

The rules of the Shanghai Futures Exchange are made in Chinese. The English version of such rules is for reference only and shall have no legal effect.

Risk Management Rules of the Shanghai Futures Exchange (Restated)

Chapter 1 GENERAL PROVISIONS

Article 1 These *Risk Management Rules* are made, in accordance with the *General Exchange Rules of the Shanghai Futures Exchange*, to strengthen the risk management of futures trading, safeguard the legitimate rights and interests of the futures market participants and guarantee the futures trading activities on or through the Shanghai Futures Exchange, or the Exchange.

Article 2 The risk management regimes adopted by the Exchange include the Margin Requirement, the Price Limit, the Position Limit, the Trading Limit, the Large Trader Reporting, the Forced Position Liquidation, and the Risk Warning, etc

Article 3 These *Risk Management Rules* are binding on the Exchange, Members, and Clients.

Chapter 2 MARGIN REQUIREMENT

Article 4 The Exchange applies a minimum trading margin based on a contract's notional value, as follows:

gold futures	4%
silver futures	4%
bitumen futures	4%
hot-rolled coil futures	4%
bleached softwood kraft pulp ("BSKP") futures	4%
copper cathode ("copper") futures	5%
aluminum futures	5%
zinc futures	5%
lead futures	5%
nickel futures	5%
tin futures	5%
steel rebar futures	5%
stainless steel futures	5%

natural rubber futures	5%
wire rod futures	7%
fuel oil futures	8%

When the following events or conditions occur in the process of trading a futures contract, the Exchange may, at its sole discretion, adjust the trading margin of a contract:

- (1) the open interest reaches a fixed level;
- (2) the delivery period approaches;
- (3) the price variation of a contract amounts to a certain rate after a consecutive number of trading days;
- (4) a futures contract reaches the Price Limit for consecutive trading days;
- (5) a long public holiday is approaching;
- (6) the Exchange, at its discretion, decides that the risk of the market is increasing; and
- (7) other events or conditions the Exchange deems necessary to adjust the trading margin of a contract.

The Exchange may adjust the trading margin based on market conditions, and shall release notices on such adjustment, and report to the China Securities Regulatory Commission (CSRC).

Article 5 The Exchange applies different rates of trading margin for a futures contract based on the stage of its lifecycle (i.e., from the listing day to the last trading day):

Specific provisions are as follows:

- (1) Stage-based trading margin rates:

Table 1. Stage-Based Trading Margin for Copper Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 2. Stage-Based Trading Margin for Aluminum Futures

Stage of Trading	Trading Margin
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As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 3. Stage-Based Trading Margin for Zinc Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 4. Stage-Based Trading Margin for Lead Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 5. Stage-Based Trading Margin for Nickel Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 6. Stage-Based Trading Margin for Tin Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 7. Stage-Based Trading Margin for Steel Rebar Futures

Stage of Trading	Trading Margin
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As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 8. Stage-Based Trading Margin for Wire Rod Futures

Stage of Trading	Trading Margin
As of listing	7%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 9. Stage-Based Trading Margin for Hot-Rolled Coil Futures

Stage of Trading	Trading Margin
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 10. Stage-Based Trading Margin for Gold Futures

Stage of Trading	Trading Margin
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 11. Stage-Based Trading Margin for Silver Futures

Stage of Trading	Trading Margin
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 12. Stage-Based Trading Margin for Natural Rubber Futures

Stage of Trading	Trading Margin
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As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 13. Stage-Based Trading Margin for Fuel Oil Futures

Stage of Trading	Trading Margin
As of listing	8%
As of the tenth trading day of the second month prior to the delivery month	10%
As of the tenth trading day of the month prior to the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 14. Stage-Based Trading Margin for Bitumen Futures

Stage of Trading	Trading Margin
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 15. Stage-Based Trading Margin for BSKP Futures

Stage of Trading	Trading Margin
As of listing	4%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

Table 16. Stage-Based Trading Margin for Stainless Steel Futures

Stage of Trading	Trading Margin
As of listing	5%
As of the first trading day of the month prior to the delivery month	10%
As of the first trading day of the delivery month	15%
As of the second trading day prior to the last trading day	20%

When a futures contract approaches a stage of trading that requires a trading margin adjustment (see Tables 1-16 for details), the Exchange shall, at daily clearing on the trading day prior to the day that such adjustment shall take effect, settle existing positions at the new

rate of trading margin. Anyone with insufficient margin balance shall deposit additional funds to meet the margin requirement by market-open of the next trading day.

During the delivery month, a seller may post standard warrants as a performance security for the corresponding size of open positions in the delivery month, in which case the trading margin requirement for those positions will be waived.

(2) The following is an example of the period of trading of the futures contract, Cu0305, from its listing to its last trading day:

The period of trading of Cu0305 is from May 16, 2002 to May 15, 2003;

The date of listing is May 16, 2002;

The last trading day is May 15, 2003;

The trading day prior to the last trading day is May 14, 2003;

The second trading day prior to the last trading day is May 13, 2003;

The delivery month is May, 2003;

The month prior to the delivery month is April, 2003;

The second month prior to the delivery month is March, 2003;

The third month prior to the delivery month is February, 2003.

The chronology provided in this Article 5(2) which exemplifies the period of trading of a futures contract will be used in these *Risk Management Rules*.

Article 6 In the event that trading in a futures contract reaches a Price Limit, the margin requirements set forth in Chapter 3 of these *Risk Management Rules* shall apply.

Article 7 (1) For the futures contracts of copper, aluminum, zinc, steel rebar, wire rod, hot-rolled coil or stainless steel:

(a) when the price variation in aggregate (denoted as N) reaches 7.5% or more for three (3) consecutive trading days (denoted as D1-D3) or

(b) when the price variation in aggregate (denoted as N) reaches 9% or more for four (4) consecutive trading days (denoted as D1-D4) or

- (c) when the price variation in aggregate (denoted as N) reaches 10.5% or more for five (5) consecutive trading days (denoted as D1-D5),

The Exchange may, based on market conditions, exercise the following measures:

- (i) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the Members;
 - (ii) limit the withdrawal of funds by a part of or all the Members;
 - (iii) suspend the opening of new positions by a part of or all of the Members;
 - (iv) adjust the Price Limit, but not to be over twenty percent (20%) up or down;
 - (v) order the liquidation of positions by a prescribed deadline; or
 - (vi) exercise Forced Position Liquidation.
- (2) For the futures contracts of lead, nickel, tin or gold:

- (a) when the price variation in aggregate (denoted as N) reaches 10% or more for three (3) consecutive trading days (denoted as D1-D3) or
- (b) when the price variation in aggregate (denoted as N) reaches 12% or more for four (4) consecutive trading days (denoted as D1-D4) or
- (c) when the price variation in aggregate (denoted as N) reaches 14% or more for five (5) consecutive trading days (denoted as D1-D5)

The Exchange may, based on market conditions, exercise the following measures:

- (i) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the Members;
- (ii) limit the withdrawal of funds by a part of or all the Members;
- (iii) suspend the opening of new positions by a part of or all of the Members;
- (iv) adjust the Price Limit, but not to be over twenty percent (20%) up or down;
- (v) order the liquidation of positions by a prescribed deadline; or
- (vi) exercise Forced Position Liquidation.

