Detailed Trading Rules of China Financial Futures Exchange

(Adopted on June 27, 2007; amended for the first time on February 20, 2010; amended for the second time on August 30, 2013; amended for the third time on January 26, 2015; amended for the fourth time on January 1, 2016; amended for the fifth time on March 31, 2017; amended for the sixth time on December 28, 2018)

Chapter I General Provisions

Article 1 These Detailed Rules are formulated in accordance with the Trading Rules of China Financial Futures Exchange for the purpose of regulating futures trading activities, protecting the legitimate rights and interests of futures trading participants, and ensuring smooth trading of futures on China Financial Futures Exchange (hereinafter the "Exchange").

Article 2 The Exchange, members and clients shall comply with these Detailed Rules.

Chapter II Products and Contracts

Article 3 The products listed on the Exchange are contracts based on stock index, treasury bonds, other financial products and corresponding indices, as well as such other products as China Securities Regulatory Commission (hereinafter the “CSRC”) may approve.

Article 4 The main terms of a futures contract shall include the underlying instrument, contract multiplier, quotation unit, tick size, contract months, trading hours, daily price fluctuation limit, minimum trading margin, last trading day, delivery date, delivery method, ticker symbol, the futures exchange listed with, etc.

Article 5 The main terms of a treasury bond futures contract shall include the underlying instrument, deliverable treasury bond, quotation mode, tick size, contract months, trading hours, daily price fluctuation limit, minimum trading margin, last trading day, last delivery date, delivery method, ticker symbol, the futures exchange listed with, etc.

Chapter III Seat Management

Article 6 Trading seat is the basic unit through which members participate in trading, have and exercise relevant trading rights and accept supervision, services and related administration of the Exchange. A member may apply to the Exchange for one or more seats based on its business needs.

Article 7 A member that applies for a seat must meet the following requirements:

(1) having sound business situation and no record of material violations of laws and regulations;

(2) its communications and fund-transfer conditions meet the requirements of the Exchange;

(3) having the business systems and relevant professionals as required by the Exchange;

(4) having a complete set of rules and regulations as well as trading management rules in place; and

(5) its establishment and management of business systems comply with the relevant technical specification requirements of the State, the industry and the Exchange.

Article 8 A member that applies for a seat must submit the following documents:

(1) the basic information about its futures transactions in the past two years;

(2) the application report containing the reasons, conditions and feasibility appraisal for application of the trading seat;

(3) the status quo of the organization and personnel as well as the name list, resumes, professional backgrounds of and other basic information about the key personnel to be responsible for the management of transactions;

(4) the business rules on trading management (including the management system on data security);

(5) the configuration lists of the computer system, communication system (including communication lines), system software and application software; and

(6) other documents as required by the Exchange.

Article 9 The Exchange shall give a written reply with respect to the application report within 15 business days of receiving the application report and relevant documents that meet the application requirements.

Article 10 The member shall enter into an agreement with the Exchange on the use of seats within 5 business days of receiving a written approval from the Exchange on its seat application. Any delay without justifiable reasons shall be deemed as a waiver thereof.

Article 11 The seat fee is collected on a yearly basis; the fee schedule shall be implemented in accordance with the relevant regulations of the Exchange. The seat fee paid is not refundable when a seat is cancelled.

Article 12 The trading facilities of a member can only be put into operation when they meet the standards set forth by the Exchange and satisfy operation conditions following the completion of installation and debugging.

Article 13 Members shall strengthen management of seats and maintenance of the trading system, and shall apply for prior approval from the Exchange before replacing or making technical adjustments on major facilities. Moving the seat away from the original registered place shall be subject to the approval of the Exchange. The Exchange shall be entitled to supervise and inspect the use of the seat.

Article 14 Seats shall be cancelled in any of the following cases:

(1) the cancellation application is filed with and approved by the Exchange;

(2) the seat is sub-contracted, sub-leased or transferred without approval;

(3) the seat is ill-managed with serious violations of rules and regulations, or it is verified that the operation conditions are not met;

(4) making use of the seat to steal secrets or destroy the Exchange's system;

(5) the membership has been terminated by the Exchange; or

(6) the Exchange considers the member inappropriate to possess a seat.

Article 15 In the event that more than 10% of the members are unable to trade due to a breakdown of computer systems, communication systems or other trading facilities, the Exchange shall suspend trading until the breakdown is removed. Upon resumption of trading, the Exchange may conduct call auction trading of the orders and then switch to continuous auction trading.

