

Trading Rules of China Financial Futures Exchange

(Adopted on June 27, 2007; first amended on February 20, 2010; second amended on August 30, 2013; third amended on January 1, 2016; fourth amended on December 28, 2018)

Chapter I General Provisions

Article 1 These Rules are formulated in accordance with the applicable laws, administrative regulations, and ministry-level rules of the State as well as the *Articles of Association of China Financial Futures Exchange* for the purposes of regulating futures trading activities and protecting the legitimate rights and interests of futures trading participants as well as public interest.

Article 2 China Financial Futures Exchange (the “Exchange”) organizes the trading of futures contracts and options contracts approved by the China Securities Regulatory Commission (“CSRC”) in an open, fair and impartial manner and in good faith.

Article 3 These Rules shall apply to the futures trading activities organized by the Exchange, and shall be observed by the Exchange, members, clients, Depository Banks, and other futures market participants.

Chapter II Products and Contracts

Article 4 The Exchange shall list products with the approval of the CSRC.

Article 5 “Futures contract” refers to a standardized contract formulated by the Exchange for the delivery of a certain quantity of the underlying instrument at a specified place at a specified time in the future.

Article 6 “Options contract” refers to a standardized contract centrally formulated by the Exchange whereby the buyer has the right to purchase or sell an agreed-upon underlying instrument (including futures contracts) at a predetermined price at a specified time in the future.

Article 7 The main terms of a futures contract shall include the underlying, quotation unit, tick size, contract months, trading hours, minimum trading margin, limit up/limit down, last trading day, settlement method, and product code.

Article 8 The main terms of an options contract shall include the underlying instrument, quotation unit, tick size, contract months, trading hours, strike price intervals, seller trading margin, limit up/limit down, last trading day, exercise style, and product code.

Article 9 Any appendix to a contract shall have the same legal force and effect as the contract.

Chapter III Membership Management

Article 10 “Member” refers to an enterprise legal person or other economic organization that, upon the approval of the Exchange, may conduct trading or clearing activities on the Exchange subject to applicable laws, administrative regulations, and ministry-level rules.

Article 11 Members are classified into Trading Clearing Members, General Clearing Members, Special Clearing Members and Trading Members.

Article 12 Trading Members, Trading Clearing Members and General Clearing Members are qualified to trade on the Exchange.

Article 13 Trading Clearing Members, General Clearing Members and Special Clearing Members are qualified to clear trades with the Exchange.

Trading Members may engage in brokerage and proprietary business but are not qualified to clear trades with the Exchange directly.

Article 14 The application, change and termination of membership shall be subject to the approval of the Exchange, reported to the CSRC and be publicly announced.

Article 15 Members shall have the following rights:

- (1) to engage in prescribed trading, clearing, delivery and other activities on the Exchange;
- (2) to use the trading facilities of the Exchange and access relevant trading information and services;
- (3) to appeal in accordance with the Trading Rules of the Exchange; and
- (4) other rights prescribed in the Trading Rules or detailed implementation rules of the Exchange.

Article 16 Members shall perform the following obligations:

- (1) to abide by applicable laws, administrative regulations, ministry-level rules, and policies of the State;
- (2) to comply with the Articles of Association, Trading Rules and detailed implementation rules, and relevant decisions of the Exchange;
- (3) to pay relevant fees in accordance with relevant rules;
- (4) to receive the supervision and administration of the Exchange;
- (5) to perform the obligations under the agreement they have entered into with the Exchange; and
- (6) other obligations prescribed by the Exchange.

Article 17 An applicant for membership shall meet the criteria set forth in laws, administrative regulations and ministry-level rules and by the Exchange.

Article 18 An applicant for new membership or change of membership shall submit a written application to the Exchange and, upon the approval thereof, enter into the relevant agreement with the Exchange.

Article 19 The Exchange implements a member contact person system. Each member shall appoint one business representative and several business liaisons to organize and coordinate all business affairs between the member and the Exchange.

Article 20 The Exchange has the right to restrict or suspend the business or adjust or revoke the membership of any member who:

- (1) breaches the membership rules of the Exchange;
- (2) no longer meets the membership criteria; or
- (3) does not meet the relevant regulations of the CSRC or the rules of the Exchange.

Article 21 The Exchange shall formulate membership rules to supervise and administer members.

Article 22 The Exchange may impose requirements on the business operations, risk management, technical systems, and other aspects of members in view of market developments. Members shall meet such requirements on an ongoing basis.