- (3) For the futures contracts of natural rubber, bitumen or BSKP:
- (a) when the price variation in aggregate (denoted as N) reaches 9% or more for three (3) consecutive trading days (denoted as D1-D3) or
 - (b) when the price variation in aggregate (denoted as N) reaches 12% or more for four (4) consecutive trading days (denoted as D1-D4) or
 - (c) when the price variation in aggregate (denoted as N) reaches 13.5% or more for five (5) consecutive trading days (denoted as D1-D5),

the Exchange may, based on market conditions, exercise the following one or more measures:

- (i) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the Members;
 - (ii) limit the withdrawal of funds by a part of or all the Members;
 - (iii) suspend the opening of new positions by a part of or all of the Members;
 - (iv) adjust the Price Limit, but not to be over twenty percent (20%) up or down;
 - (v) order the liquidation of positions by a prescribed deadline; or
 - (vi) exercise Forced Position Liquidation.
- (4) For the futures contracts of fuel oil and silver,
- (a) when the price variation in aggregate (denoted as N) reaches 12% or more on three (3) consecutive trading days (denoted as D1-D3,) or
 - (b) when the price variation in aggregate (denoted as N) reaches 14% or more on four (4) consecutive trading days (denoted as D1-D4) or
 - (c) when the price variation in aggregate (denoted as N) reaches 16% or more on five (5) consecutive trading days (denoted as D1-D5),

the Exchange may, based on market conditions, exercise the following one or more measures:

- (i) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or, at the same or different rates, and/or from a part of or all the Members;
- (ii) limit the withdrawal of funds by a part of or all the Members;

- (iii) suspend the opening of new positions by a part of or all of the Members;
- (iv) adjust the Price Limit, but not to be over twenty percent (20%) up or down;
- (v) order the liquidation of positions by a prescribed deadline; or
- (vi) exercise Forced Position Liquidation.

N is calculated using the following formula:

$$N = \frac{P_t - P_0}{P_0} \times 100\% \quad t = 3, 4, 5$$

P_0 is the settlement price of the trading day prior to D_1 ;

P_t is the settlement price of the trading day “t” and $t=3, 4, 5$;

P_3 is the settlement price of D_3 ;

P_4 is the settlement price of D_4 ;

P_5 is the settlement price of D_5 .

The Exchange shall report to the China Securities Regulatory Commission (CSRC) before taking any action as provided in this Article 7.

Article 8 In the event that two or more trading margins are applicable as prescribed in these *Risk Management Rules*, the higher or the highest shall be applied as the trading margin.

Chapter 3 PRICE LIMIT

Article 9 The Exchange applies the price limit which sets the maximum price variation for each futures contract during a trading day.

When any of the following events or conditions occurs in the process of trading a futures contract, the Exchange may, at its sole discretion, adjust the price limit of a futures contract in response to market risk conditions:

- (1) the same direction price limit occurs in the trading of a futures contract for consecutive trading days;
- (2) a long public holiday is approaching;
- (3) the Exchange, at its discretion, decides that the risk of the market is increasing; and
- (4) other events or conditions the Exchange deems necessary to adjust the price limit.

The Exchange shall make a public announcement and report to the CSRC of its decision to adjust the Price Limit.

If two or more limit prices are applicable as prescribed in these *Risk Management Rules*, the higher or the highest shall be applied as the price limit.

Article 10 When a futures contract hits the price limit, trades shall be matched with priority given to the bids or the asks which facilitate the close-out of the open interest, except for new positions opened on the current day, and based on the time priority rule.

Article 11 The term “limit-locked market” means the situation in which within the five (5) minutes prior to the close of a trading day, there are only bids (asks) but no asks (bids) at the limit price, or any asks (bids) are instantly filled while the limit price still exists, with the current price equaling the limit price.

The term “same direction limit-locked market” means the situation in which the limit-locked market exists for two (2) consecutive trading days. The term “reverse direction limit-locked market” means the situation in which on the trading day following a limit-locked market, the limit-locked market goes to the opposite direction.

Article 12 In the event that a limit-locked market occurs to a futures contract on a trading day (denoted as D1 whereas the previous trading day is D0 and the successive five (5) trading days are D2-D6), the price limit and trading margin of the contract for D2 shall be adjusted as follows:

- (1) the price limit shall be increased by three percent (3%) on top of that for D1; and
- (2) the trading margin shall be increased by two percent (2%) on top of the price limit for D2. If the trading margin as adjusted is smaller than what is applied on D0 at daily clearing, the same trading margin as applied on D0 will be used as the trading margin for that contract.

If D1 is the first trading day for a newly listed contract, the contract’s trading margin for D1 shall be used as the trading margin applied to the daily clearing of D0.

Article 13 If a limit-locked market does not occur on D2 for a futures contract set forth in Article 12 of these *Risk Management Rules*, the price limit and trading margin for D3 will return to the regular level.

The occurrence of a reverse direction limit-locked market on D2 shall trigger a new round of a limit-locked market, i.e. D2 shall become D1 for the new round of limit-locked market, and the margin rate and the price pimit for the following trading day shall be set pursuant to the Article 12 of these *Risk Management Rules*.

If the same direction limit-locked market exists on D2, the price limit and trading margin of the contract for D3 shall be adjusted as follows:

(1) the price limit shall be increased by five percent (5%) on top of the price limit for D1; and

(2) the trading margin shall be increased by two percent (2%) on top of the price limit for D3. If the adjusted trading margin is smaller than what is applied on D0 at daily clearing, the trading margin on D0 will be applied to meet the margin requirements for that contract.

Article 14 If a limit-locked market does not occur on D3 for a futures contract set forth in Article 12 of these *Risk Management Rules*, the price limit and trading margin for D4 will return to the regular level.

The occurrence of a reverse direction limit-locked market on D3 shall trigger a new round of a limit-locked market, i.e. D3 shall be regarded as D1 for the new round of limit-locked market, and the trading margin and the price limit for the following trading day shall be set pursuant to the Article 12 of these *Risk Management Rules*.