Chapter IV Price

Article 16 The Exchange shall disseminate in a timely manner the opening price, closing price, highest price, lowest price, latest price, price change, best bid price, best offer price, bid volume, offer volume, settlement price, trading volume, open interest, and other trading-related information.

Article 17 The opening price refers to the execution price for a particular contract generated from a call auction. In case no opening price is generated therefrom, the first execution price immediately after the call auction shall be the opening price.

Article 18 The closing price refers to the last execution price for a particular contract on a given trading day.

Article 19 The highest price refers to the highest execution price for a particular contact during a certain period of time.

Article 20 The lowest price refers to the lowest execution price for a particular contract during a certain period of time.

Article 21 The latest price refers to the latest execution price for a particular contract at a specific time on a given trading day.

Article 22 The price change refers to the price difference for a particular contract between the last price and the settlement price on the previous trading day.

Article 23 The best bid price refers to the currently available highest bid price for a particular contract on a given trading day.

Article 24 The best offer price refers to the currently available lowest offer price for a particular contract on a given trading day.

Article 25 The bid volume refers to the volume of unexecuted orders for a particular contract in the trading system of the Exchange quoted at the highest bid price on a given trading day.

Article 26 The offer volume refers to the volume of unexecuted orders for a particular contract in the trading system of the Exchange quoted at the lowest offer price on a given trading day.

Article 27 The settlement price refers to the trading volume-weighted average execution price for a particular contract during a certain period of time on a given trading day. The settlement price is the basis for calculating profits or losses of open interest on that trading day and for calculating the daily price limit for the next trading day.

Article 28 The trading volume refers to the total number of purchases or sales of a particular contract on a given trading day.

Article 29 The open interest refers to the one-sided total number of open contracts held by futures traders.

Chapter V Orders and Execution

Article 30 Trading orders are classified into market orders, limit orders and such other orders as the Exchange may prescribe.

Article 31 The limit order is an order to execute a trade at a specified or better price.

A buy limit order must be executed at or below the specified price while a sell limit order must be executed at or above the specified price. A limit order is valid on the day of its placement and any unfilled portion of a limit order can be cancelled.

A limit order can be additionally constrained as “fill-or-kill” (FOK) or “fill-and-kill” (FAK).

FOK refers to the instruction that the quantity specified in the limit order must be executed in its entirety in a single transaction; if not, the limit order will be canceled automatically.

FAK refers to the instruction that any portion of the limit order that cannot be filled immediately will be canceled automatically.

A minimum execution quantity constraint can be attached to the FAK, whereby once the quantity executed for a limit order exceeds or is equal to the specified minimum execution quantity, the unfilled portion will be canceled automatically, and if the quantity available for execution is less than the specified minimum execution quantity, the entire order, with the full quantity specified therein, will be canceled automatically.

Article 32 The market order is an order to buy or sell at executable current market price or prices without set price limit. A market order can only be matched with a limit order or limit orders.

Traders may place the following types of market orders:

(1) “best price immediate-or-cancel” order;

(2) “best prices immediate-to-limit” order;

(3) “five best prices immediate-or-cancel” order; and

(4) “five best prices immediate-to-limit” order.

“Best price immediate-or-cancel” order is an unpriced order that is to be executed at the best current price among all prices quoted by willing buyers or sellers, as applicable, with the unfilled portion canceled automatically.

“Best price immediate-to-limit” order is an unpriced order that is to be executed at the best current price among all prices quoted by willing buyers or sellers, as applicable, with the unfilled portion converted automatically into a limit order at the last execution price.

“Five best prices immediate-or-cancel” order is an unpriced order that is to be executed at the five best current prices among all prices quoted by willing buyers or sellers, as applicable, in sequence starting with the best current price, with the unfilled portion canceled automatically.

“Five best prices immediate-to-limit” order is an unpriced order that is to be executed at the five best current prices among all prices quoted by willing buyers or sellers, as applicable, in sequence starting with the best current price, with the unfilled portion converted automatically into a limit order at the last execution price.

In the event that the contract concerned has no executed order on the current day, the unfilled portion of an “best price immediate-to-limit” order or “five best prices immediate-to-limit” order shall be converted automatically to a limit order at the settlement price of the previous trading day.

When the unfilled portion of a market order is converted to a limit order, such limit order will not be additionally constrained as “FOK” or “FAK”.