Chapter IV Trading

Article 23 “Futures trading” refers to the trading of futures or options contracts on the Exchange through centralized trading or through other means approved by the CSRC.

The Exchange permits the exchange of futures for physicals (EFP).

Article 24 The Exchange is open for trading from Monday to Friday (excluding public holidays). Trading hours for each product on each trading day will be announced separately by the Exchange.

Article 25 A member may, based on its business needs, apply to the Exchange for one or more trading seats.

Article 26 Prior to opening account for a client, a member shall adequately disclose the risks of futures trading, assess the risk tolerance of the client, and prudently admit the client in accordance with the suitability regime for financial futures investors.

Article 27 The Exchange implements the trading code system. A member shall open a separate, dedicated account and apply for a trading code for each client, and shall not commingle the trading codes of different clients during trading.

Any Special Institutional Client whose assets are required by laws, administrative regulations, ministry-level rules, and applicable regulations to be managed under a separate account may apply to the Exchange for a trading code in respect of such separately managed assets.

Article 28 Clients may place trading orders through written instruction, telephone, the internet, or other means specified by the CSRC.

Article 29 Trading orders include market orders, limit orders, and such other orders as the Exchange may specify.

Article 30 A member shall execute all received client orders through centralized trading on the Exchange, and shall not route such orders for over-the-counter (OTC) trading.

Article 31 A trade is concluded once a buy order and a sell order are matched and executed. A trade concluded in accordance with these Rules is effective as from its conclusion; both the buyer and the seller shall accept the trading results and perform their respective obligations. The execution data recorded in the Exchange's system shall be taken as the final results of the trades executed under these Rules.

Article 32 After a trading order is executed, the Exchange will send an execution confirmation in accordance with relevant rules.

Article 33 After daily settlement, each member shall obtain its transaction record by the prescribed method and verify the information.

A member who disagrees with the transaction record shall submit a written objection to the Exchange on the day the transaction record is received. A member shall be deemed to have acknowledged the accuracy of the transaction record if no written objection is submitted within the specified time period.

Article 34 The Exchange implements a hedging and arbitrage management system.

Article 35 Members who engage in futures trading shall pay fees to the Exchange in accordance with relevant rules.

Chapter V Clearing

Article 36 "Clearing" refers to the process whereby the Exchange calculates the transaction results of the two parties to the transaction and transfers funds in accordance with the published settlement price and the relevant rules of the Exchange.

Article 37 Clearing of futures transactions shall be centrally organized by the Exchange.

Article 38 The Exchange operates a tiered clearing system, under which the Exchange carries out clearing for Clearing Members; each Clearing Member carries out clearing for the Trading Members that have authorized it to clear trades on their behalf; and each Trading Member carries out clearing for its clients.

Each Clearing Member shall perform the contractual obligations arising from futures transactions of the Trading Members for whom it clears trades. Where a Trading Member is

unable to perform its contractual obligations, the Clearing Member shall do so on its behalf and, in so doing, obtain the right of recourse against the defaulting Trading Member.

Article 39 The Exchange implements margin requirements. “Margin” refers to the funds collected by the Exchange from Clearing Members for trade settlement and performance guarantee.

Subject to the approval of the Exchange, a member may post securities as margin in accordance with the relevant rules.

Article 40 Margin is classified into clearing reserve and trading margin. “Clearing reserve” is margin that is not being used to maintain existing positions; “trading margin” is margin that is being used to maintain existing positions.

Article 41 A Clearing Member shall not collect margin from a Trading Member at below the standard prescribed by the Exchange, and shall have the right to adjust its margin standard based on market conditions and the credit standing of the Trading Member.

Article 42 The Exchange shall open a Dedicated Settlement Account at each Depository Bank for storing the margin and other relevant funds of Clearing Members.

A Clearing Member shall open a Futures Margin Account at a Depository Bank for storing margin and other relevant funds of its clients and the Trading Members for whom it clears trades.

Article 43 The transfers of funds related to futures business between the Exchange and a Clearing Member shall be executed between the Dedicated Settlement Account of the Exchange and the Dedicated Margin Account of the Clearing Member.

Article 44 A member shall deposit client margin into its Futures Margin Account and segregate such margin from its own funds. Diversion of margin is prohibited.

Article 45 The Exchange implements daily mark-to-market.

Article 46 Where the clearing reserve balance of a Clearing Member is below the specified level and the shortfall is not eliminated in time, if the balance is below the prescribed minimum, no new positions may be opened; if the balance is negative, the Exchange may carry out forced liquidation in accordance with relevant rules.