If a same direction limit-locked market occurs on D3, which means, for three (3) consecutive trading days, the market has been locked at limit price, the Exchange may, at the daily clearing, suspend the withdrawal of funds by a part of or all of its Members and take the following measures:

(1) if D3 is the last trading day of the contract, the contract shall move into its settlement and physical delivery phase on the next trading day;

(2) if D4 is the last trading day, the price limit and trading margin for D3 will be extended to D4 and the contract shall move into its settlement and physical delivery phase on the next trading day; or

(3) if neither D3 nor D4 is the last trading day, the Exchange may, according to market conditions, take the actions provided in Article 15 or Article 16 of these *Risk Management Rules* after the market close of D3.

Article 15 The Exchange may, in accordance with the third paragraph (3) of Article 14 of these *Risk Management Rules*, make a public announcement after the close of D3 that the futures contract will be traded on D4 and take one or more of the following measures:

(1) adjust the price limit, but not to be over twenty percent (20%) up or down;

(2) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or at the same or different rates, and/or from a part of or all the Members;

(3) suspend the opening of new positions by a part of or all of the Members;

(4) limit the withdrawal of funds;

(5) order the liquidation of positions by a prescribed deadline;

- (6) exercise Forced Position Liquidation; and/or
- (7) take other actions that the Exchange deems necessary.

If the Exchange takes any of the above measures, the futures contract under Article 12 of these *Risk Management Rules* shall be traded on D5 as follows:

- (1) if a limit-locked market does not occur on D4, the price limit and trading margin for D5 will return to their regular level;
- (2) the occurrence of a reverse direction limit-locked market on D4 shall trigger a new round of a limit-locked market, i.e. D4 shall be regarded as D1 for the new round of limit-locked market, and the trading margin and the price limit for the following trading day shall be set pursuant to the Article 12 of these *Risk Management Rules*; and
- (3) if the same direction limit-locked market occurs on D4, the Exchange may declare it as an abnormal condition and take risk management measures as provided in the applicable rules.

Article 16 The Exchange may, in accordance with the third paragraph (3) of Article 14 of these *Risk Management Rules*, make a public announcement after the close of D3 that the futures contract will be suspended from trading on D4, at which time the Exchange may further announce that it will take any actions under Article 17 or Article 18 of these *Risk Management Rules*.

Article 17 The Exchange may, in accordance with Article 16 of these *Risk Management Rules*, decide that a futures contract under Article 12 of these *Risk Management Rule* shall be traded on D5 and take one or more of the following actions:

- (1) adjust the price limit, but not to be over twenty percent (20%) up or down;
- (2) require additional trading margins from the longs or shorts, or from both the longs and shorts, and/or at the same or different rates, and/or from a part of or all the Members;
- (3) suspend the opening of new positions by a part of or all of the Members;
- (4) limit the withdrawal of funds;
- (5) order the liquidation of positions by a prescribed deadline;
- (6) exercise Forced Position Liquidation; and/or
- (7) take other actions that the Exchange deems necessary.

If the Exchange takes any of the above measures, the futures contract under Article 12 of these *Risk Management Rules* shall be traded on D6 as follows:

(1) if a limit-locked market does not occur on D5, the Price Limit and trading margin for D6 will return to the regular level.

(2) the occurrence of a reverse direction limit-locked market on D5 shall trigger a new round of a limit-locked market, i.e. D5 shall be regarded as D1 for the new round of limit-locked market, and the trading margin and the price limit for the following trading day shall be set pursuant to the Article 12 of these *Risk Management Rules*; and

(3) if the same direction limit-locked market occurs on D5, the Exchange may declare it as an abnormal condition and take risk management measures as provided in the applicable rules.

Article 18 If the Exchange declares an abnormal condition and makes a forced position reduction, it shall specify the base date and the affected contracts. The base date shall be the most recent trading day on which a limit-locked market occurs and the forced position reduction is performed.

When performing a forced position reduction, the Exchange shall automatically match all unfilled orders that are placed by the close of the base date at the limit price with the open interests held by each Client, or a non-FF Member, who incurs gains on its or his net positions, on a pro rata basis in the open interest of the contract and at that limit price. If that Client, or the non-FF Member, has both long and short positions, these positions will be matched and settled before being matched with those remaining orders. The procedure is as follows:

(1) Determination of the amount of the unfilled orders subject to the order fill:

The term “amount of unfilled orders subject to the order fill” means the total amount of all the unfilled orders submitted after the close of the base date at the limit price into the central order book by each Client who has incurred losses on net positions in the contract of an average level of no less than six percent (6%), or eight percent (8%) for natural rubber, fuel oil, bitumen, and BSKP futures contracts, of the settlement price of the base date. The Client unwilling to be subjected to this method may cancel the orders before the close of the market on the base date, to avoid having the orders filled.

(2) Calculation of each Client’s average gains or losses on net positions

$$\text{Client's average net gains or losses on the contract (in RMB) losses on the contract unit of weight)} = \frac{\text{Client's net gains and losses on the contract (in RMB)}}{\text{Client's net positions on the contract (in unit of weight)}}$$

For purposes of the above formula, the unit of weight is ton for copper, aluminum, zinc, lead, nickel, tin, steel rebar, wire rod, hot-rolled coil, stainless steel, natural rubber, fuel oil, bitumen, and BSKP; kilogram for silver, and gram for gold.

A Client's net gains or losses on the affected futures contract shall equal the sum of the differences between the daily settlement price on the current day and the actual execution price of contracts where the cumulative amount of the historical transaction positions match the amount of net positions of the current day by tracing back the historical transactions.

(3) Determination of positions eligible to fill the unfilled orders

The positions eligible to fill the unfilled orders include the net positions, on which the Client, as calculated using the above formula, records average gains for speculative purposes or for hedging purposes at no less than six percent (6%), or eight percent (8%) for the natural rubber, fuel oil bitumen, and BSKP futures contract.

