) trading days, make a decision on whether or not to approve the termination application.

* 1. If the Exchange revokes or agrees to terminate the qualification of OSP, such qualification shall be cancelled. The qualification of OSP expires from the date of cancellation.

The Exchange shall report the cancelation of the qualifications of OSPs to the CSRC.

* 1. Within thirty (30) trading days after receiving the notice of revoking or approval to terminate the qualification of OSP from the Exchange, the OSP shall complete the following procedures:
1. closing out its open positions;
2. settling all debts and credits with the Exchange;
3. returning all receipts and certificates issued by the Exchange;
4. closing its futures settlement account;
5. returning all trading facilities of the Exchange;
6. terminating the authorized clearing agreement;
7. any other procedures to be completed as prescribed.

# Chapter 4 Business Rules

* 1. An OSBP can only be authorized by overseas Clients and Overseas Intermediaries to engage in the trading of specified domestic futures contracts on the Exchange. Overseas brokers shall not accept the authorization of any person who has been declared as a “persona non grata to the market” by the Exchange or conduct futures trading for such person on the Exchange.

An OSBP accepting the authorization of Overseas Intermediaries shall follow the provisions specified from Article 39 to Article 51, and Article 54 to Article 60 of the *Membership Management Rules of the Shanghai International Energy Exchange* regarding Members accepting the authorization of Overseas Intermediaries.

* 1. An OSBP shall open a separate trading account and acquire a trading code for each Client in accordance with the account opening rules. Trading with aggregated or netted multi-Clients’ positions is prohibited.

 Unless otherwise approved by the Exchange, an OSNBP shall not open another account as a Client to engage in futures trading.

* 1. An OSBP shall timely place all trading orders of its Clients for matching through the Exchange. Matching or netting Clients’ orders off the Exchange or other similar practice is prohibited. An OSBP shall verify the funds and positions of the Clients’ trading orders in accordance with relevant provisions.
	2. An OSP shall conduct clearing, delivery and risk management of futures trading with the Exchange in accordance with relevant provisions of the *Clearing Rules of the Shanghai International Energy Exchange*, the *Delivery Rules of the Shanghai International Energy Exchange* and the *Risk Management Rules of the Shanghai International Energy Exchange*.

# Chapter 5 Supervision

* 1. OSPs and their practitioners shall comply with the laws and regulations of the PRC, the business rules and each of the provisions and decisions of the Exchange, and accept the supervision and regulation by the CSRC and the Exchange. The Exchange shall supervise and examine the business activities, financial conditions and credit of OSPs in relation to the futures trading on the Exchange in accordance with the relevant provisions.
	2. The Exchange may take the following measures against those OSPs who violate or may have violated the Exchange’s rules depending on the severity of the violation:
1. verbal warning;
2. warning letter;
3. designated interview;
4. requiring an explanation within the prescribed time;
5. requiring to make rectification;
6. requiring to attend training;
7. requiring periodic reporting;
8. requiring to strengthen the internal compliance review;
9. conducting a special investigation;
10. imposing sanctions on the relevant personnel;
11. restricting or suspending the relevant business; and
12. recommending the CSRC, the China Futures Association or other competent regulators or self-regulated organizations to take actions.
	1. If any of the following circumstances occurs to an OSP, it shall notify the Exchange promptly and report to the Exchange in writing within twenty (20) trading days:
		1. change of the Chief Executive Officer;
		2. change of registered capital or more than five per cent (5%) stakes;
		3. change of name, domicile, business venues, designated contact person and designated contact institution or other contact information;
		4. establishment, consolidation or termination of branches or subsidiaries;
		5. material change of operational conditions;
		6. the occurrence of material disputes, arbitration or litigation;
		7. termination of futures business;
		8. opening or change of futures settlement account;
		9. acquiring membership or license to directly engage in trading in other futures trading venues;
		10. being investigated with a case filed by a competent authority for suspected violation of laws and regulations, being penalized by such authority, or being sanctioned by other futures trading venues;
		11. any other circumstances the Exchange requires to report.
	2. The Exchange may require an OSP to submit the audited annual financial statements within a prescribed period.
	3. If any of the following circumstances occurs to an OSP, the Exchange is entitled to require such OSP to take rectification measures within a specified period:
		1. poor financial management, long-term loss, poor operating conditions or significantly declining solvency; or
		2. severe problems detected in annual inspection.

The Exchange is entitled to suspend the futures trading or revoke the qualification of an OSP if such OSP fails to take rectification measures within the specified period.

* 1. An OSBP shall assess Client’s knowledge and risk tolerance in accordance with the requirements of the trading participant eligibility rules, and select eligible Clients to engage in the trading of relevant futures products prudently.
	2. An OSBP shall not make up or purposely disseminate false information to mislead its Clients or authorizers, or defraud its Clients or authorizers by any means when it is authorized to engage in futures trading.
	3. An OSP shall, as requested by the Exchange, attend the relevant meetings and activities, protect the reputation of the Exchange, and assist the Exchange in resolving emergencies or abnormal events. When such emergencies or abnormal events occur, an OSBP shall explain to its Clients or authorizers to obtain their understanding and cooperation..
	4. The practitioners of an OSP engaging in futures trading on the Exchange shall be authorized by their employer (the OSP).

Any obligation arising from the business activities of OSP’s practitioners on the Exchange shall be fully borne by such OSP.

* 1. Any change of the person-in-charge of the futures business and the chief risk control of an OSP shall be timely notified to the Exchange in writing.

The authorizations by an OSP to its practitioners shall automatically become void upon the revocation of the qualification of such OSP.

* 1. Any violation of these Rules shall be subject to the relevant provisions of the *Enforcement Rules of the Shanghai International Energy Exchange*.

# Chapter 6 Miscellaneous

* 1. The “Affiliates” of a specified enterprise, as used in these Rules, refers to enterprises which directly or indirectly hold twenty-five per cent (25%) or more equity in the specified enterprise or vice versa; or enterprises of which twenty-five per cent (25%) or more equity is directly or indirectly held or controlled by the same third party.
	2. Unless otherwise recognized by the Exchange, written materials submitted by OSPs to the Exchange prescribed by these Rules and the implementing rules of the Exchange shall all have corresponding Chinese versions. In the event of any discrepancy, the Chinese version shall prevail.
	3. The Exchange reserves the right to interpret these Rules.
	4. These Rules shall be effective as of May 11th, 2017.