Article 33 The quotation price of a trading order shall be within the price limit on the contract. Any quotation price beyond the price limit is invalid.

A trading order becomes valid upon the confirmation by the Exchange.

Article 34 The contract trading unit is the “lot”, and futures trading shall be carried out in integer multiples of the trading unit.

Article 35 The minimum size of each trading order shall be one lot; the maximum size shall be separately specified by the Exchange.

Article 36 Where a member or client uses or a member provides a client with trading software that offers automatic batch order or quick order function via computer programs, the member shall report to the Exchange for record in advance.

Where a member or client gives trading orders in a way that would impact the security of the Exchange system or the orderly trading, the Exchange may take relevant measures accordingly.

Article 37 Futures trading shall adopt the call auction, the continuous auction and other methods approved by the CSRC. Call auction refers to the process of one-time centralized matching of buy and sell orders accepted during a specified period. Continuous auction refers to the process of continuous matching of buy and sell orders on a one-by-one basis.

Article 38 Call auction hours are divided into the order routing period and the order matching period.

No market order or limit order constrained as FOK or FAK will be accepted during the order entering period of a call auction.

No order of any type may be entered during the order matching period of a call auction.

Article 39 During continuous auction trading, orders are matched and executed based on the principles of price priority and time priority. For orders placed at the prevailing price fluctuation limit, matching and execution priority shall be given to close-out orders and orders submitted earlier.

Article 40 The call auction is based on the principle of maximum trading volume, namely, the execution price can generate the greatest trading volume. All the buy orders with a bid price higher than the execution price and all the sell orders with an offer price lower than the execution price are executed. Sell orders and buy orders with a quotation price equivalent to the execution price are executed based on the smaller between the volumes of sell orders and buy orders.

Article 41 Orders not executed during the call auction automatically participate in the continuous auction trading.

Article 42 During continuous auction trading, the Exchange's system will sequence the buy and sell limit orders based on the principles of price priority and time priority. When the bid price is higher than or equivalent to the offer price, orders are matched and executed automatically. The execution price is equivalent to the middle price among the bid price (bp), the offer price (sp) and the latest trading price (cp), namely:

if bp ≥ sp ≥ cp, the latest execution price = sp;

if bp ≥ cp ≥ sp, the latest execution price = cp;

if cp $\geq$ bp $\geq$ sp, the latest execution price = bp

In case no execution price is generated from the call auction, the closing price of the previous trading day shall be taken as the latest trading price and then the first execution price is determined based on the method described above.

Article 43 The benchmark price of a newly listed contract is determined by the Exchange and shall be announced in advance. The benchmark price is the basis for determining the price limit on the new contract on its first trading day.

Chapter VI Exchange of Futures for Physicals

Article 44 Exchange of futures for physicals (EFP) refers to the transaction wherein, upon the mutual agreement of the parties thereto, one party is the buyer of the Exchange contract and the seller of corresponding securities or related contracts, and the other party is the simultaneous seller of the Exchange contract and the buyer of corresponding securities or related contracts.

Article 45 Clients who intend to engage in EFP transactions shall meet the eligibility requirements of the Exchange and register as required. The specific requirements will be separately prescribed by the Exchange.

Article 46 EFP transactions at the Exchange shall be conducted through clearing members who meet the requirements and are registered with the Exchange for their EFP services. To provide EFP services, a member shall satisfy the following requirements:

(i) Having sufficient personnel to facilitate EFP transactions ;

(ii) Having sufficient IT systems to facilitate EFP transactions ;

(iii) Having well-developed rules regarding EFP transactions ; and

(iv) Meeting other requirements as prescribed by the Exchange.

Clients shall participate in EFP transactions through members who satisfy the requirements set forth in the preceding paragraph.

Article 47 A member who wishes to register with the Exchange for EFP services shall submit the following documents to the Exchange:

(i) A registration application;

(ii) A statement on preparedness ; and

(iii) Other documents or materials as required by the Exchange.

Article 48 A member who no longer meets the requirements of the Exchange to facilitate EFP transactions shall apply to deregister as required by the Exchange.

A member who applies to deregister shall submit a deregistration statement to the Exchange.

Article 49 The Exchange will, within 5 trading days upon receipt of the required registration or deregistration application materials from a member, complete such registration or deregistration and notify the member of the same.

Article 50 In EFP transactions, the scope of the corresponding securities or related contracts and the execution prices of the futures contracts shall be in line with the applicable rules of the Exchange.