(4) Principles and methods for the order fill of unfilled orders

(a) Principles

(i) The order fill of unfilled orders shall take place in the order of the following four levels with regard to the amount of gains and whether such positions are speculative or hedging:

Level 1: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any Client with average gains on net positions of no less than six percent (6%) of the settlement price on the base date for the contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures, gold futures, and silver futures, or the Speculative Position Gains of Over 6%. For such positions involving contracts in natural rubber futures, fuel oil futures, bitumen futures, and BSKP futures, the average gains on net positions shall be no less than eight percent (8%), or the Speculative Position Gains of Over 8%;

Level 2: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of any Client with average gains on net positions of no less than three percent (3%) but no more than six percent (6%) of the settlement price on the base date for contracts with respect to copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures, gold futures and silver futures, or the Speculative Position Gains of Over 3%. For such positions involving contracts in natural rubber futures, fuel oil futures, bitumen futures, and BSKP futures, the average positions on net positions shall be no less than four percent (4%) but no more than eight percent (8%), or the Speculative Position Gains of Over 4%;

Level 3: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of a Client with average gains on net positions of no more than three percent (3%) of the settlement price on the base date for contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures, gold futures and silver futures, or the Speculative Position Gains Below 3%. For such

positions involving contracts in natural rubber futures, fuel oil futures, bitumen futures and BSKP futures, the average gains on net positions shall be no more than four percent (4%), or the Speculative Position Gains Below 4%; and

Level 4: Unfilled orders shall be filled with the speculative positions eligible to fill the unfilled orders of a Client with average gains on net positions of no less than six percent (6%) of the settlement price on the base date for contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures, gold futures and silver futures, or the Hedging Position Gains of Over 6%. For such positions involving contracts in natural rubber futures, fuel oil futures, bitumen futures, and BSKP futures, the average gains on net positions shall be no less than 8%, or the Hedging Positions Gains of Over 8%.

(ii) In each level, the order fill shall be made pro rata to the amount of the positions available to fill the unfilled orders, compared to the amount of the unfilled orders, or the remaining unfilled orders.

(b) Methods and procedures (please see the Appendix)

(i) Contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures, gold futures, and silver futures:

If the amount of the Speculative Position Gains of Over 6% is greater than or equal to that of the unfilled orders, the unfilled orders shall be filled pro rata to the amount of the Speculative Position Gains of Over 6%;

If the amount of the Speculative Position Gains of Over 6% is smaller than that of the unfilled orders, the Speculative Position Gains of Over 6% shall be filled pro rata to the amount of the unfilled orders. The remaining unfilled orders, if any, shall be filled with the Speculative Positions Gains of Over 3% in the same manner as the foregoing, and if there are still orders remaining, the outstanding unfilled orders shall be filled to the Speculative Position Gains of Below 3%, and so to the Hedging Position Gains of Over 6%. Unfilled orders which eventually remain after all the order fills described above, if any, shall not be filled at all.

(ii) Contracts in natural rubber futures, fuel oil futures, bitumen futures and BSKP futures:

If the amount of the Speculative Position Gains of Over 8% is greater than or equal to that of the unfilled orders, the unfilled orders shall be filled pro rata to the amount of the Speculative Position Gains of Over 8%;

If the amount of the Speculative Position Gains of Over 8% is smaller than that of the unfilled orders, the Speculative Position Gains of Over 8% shall be filled pro rata to the amount of the unfilled orders. The remaining unfilled orders, if any, shall be filled

with the Speculative Positions Gains of Over 4% in the same manner as the foregoing, and if there are still orders remaining, the outstanding unfilled orders shall be filled to the Speculative Position Gains Below 4%, and so to the Hedging Position Gains of Over 8%. Unfilled orders which eventually remain after all the order fills described above, if any, shall not be filled at all.

(5) Decimals of the Unfilled Orders

Positions are filled to the unfilled orders posted to the central order book under each Client's trading code. In the first step, the integral portion of the total size of unfilled orders posted under each Client's trading code shall be filled. In the second step, the remaining unfilled portion, i.e. the portion in decimal number posted under each Client's trading code, shall be filled according to the ranking of the Client's trading codes from the highest to the lowest decimal with each Client's trading code being filled with one (1) lot, except that if there are two or more Clients with equal decimals that could be included in the fill, such fill shall be done on a random basis if there are no enough positions to fill the orders.

If market risks are mitigated after the above measures are implemented, the price limit and the trading margin will return to their regular levels on the next trading day; otherwise, the Exchange shall take additional risk management measures.

Financial losses incurred as a result of the implementation of the above measures shall be borne by the Member and its Clients.

Article 19 If the Exchange declares an abnormal condition pursuant to these *Risk Management Rules*, it may take such contingency measures as adjusting the time of market opening and closing, suspending trading, adjusting the price limit, raising the Margin Requirement, ordering the liquidation of positions by a prescribed deadline, exercising forced position liquidation, limiting the withdrawal of funds, making forced position reduction, and restricting trading, etc.

Chapter 4 POSITION LIMIT

Article 20 The Exchange applies the position limit.

The term "Position Limit" means the maximum size of long or short positions each Member or Client may hold in a futures contract as prescribed by the Exchange.

Notwithstanding the preceding paragraph, hedging positions shall be subject to the approval of the Exchange.

Article 21 The following fundamental rules shall govern the position limit:

(1) a specific position limit is set for each product and its futures contract, based on its particular conditions;

(2) different position limits are applicable to different stages of trading of a contract, and the Exchange shall exercise stringent control over the position limit in the delivery month of the contract;

(3) to control the risk, a position limit is imposed on the Member and the Client simultaneously (percentage-based position limit on the FF Member and fixed-amount position limit on the non-FF Member and its Clients).

Article 22 For a Client with multiple trading codes opened through one or more FF Members, the aggregate amount of all the open positions of all the futures contracts held by the Client under each trading code shall not exceed the Client's fixed-amount position limit prescribed by the Exchange.

For contracts in copper futures, aluminum futures, zinc futures and lead futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of five (5) lots and a one-day delay is allowed under special market conditions; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of five (5) lots.

For contracts in nickel futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of six (6) lots and a one-day delay is allowed under special market conditions; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of six (6) lots.

For contracts in steel rebar futures, wire rod futures and hot-rolled coil futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of thirty (30) lots and a one-day delay is allowed under special market conditions; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of thirty (30) lots.

For contracts in gold futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of three (3) lots; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of three (3) lots.

For contracts in tin futures, silver futures and BSKP futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions held through the Member, to multiples of two (2) lots; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of two (2) lots.

For contracts in stainless steel futures, by the close of the last trading day of the month prior to the delivery month, each Member or each Client shall adjust their speculative positions

held through the Member, to multiples of twelve (12) lots; in the delivery month, the speculative positions as well as newly opened and closed-out positions shall be held in multiples of twelve (12) lots.

The rounding of the size of hedging positions in the futures contracts enumerated in the preceding paragraphs to multiples of a certain number of lots are specified in the *Hedging Rules of the Shanghai Futures Exchange*.

