Appendix 9

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

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# Chapter 1 General Provisions

1. These Eligibility Rules are formulated, pursuant to the *Regulations on the Administration of Futures Trading,* 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 “trader”) in the futures market, protect all traders’ legitimate rights and interests, and ensure stable, legalized and healthy development of the futures market.
2. A trader refers to a natural person, a legal person or any other organization that engages in futures trading and assumes the trading results.
3. 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.
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”) that engages in futures trading on or through the Exchange shall assess traders’ futures literacy and risk tolerance in conformity with the requirements of these Eligibility Rules, and only accept those eligible traders to prudently engage in futures trading.

# Chapter 2 Trader’s Eligibility Management Standard

1. When an Account Opening Institution applies to the Exchange for a trading code on behalf of an institutional Client, 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 of the Exchange, and having passed relevant tests;

2. having records of no less than ten (10) executed orders and of more than ten (10) days of simulated futures trading in domestic market, or records of more than ten (10) executed orders within the past three (3) years on any of the domestic futures exchanges, or records of more than ten (10) executed orders within the past three (3) years on any of those overseas futures 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”);

3. having a 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) business days before applying for the trading code;

4. having sound futures trading management rules including futures trading decision-making, order placement, funds transfer, physical delivery and other business management rules, as well as appropriate risk control rules for futures trading;

5. having a sound information communication mechanism, including providing and timely updating its head of futures trading and related business personnel to the Account Opening Institutions;

6. having no material adverse credit record or have never been subjected to a ban from the futures market by any competent regulatory authority; and

7. 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.

Unless otherwise prescribed by the PRC laws, administrative regulations, rules and provisions of the CSRC, the first three items of this Article may not apply to the Account Opening Institution that applies for a trading code on behalf of a special institutional Client.

1. When an Account Opening Institution applies to the Exchange for a trading code on behalf of an individual Client, 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 of the Exchange, and having passed relevant tests;

3. having records of more than ten (10) executed orders of simulated futures trading in China’s domestic futures exchanges in no less than ten (10) trading days; or having accounts on any China’s domestic futures exchanges or any overseas futures exchange regulated by its futures regulatory authority that has a memorandum of understanding on regulatory cooperation with the CSRC, with records of more than ten (10) executed futures trading orders within the past three (3) years;

4. having a balance of no less than RMB one million (￥1,000,000.00) or its equivalent in foreign currency in each of its margin account five (5) business days before applying for the trading code;

5. having no material adverse credit record or having never been subject to a ban from the futures market by any competent regulatory authority; and

6. 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.

1. The Exchange may adjust the criteria of trader’s eligibility in accordance with market conditions.

# Chapter 3

# Implementation of the Trader’s Eligibility Management

1. An Account Opening Institution shall establish sound business rules and implementation plans for managing Clients’ eligibility, and specify its internal division of responsibilities and business procedures to comprehensively assess the Client’s background, related investment experience, financial capabilities and credit in accordance with the guidance formulated by the Exchange on traders’ eligibility.
2. An Account Opening Institution shall establish and effectively implement an accountability mechanism for Client development in which the responsibilities of senior managers, head of business operations, heads of business branches, appraisal reviewers, account opening operators and Client development personnel shall be specified.
3. An Account Opening Institution shall fully disclose the futures trading risks, objectively describe the applicable futures laws, regulations, and relevant business rules, provisions and decisions of the Exchange to each Client, strictly verify each trader’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.
4. The test on a Client’s knowledge about futures trading shall meet the following requirements:

 1. The Client shall participate in a knowledge test recognized by the Exchange, with a test score no lower than the standard released by the Exchange;

2. The individual Client and the authorized trader of an institutional Client shall attend the test in person rather than having others to attend the test;

3. The Client developer of an Account Opening Institution shall not concurrently act as a supervisor of a knowledge test.

 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.

1. An Account Opening Institution shall establish a profile archive for each Client, and keep Clients’ information in strict confidentiality in accordance with relevant laws, regulations and rules.
2. 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.
3. A Trader shall truthfully submit relevant application materials for the trading code, and shall not evade the requirements prescribed in these Eligibility Rules by submitting fraudulent materials or information, etc.
4. 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.
5. All traders shall abide by the following:

1. trading code rules, under which trading with aggregated or netted multi-Clients’ positions are prohibited;

2. proactive declaration of accounts with affiliated relationships in accordance with the relevant provisions of the Exchange, and being subject to the corresponding supervision.

1. 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.
2. 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. Such FF Member or OSBP shall review the relevant business of the Overseas Intermediary.
3. Prior to accepting an introducing broker to assist the Client in applying for a trading code, 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.

# Chapter 4

# Supervision on Trader’s Eligibility Management

1. The Exchange shall conduct inspections on Account Opening Institutions to confirm their implementation of these Eligibility Rules. Account Opening Institutions shall cooperate with such inspections and provide accurate and true account opening materials, breakdowns of account transactions and other relevant materials requested by the Exchange, and shall not conceal any information, obstruct or refuse the inspections.
2. If an Account Opening Institution violates any of these Eligibility Rules, the Exchange may take measures including but not limited to requiring rectification, warning, reprimand, suspension of opening new positions, suspension of futures business, and/or revocation of its membership or qualification to conduct futures business. In case of serious violations, the Exchange may report to the CSRC, the China Futures Association (hereinafter referred to as the “CFA”) and/or the competent futures regulatory authorities in the country (region) where the overseas Account Opening Institution is established, and recommend the imposition of administrative sanctions or disciplinary actions.
3. If an employee of an Account Opening Institution is deemed responsible for any violation, the Exchange may take measures including but not limited to warning, reprimand, suspension of futures business, and/or revocation of the qualification to conduct futures business on the Exchange. In case of serious violations, the Exchange may recommend the imposition of administrative penalties or disciplinary sanctions, such as revoking the qualification of employment or the practitioner’s qualification, to the CSRC, the CFA and/or the futures regulatory authorities in the country (region) where the employing overseas Account Opening Institution is established.

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# Chapter 5 Miscellaneous

1. The Exchange reserves the right to interpret these Eligibility Rules.
2. These Eligibility Rules shall be effective as of May 11th, 2017.