Article 51 Upon agreement on an EFP transaction, the parties thereto shall report the transaction to the Exchange pursuant to the applicable rules of the Exchange.

Article 52 An EFP transaction shall become effective upon being accepted by the Exchange and the parties thereto shall acknowledge the result and perform their relevant obligations on the Exchange leg.

After accepting an EFP transaction, the Exchange will send the execution results to the parties in accordance with the relevant rules.

An EFP transaction, if not accepted by the Exchange, shall be invalid, and the transaction of the physical leg shall be properly dissolved.

Article 53 The price of the Exchange leg of an EFP shall not be included into the calculation of the daily settlement price, final settlement price, high price, low price, opening price, last price, closing price, and any other price of the futures contract. However, the trading volume, turnover, and open interest of the Exchange leg of an EFP transaction, after the transaction becomes effective upon being accepted by the Exchange, shall be included into the total trading volume, turnover, and open interest of the futures contract.

Article 54 In an EFP transaction, the exposures of the physical leg shall match that of the Exchange leg.

Article 55 The Exchange has the right to supervise EFP transactions and examine the transactions of the corresponding securities or related contracts.

Members shall review all materials relating to EFP transactions and maintain EFP related transaction records and proofs, including business records of EFP transactions, trading records or ownership transfer certificates of the corresponding securities or related contracts, to prevent the divulgation or misuse of EFP transactions data. Such records and proofs shall be kept for a minimum of 20 years, for Exchange inspection purposes.

Article 56 Any client or member who commits any of the following acts in EFP transactions shall be ordered by the Exchange to make rectifications, and depending on the severity of the act, may be subject to such measures as a verbal alert, a written warning, a public censure, a circulated notice of criticism, restriction on the opening of new positions, forced position liquidation, suspension or restriction of futures trading, or degrading or revocation of membership:

(i) Disrupting market order by engaging in a non-bona-fide EFP transactions;

(ii) Committing illegal activities or market violations, such as tunneling fraud; or

(iii) Other acts as identified by the Exchange.

Article 57 Any dispute arising from the corresponding securities or related contracts in an EFP transaction shall be resolved by the parties thereto themselves.

Chapter VII Trading Code

Article 58 The trading code is a specific code for a client or proprietary trading member to carry out futures transactions. It contains 12 digits, the first 4 digits representing the member number and the last 8 digits representing the client number.

Article 59 Members and clients that meet the requirements of the CSRC and the Exchange may apply for trading codes.

Any member or client applying for hedging or arbitrage quota shall apply for a separate hedging trading code or arbitrage trading code in accordance with the regulations of the Exchange.

Article 60 If a client opens accounts with different members and thus acquires different trading codes, the client number included in its trading codes of the same type shall be the same unless otherwise provided by the Exchange.

Article 61 Members shall review clients' account application documents for their truthfulness, accuracy and completeness and shall record clients' information and conduct relevant procedures in accordance with the relevant regulations governing account opening in the futures market.

Article 62 Securities companies, fund management companies, trust companies, banks and other financial institutions, as well as social security companies, qualified foreign institutional investors (QFIIs) and other special entity clients that need to manage assets separately as required by laws, administrative regulations, rules or regulations may apply to the Exchange for a trading code in respect of such separately managed assets.

Article 63 Members and clients that apply for trading codes shall pay relevant fees pursuant to the regulations of the Exchange.

Article 64 Members shall establish account opening archives for clients and shall preserve such archives for at least 20 years after the termination of the futures brokerage contract with the clients.

Article 65 The Exchange may cancel a trading code in any of the following cases:

(1) the client's information filed with the Exchange is untrue;

(2) the client is forbidden from entering the market;

(3) the client applies for cancellation; or

(4) other cases that might be recognized by the Exchange.

Article 66 Where a client provides false information or a member assists the client in opening an account with false information, the Exchange shall be entitled to order the member to close out positions within a specified time limit, and after the positions have been closed out, cancel the trading code of the client and take disciplinary actions in accordance with the

Measures of China Financial Futures Exchange on Dealing with Violations and Breaches.

Chapter VIII Supplementary Provisions

Article 67 Any violations of these Detailed Rules shall be dealt with by the Exchange in accordance with these Detailed Rules and the Measures of China Financial Futures Exchange on Dealing with Violations and Breaches.

Article 68 The power to interpret these Detailed Rules shall be vested in the Exchange.

Article 69 These Detailed Rules shall come into effect as of January 2, 2019.