Article 23 Percentage-based position limit and fixed-amount position limit for each futures contract at different stages of trading for an FF Member, a non-FF Member and a Client are as follows:

Table 17. For contracts in copper futures, aluminum futures, zinc futures, lead futures, nickel futures, tin futures, steel rebar futures, wire rod futures, hot-rolled coil futures, stainless steel futures (in lots):

	From the date of listing to the delivery month		From the date of listing to the last trading day of the second month prior to the delivery month			First month prior to the delivery month		Delivery month	
	Total open Interest in a futures contract	Percentage-based position limit (in %)	Total open interest in a futures contract	Percentage-based position limit (in %) and fixed-amount position limit (in lots)		fixed-amount position limit (in lots)		fixed-amount position limit (in lots)	
		FF Member		Non-FF Member	Client	Non-FF Member	Client	Non-FF Member	Client
copper	≥80,000	25	≥80,000	10	10	3000	3000	1000	1000
			<80,000	8000	8000				
aluminum	≥100,000	25	≥100,000	10	10	3000	3000	1000	1000
			<100,000	10000	10000				
zinc	≥60,000	25	≥60,000	10	10	2400	2400	800	800
			<60,000	6000	6000				
lead	≥50,000	25	≥50,000	10	10	1800	1800	600	600
			<50,000	5000	5000				
nickel	≥60,000	25	≥60,000	10	10	1800	1800	600	600
			<60,000	6000	6000				
tin	≥15,000	25	≥15,000	10	10	600	600	200	200
			<15,000	1500	1500				
Steel rebar	≥900,000	25	≥900,000	10	10	4500	4500	900	900
			<900,000	90000	90000				
wire rod	≥225,000	25	≥225,000	10	10	1800	1800	360	360
			<225,000	22500	22500				
hot-rolled coil	≥1,200,000	25	≥1,200,000	10	10	9000	9000	1800	1800
			<1,200,000	120000	120000				
stainless steel	≥70,000	25	≥70,000	10	10	1800	1800	360	360
			<70,000	7000	7000				

Note: total open interest and the fixed-amount position limit are based on long or short positions; Percentage-based position limit for the FF Member is the baseline limit.

Table 18. For contracts in fuel oil futures (in lots):

	From the date of listing to the first month prior to the delivery month		From the date of listing to the last trading day of the third month prior to the delivery month		The second month prior to the delivery month		The first month prior to the delivery month	
	Total open interest in a futures contract	Percentage-based position limit (in %)	fixed-amount position limit (in lots)		fixed-amount position limit (in lots)		fixed-amount position limit (in lots)	
		FF Member	Non-FF Member	Client	Non-FF Member	Client	Non-FF Member	Client
Fuel oil	≥250,000	25	7500	7500	1500	1500	500	500

Note: total open interest and the fixed-amount position limit are based on long or short positions; Percentage-based position limit for the FF Member is the baseline limit.

Table 19. For contracts in natural rubber futures, bitumen futures, gold futures, silver futures, BSKP futures (in lots)

	From the date of listing to the delivery month		From the date of listing to the last trading day of second month prior to the delivery month		The first month prior to the delivery month		Delivery month	
	Total open interest in a futures contract	Percentage-based position limit (in %)	fixed-amount position limit (in lots)		fixed-amount position limit (in lots)		fixed-amount position limit (in lots)	
		FF Member	Non-FF Member	Client	Non-FF Member	Client	Non-FF Member	Client
natural rubber	≥25,000	25	500	500	150	150	50	50
bitumen	≥150,000	25	8000	8000	1500	1500	500	500
gold	≥80,000	25	18000	9000	5400	2700	1800	900
silver	≥150,000	25	18000	9000	5400	2700	1800	900
BSKP	≥250,000	25	4500	4500	900	900	300	300

Note: total open interest and the fixed-amount position limit are based on long or short positions; Percentage-based position limit for the FF Member is the baseline limit.

Article 24 The Exchange may adjust the percentage-based position limit of an FF Member based on its operating results.

The Exchange may adjust the percentage-based position limit of an FF Member up to 35% according to the rating of futures firms as per the CSRC's supervision criteria.

Conditions for the adjustment of percentage-based position limits of FF Members and their specific position-based position limits, the period for imposition of such limits, and other matters will be notified by the Exchange.

Article 25 The Exchange may, based on market conditions, adjust the position limits of Members or Clients for different listed products and contracts. Any adjustment to the position limit shall be reported to the Board of Directors of the Exchange, or the Board, and the CSRC, for approval prior to its implementation.

Article 26 The size of open interest held by a non-FF Member or its Client shall not exceed the size of the position limit set by the Exchange; otherwise, the Exchange shall

exercise Forced Position Liquidation subject to the applicable rules of the Exchange.

If the open interest held in aggregate by a Client through multiple trading codes opened with different FF Members exceeds the Client's position limit, the Exchange shall instruct the FF Members to exercise Forced Position Liquidation of the excess positions of that Client, subject to the applicable rules of the Exchange.

Chapter 5 TRADING LIMIT

Article 27 The Exchange applies trading limit. The term "Trading Limit" means the maximum size of positions opened by a Member or Client in a contract within a certain period in accordance with the requirements of the Exchange. The Exchange may, based on market conditions, set the maximum size of positions opened within a day in different listed products and contracts for part or all of the Members and specific Clients. The specific criteria will be determined by the Exchange.

Hedging trades are not subject to the preceding paragraph.

Chapter 6 LARGE TRADER REPORTING

Article 28 The Exchange applies the large trader reporting regime. Any Member or Client, whose speculative positions in a futures contract reaches eighty percent (80%) or more of its or his speculative position limit, or as required by the Exchange, shall report to the Exchange about its or his financial conditions and its or his position holding. The Client shall submit such report through its or his FF Member. The Exchange will, at its sole discretion, set and adjust the requirements for large trader reporting according to market risk conditions.

Article 29 Any Member or Client whose positions reach the reportable level shall take the initiative to submit a report to the Exchange by 15:00 of the following trading day. The Exchange may request any additional information from the Member as deemed necessary.

Article 30 The FF Member, whose positions meet the position reportable level, shall provide to the Exchange the following documents:

- (1) a completed copy of the FF Member Large Trader Reporting Form which specifies the Member's name and Member code, contract code, open interest, trading margins on the open interest, available funds, amount of positions held by the Clients, the amounts covered by the delivery notice issued, and the amounts tendered for delivery.
- (2) a description of the source of funds;
- (3) names, trading codes, respective open interest, account opening documents and daily settlement statements of its top five (5) Clients ranking in terms of size of open interest; and
- (4) any other documents as required by the Exchange.

Article 31 The non-FF Member, whose positions reach the reportable level, shall provide to the Exchange the following documents:

- (1) a completed copy of the Non-FF Member Large Trader Reporting Form which specifies the Member's name and Member code, contract code, open interest, trading margins on the open interest, available funds, whether the positions held are speculative or hedging, the amounts covered by the delivery notice issued and the amounts tendered for delivery.
- (2) a description of the source of funds; and
- (3) any other documents as required by the Exchange.

Article 32 Any Client, whose positions reach the reportable level shall provide to the Exchange the following documents:

- (1) a completed copy of the Client Large Trader Reporting Form which specifies the Member's name and Member code, Client name and Client code, contract code, open interest, trading margins on the open interest, available funds, whether the positions held are speculative or hedging, the amounts covered by the delivery notice issued and the amounts tendered for delivery.
- (2) an explanation of the source of funds;
- (3) account opening documents and the settlement statement of the current day; and
- (4) any other documentation required by the Exchange.

Article 33 Each FF Member shall review the documents submitted by its Client whose positions reach the reportable level, before forwarding them to the Exchange. The FF Member shall be responsible for the accuracy of documents submitted by the Client and shall properly keep original copies signed by the Client or the Client's telephone recordings and other supporting documents in relation to the Large Trader Reporting.

Article 34 The Exchange may, from time to time, examine the documents submitted by the Member or the Client.

Article 35 If the aggregate amount of open interest held by a Client through multiple trading codes opened with different FF Members meets the reportable level, the Exchange shall designate an FF Member to submit the documents required by the Exchange.

Chapter 7 FORCED POSITION LIQUIDATION

Article 36 The term "Forced Position Liquidation" means the mandatory action the Exchange takes to close out the positions of a Member or a Client who violates any applicable rules of the Exchange.

Article 37 The Exchange shall impose Forced Position Liquidation on the Member or the Client, if:

- (1) the balance of the clearing deposit of such Member falls below zero (0) and it fails to meet the margin requirement within the specified time limit;
- (2) its or his open interest exceeds the size of the applicable position limit;
- (3) such Member or Client fails to bring its or his positions in a futures contract to multiples as required within the specified time limit;
- (4) such Member or Client violates any Exchange's rules that warrants a Forced Position Liquidation;
- (5) any emergency occurs that warrants a Forced Position Liquidation; or
- (6) any other conditions exist that makes the Forced Position Liquidation necessary.

Article 38 Principles

The Member shall, in the first place, exercise Forced Position Liquidation as required by the Exchange by the end of the first trading session on the current trading day or within the time limit prescribed by the Exchange. If the Member fails to fulfill the execution within the defined time limit, the Forced Position Liquidation shall be enforced by the Exchange. The Member, who is required to exercise Forced Position Liquidation because of its clearing deposit balance falling below zero (0), shall be prohibited from opening new positions before meeting the margin requirement.

- (1) Positions for the Member's Execution of Forced Position Liquidation
 - (a) Under the conditions provided in the Article 37(1) and (2), the Member shall determine the portion of positions that could be included in the scope of Forced Position Liquidation at its discretion to achieve the results required by the Exchange's applicable rules.
 - (b) Under the conditions provided in the Article 37(3)-(6), the Exchange shall determine the portion of positions that could be included in the scope of Forced Position Liquidation.
- (2) Positions for the Exchange's Execution of Forced Position Liquidation
 - (a) Under the conditions provided in the Article 37(1), the Exchange shall liquidate the positions subject to the priority of speculative positions over hedging positions, futures over options, and in a descending sequence by the size of the open interest for each contract at the close of the previous trading day, i.e., the speculative positions with the largest open interest shall be liquidated first; and

proceed to the liquidation on positions based on the Client's losses on net positions in a descending sequence.

Where more than one Member is required to have its open interest liquidated, priority shall be given to the Members with the greatest margin call according to the ranking of margin calls in a descending sequence.

(b) Under the conditions provided in the Article 37(2), the Exchange shall take the following measures:

If the open interest of a Client or a non-FF Member exceeds the position limit, the portion in excess shall be liquidated;

If a Member or Client whose positions reach or exceed the position limit, then it or he is not allowed to open new positions in the same direction.

(c) Under the conditions provided in the Article 37(3)-37(6), the Exchange shall, in its sole discretion, determine the portion of open interest for Forced Position Liquidation.

If a Member simultaneously meets the conditions as provided in Article 37(1) and 37(2), the Exchange shall determine the positions for Forced Position Liquidation pursuant to the Article 37(2) in the first place, and then pursuant to the Article 37(1).

Article 39 Enforcement of Forced Position Liquidation

(1) Notification.

The Exchange shall issue a notice of Forced Position Liquidation, or the notice, to the Member who is subject to Forced Position Liquidation. In addition, the notice shall be delivered to the Member through the Member Service System along with the daily clearing data.

(2) Enforcement and Confirmation

(a) After the market opens, the Member covered by the notice shall enforce the liquidation of its positions and reduce the size of its open interest to the prescribed level, which will be subject to the Exchange's verification;

If the Member is subject to the situation provided in the Article 37(3), the Exchange may directly enforce liquidation in respect of the open interest held by such Member;

(b) If the Member fails to complete the Forced Position Liquidation within the specified time limit, the Exchange will directly enforce liquidation of the remaining open interest;

(c) Upon the conclusion of the Forced Position Liquidation, the Exchange shall record the enforcement results for filing purpose; and

(d) The enforcement results of the Forced Position Liquidation shall be delivered to the Member through the Member Service System along with the daily trade records.

Article 40 Liquidation shall be enforced at a price formed through trades executed on the market.

Article 41 If the Forced Position Liquidation fails to be completed within the specified time due to the limit price or as the result of other market conditions, the remainder of positions subject to the Forced Position Liquidation may and will be closed out on the next trading day pursuant to the principles described in Article 38.

Article 42 If the Forced Position Liquidation fails to be completed for the current day due to the limit price or as the result of other market conditions, the Exchange shall take appropriate measures against the Member based on the daily clearing and settlement result.

Article 43 If the enforcement of the Forced Position Liquidation on the specific positions must be prolonged due to the price limit or as the result of other market conditions, any losses incurred as such shall be borne by the person directly accountable for the enforcement of liquidation. In the event of failure to complete the enforcement of liquidation, the holder of the open interest subject to the Forced Position Liquidation shall assume all the responsibilities arising from its or his ownership and bears all the obligations of delivery on the covered contracts.

Article 44 Gains, if any, arising from a Forced Position Liquidation executed by a Member, shall be credited to the person directly accountable for the enforcement of liquidation; gains arising from the Exchange's enforcement of liquidation shall be disposed of in compliance with the national regulations. Losses arising from a Forced Position Liquidation shall be borne by the person directly accountable for the enforcement of liquidation.

If the person directly accountable for the enforcement of liquidation is a client, any losses arising from the Forced Position Liquidation shall first be borne by the Member carrying that client and then the Member may exercise its right of recourse against that client for reimbursement.

Chapter 8 Management of Abnormal Circumstances

Article 45 Where any of the following circumstances occurs in futures trading, the Exchange shall take emergency actions to mitigate risks and may announce of an abnormal case:

1. transactions, settlement, delivery, options contracts' exercise , and other businesses that cannot be conducted as normal due to such reasons as earthquake, flood, fire, and other force

majeure events, or computer system breakdown;

2. any failure to fulfill the obligations of settlement, delivery, and options contracts' exercise and performance is having or is expected to have serious impact on the market;
3. same-direction price limit occurs in a futures contract for consecutive trading days, and it is grounded to believe that any Member or Client has violated the General Exchange Rules of the Exchange and the implementing rules thereof, which is having or is expected to have material impact on the market; or
4. other circumstances as prescribed by the Exchange.

When an abnormal circumstance stated in item 1 of the first paragraph occurs, the CEO of the Exchange may determine to adjust the time for market opening and close; temporarily suspend trading; adjust the trading hours; temporarily suspend the listing of new contracts; adjust the last trading day, expiry date, delivery period, physical delivery date, among others, of the relevant contracts; adjust businesses related to standard warrants and delivery, to the exercise, and offsetting of relevant options contracts, and to the use of marketable securities as margin, and cancel any pending applications for such businesses; adjust the implementation time of forced position liquidation, the collection standards or method of margin, and price limit; adjust the settlement price and final settlement price of relevant contracts; adjust the collection standards and payment period of relevant fees; adjust the ways for sending clearing data; and take any other emergency actions. When an abnormal circumstance stated in item 1 of the first paragraph occurs, and any trading order or execution data is corrupted or lost and cannot be restored, the CEO of the Exchange may determine to cancel any unfulfilled trading orders, and the Board of Directors may determine to cancel any transactions.

When an abnormal circumstance stated in items 2 to 4 of the first paragraph occurs, the Board of Directors may determine to adjust the time for market opening and close, temporarily suspend trading, adjust price limit, raise the margin level, require position liquidation within a prescribed time period, implement forced position liquidation, suspend withdrawal of funds, implement forced position reduction, restrict transactions, and take any other emergency actions.

Article 46 The Exchange shall report to the CSRC before announcing abnormal circumstances and taking any relevant emergency actions.

Article 47 Where the Exchange announces an abnormal circumstance and decides to temporarily suspend trading, the suspension shall be no longer than three (3) trading days, unless otherwise approved by the CSRC

Chapter 9 RISK WARNING

Article 48 The Exchange may, as it deems necessary, resort to the following measures, alone or in combination, to warn against and resolve risks:

- (1) request an explanation with respect to a specific situation;
- (2) conduct an interview to give an oral warning;
- (3) issue a risk warning letter;
- (4) give a reprimand; or
- (5) issue a Risk Warning notice.

Article 49 The Exchange may have an interview with the designated senior executive of a Member or a Client, or require a Member or Client to provide an explanation with respect to a specific situation, when any of the following conditions occurs:

- (1) unusual futures or options price movements;
- (2) unusual trading activities by such Member or Client;
- (3) any irregularity in the open interest of such Member or Client;
- (4) any irregularity in such Member's funds on deposit;
- (5) any suspected violation or default by such Member or Client;
- (6) any allegation, accusation or complaint against such Member or Client received by the Exchange;
- (7) any judicial investigation against such Member; or
- (8) other conditions as the Exchange deems necessary.

The Exchange shall comply with the following requirements in conducting an interview to give an oral warning:

- (1) the Exchange shall issue a written request to the designated executive of the Member or the Client for an interview. The Client shall be accompanied by a person designated by the Member for the interview;
- (2) the Exchange shall notify the Member in writing one (1) day in advance of the time, location and requirements of the interview;

- (3) any interviewee who is unable to attend the interview due to any particular reason shall notify the Exchange in advance; with the Exchange's approval, the party may designate a proxy in writing to attend and act on her or his behalf;
- (4) an interviewee shall make true representations and refrain from intentional concealment of any fact; and
- (5) the Exchange's employees shall maintain the confidentiality of any information related to the interview.

The Member or the Client shall refer to the regime of the Large Trader Reporting for the manner and contents of the report, if it or he is ordered by the Exchange to provide an explanation with respect to a specific situation.

Article 50 The Exchange may issue a risk warning letter to the Member or the Client, if he finds that such Member or Client commits any suspected violation of the Exchange's rules or holds open interest that is exposed to substantial potential risks.

Article 51 The Exchange will make a reprimand against the Member or the client, through the designated media, if the Member or the client is associated with any of the following actions or conduct:

- (1) failing to provide an explanation with respect to a specific situation or attend the interview as required by the Exchange;
- (2) intentionally concealing facts, or hides, falsifies, or omits important information when explaining a specific situation or answering questions;
- (3) intentionally destroying or eliminates evidence of rule violations or fails to cooperate with the CSRC or the Exchange in any investigation;
- (4) found to have engaged in fraudulent actions towards Clients;
- (5) proved, upon investigation, to trade secretly through multiple accounts or manipulate the market; or
- (6) committing any other violation of the Exchange's rules as determined by the Exchange.

Apart from making reprimand against the Member or Client, the Exchange shall bring the Member or the Client who engages in the violations of the rules of the Exchange under the sanctions as provided in the *Enforcement Rules of the Shanghai Futures Exchange*.

Article 52 The Exchange shall issue a risk warning notice to all the Members and Clients if any of the following conditions exists:

- (1) unusual futures or options price movements;

- (2) a considerable discrepancy between the prices of the futures and the physicals;
- (3) a considerable discrepancy between prices of domestic and international futures markets; or
- (4) any other abnormal conditions under which the Exchange deems necessary to issue a risk warning notice.

Chapter10 MISCELLANEOUS

Article 53 Any behavior or conduct in breach of these *Risk Management Rules* will be brought by the Exchange under the sanctions as provided in *the Enforcement Rules of the Shanghai Futures Exchange* and these *Risk Management Rules*.

Article 54 The rules on the risk management of speculative trading in these *Risk Management Rules* are applicable to non-hedging trading except otherwise specified by the Exchange.

Article 55 Risk management with regard to continuous trading shall be governed by the provisions in the *Continuous Trading Rules of the Shanghai Futures Exchange*.

Article 56 If the Exchange has special provisions on the management of risks in options trading, such provision shall apply.

Article 57 The Exchange reserves the right to interpret these *Risk Management Rules*.

Article 58 These *Risk Management Rules* shall be implemented as of December 7, 2020.

Appendix—Methods and Procedures for the Fill of Unfilled Orders

Methods and Procedures for the Fill of Unfilled Orders in Futures Contracts of Copper, Aluminum, Zinc, Lead, Nickel, Tin, Steel rebar, Wire rod, Hot-rolled Coil, Stainless Steel, Gold, and Silver

Step	Scenario	Amount	Percentage	Filled to	Result
1	Speculative Positions with Gains of No Less Than 6% \geq Unfilled Orders	Unfilled Orders	<u>Unfilled Orders</u> <u>Positions with Gains of No Less Than 6%</u>	Clients holding the Speculative Positions with Gains of No Less Than 6%	Fill completed
2	Speculative Positions with Gains of No Less Than 6% < Unfilled Orders	Speculative Positions with Gains of No Less Than 6%	<u>Speculative</u> <u>Positions with Gains of No Less Than 6%</u> <u>Unfilled Orders</u>	Clients placing the Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 3, and the Step 4
3	Speculative Positions with Gains of No Less Than 3% \geq Residual Unfilled Orders I	Residual Unfilled Orders I	<u>Residual Unfilled Orders I</u> <u>Speculative</u> <u>Positions with Gains of No Less Than 3%</u>	Clients holding the Speculative Positions with Gains of No Less Than 3%	Fill completed
4	Speculative Positions with Gains No Less Than 3% < Residual Unfilled Orders I	Speculative Positions with Gains of No Less Than 3%	<u>Speculative Positions with</u> <u>Gains of No Less Than 3%</u> <u>Residual Unfilled</u> <u>Orders I</u>	Clients placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 5, and the Step 6
5	Speculative Positions with Gains of Less Than 3% \geq Residual Unfilled Orders II	Residual Unfilled Orders II	<u>Residual Unfilled Orders II</u> <u>Speculative Positions with Gains of</u> <u>Less Than 3%</u>	Clients holding the Speculative Positions with Gains of Less Than 3%	Fill completed
6	Speculative Positions with Gains of Less Than 3% < Residual Unfilled Orders II	Speculative Positions with Gains of Less Than 3%	<u>Speculative Positions With Gains of</u> <u>Less Than 3%</u> <u>Residual Unfilled Orders II</u>	Clients placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 7, and the Step 8
7	Hedging Positions with Gains of No Less Than 6% \geq Residual Unfilled Orders III	Residual Unfilled Orders III	<u>Residual Unfilled Orders III</u> <u>Hedging Positions with Gains of No</u> <u>Less Than 6%</u>	Clients holding the Hedging Positions with Gains of No Less Than 6%	Fill completed
8	Hedging Positions with Gains of No Less Than 6% < Residual Unfilled Orders III	Hedging	<u>Hedging Positions with Gains of</u> <u>No Less Than 6%</u>	clients placing the Residual Unfilled Orders	Orders not to

	Unfilled Orders III	Positions with Gains of No Less Than 6%	<u>Residual Unfilled Orders III</u>	Orders	be filled at all
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Notes:

1. Residual Unfilled Orders I = Unfilled Orders – Speculative Positions with Gains of No Less Than 6%;
2. Residual Unfilled Orders II = Residual Unfilled Orders I – Speculative Positions with Gains of No Less Than 3%;
3. Residual Unfilled Orders III = Residual Unfilled Orders II – Speculative Positions with Gains of Less Than 3%;
4. The speculative positions or the hedging Positions refer to open interest of the clients who have incurred gains on eligible positions

Methods and Procedures for the Fill of Unfilled Orders in Futures Contracts of Natural Rubber, Fuel Oil, Bitumen, and BSKP

Step	Scenario	Size	Percentage	Filled to	Result
1	Speculative Positions with Gains of No Less Than 8% \geq Unfilled Orders	Unfilled Orders	$\frac{\text{Unfilled Orders}}{\text{Speculative Positions with Gains of No Less Than 8\%}}$	clients holding the Speculative Positions with Gains of No Less Than 8%	Fill completed
2	Speculative Positions with Gains of No Less Than 8% < Unfilled Orders	Speculative Positions with Gains of No Less Than 8%	$\frac{\text{Speculative Positions with Gains of No Less Than 8\%}}{\text{Unfilled Orders}}$	clients placing the Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 3, and the Step 4
3	Speculative Positions with Gains of No Less Than 4% \geq Residual Unfilled Orders I	Residual Unfilled Orders I	$\frac{\text{Residual Unfilled Orders I}}{\text{Speculative Positions with Gains of No Less Than 4\%}}$	clients holding the Speculative Positions with Gains of No Less Than 4%	Fill completed
4	Speculative Positions with Gains of No Less Than 4% < Residual Unfilled Orders I	Speculative Positions with Gains of No Less Than 4%	$\frac{\text{Speculative Positions with Gains of No Less Than 4\%}}{\text{Residual Unfilled Orders I}}$	clients placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 5, and the Step 6
5	Speculative Positions with Gains of Less Than 4% \geq Residual Unfilled Orders II	Residual Unfilled Orders II	$\frac{\text{Residual Unfilled Orders II}}{\text{Speculative Positions with Gains of Less Than 4\%}}$	clients holding the Speculative Positions with Gains of Less Than 4%	Fill completed
6	Speculative Positions with Gains of Less Than 4% < Residual Unfilled Orders II	Speculative Positions With Gains of Less Than 4%	$\frac{\text{Speculative Positions with Gains of Less Than 4\%}}{\text{Residual Unfilled Orders II}}$	clients placing the Residual Unfilled Orders	Residual Unfilled Orders, if any, to be filled in the Step 7, and the Step 8
7	Hedging Positions with Gains of No Less Than 8% \geq Residual Unfilled Orders III	Residual Unfilled Orders III	$\frac{\text{Residual Unfilled Orders III}}{\text{Hedging Positions with Gains of No Less Than 8\%}}$	clients holding the Hedging Positions with Gains of No Less Than 8%	Fill completed

8	Hedging Positions with Gains of No Less Than 8% < Residual Unfilled Orders III	Hedging Positions with Gains of No Less Than 8%	$\frac{\text{Hedging Positions with Gains of No Less Than 8\%}}{\text{Residual Unfilled Orders}} \text{ III}$	clients placing the Residual Unfilled Orders	Orders not to be filled at all
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Notes:

1. Residual Unfilled Orders I = Unfilled Orders – Speculative Positions with Gains of No Less Than 8%;
2. Residual Unfilled Orders II = residual Unfilled Orders I – Speculative Positions with Gains of No Less Than 4%;
3. Residual Unfilled Orders III = residual Unfilled Orders II – Speculative Positions with Gains of Less Than 4%;
4. The Speculative Positions or the Hedging Positions refer to open interest of the clients who have incurred gains on Eligible.