Article 47 A Trading Member shall authorize only one Clearing Member to handle clearing and delivery on its behalf. It shall enter into an agreement with the Clearing Member and file the agreement with the Exchange for record.

Article 48 A Trading Member and a Clearing Member may, subject to the rules of the Exchange, apply to the Exchange for change of the clearing authorization. The Exchange will process the change upon approving the application.

Article 49 Each Clearing Member shall establish a clearing risk management framework, and shall maintain an accurate and timely knowledge of the financial conditions, such as profits and losses, fees and payables and receivables, of its clients and the Trading Members

for whom it clears trades, so as to control the risks arising from such clients and Trading Members.

Article 50 The Exchange shall provision, manage and use the Risk Reserve in accordance with relevant rules. The Risk Reserve is used to provide financial guarantees for the orderly operations of the futures market and to cover losses arising from unforeseeable risks.

Chapter VI Delivery

Article 51 Delivery of futures transactions shall be centrally organized by the Exchange.

Article 52 Futures delivery takes the form of cash settlement or physical delivery.

Article 53 “Cash settlement” refers to the process whereby, upon expiration of a contract, the two trading parties close out their positions in the contract by settling their positions in cash at the prescribed settlement price in accordance with the rules and procedures of the Exchange.

Article 54 “Physical delivery” refers to the process whereby, upon expiration of a contract, the two trading parties close out their positions in the contract by transferring the title to the underlying instrument of the contract in accordance with the rules and procedures of the Exchange.

Article 55 No member shall refuse to perform delivery due to the default of its client. In the event of non-delivery, the Exchange shall be entitled to enforce the delivery obligations.

Chapter VII Risk Control

Article 56 The Exchange implements price limits, consisting of circuit breakers and limit up/limit down. The threshold for the circuit breaker and limit up/limit down shall be set by the Exchange and may be adjusted based on market risk conditions.

Article 57 The Exchange implements position limits. “Position limit” refers to the maximum position prescribed by the Exchange that may be held by a member or client. The position held by a member or client for hedging and arbitrage purposes shall be governed by relevant rules of the Exchange.

Article 58 The Exchange requires large position reporting. A member or client shall report the position it holds to the Exchange whenever such position reaches the reporting threshold specified by the Exchange or when otherwise required by the Exchange. If a client fails to report, its carrying member shall do so on its behalf.

The Exchange shall set and may adjust the reporting threshold based on market risk conditions.

Article 59 The Exchange implements forced liquidation. If a member or client violates the position limit, fails to meet a margin call in a timely manner, or is in another situation prescribed by the Exchange, the Exchange shall be entitled to force-liquidate its position.

Any profits generated from the forced liquidation shall be disposed of in accordance with relevant rules. All costs and losses incurred, including any additional losses arising from failed liquidation due to market factors, shall be borne by the member or client concerned.

Article 60 The Exchange implements forced position reduction. When there is an One-Sided Market, or when market risks have noticeably increased, the Exchange shall be entitled to unilaterally match and execute, on a pro rata basis and at the limit up/limit down price, the outstanding close-out orders submitted on the current day at the limit up/limit down price, against the positions in the same contract held by clients who have a profitable net position in the contract.

Article 61 The Exchange implements a Guarantee Fund, which is a common guarantee fund jointly contributed to by Clearing Members as required by the Exchange for the purpose of addressing the default risks of Clearing Members.

Article 62 The Exchange issues risk warnings. The Exchange may, when it deems necessary, take one or a combination of the following measures to warn against and mitigate risks: requiring a member and client to report on a situation, giving a verbal reminder, issuing a written admonishment, releasing a risk warning announcement, etc.

Article 63 If an One-Sided Market occurs or if market risks have noticeably increased, then subject to the approval of the executive committee of the Board of Directors of the Exchange, the Exchange shall have the power to adjust the limit up/limit down, raise the trading margin, execute forced position reduction, or take other measures to manage and mitigate market risks.

In case risks are not mitigated by the aforementioned risk management measures, the Exchange shall declare an extraordinary situation and its Board of Directors shall determine what further actions to take to manage the risks.

Article 64 In case a Clearing Member is unable to perform its contractual obligations, the Exchange has the power to take the following measures against the Clearing Member:

- (1) suspending it from opening new positions;
- (2) executing forced liquidation in accordance with relevant rules and using the margin released therefrom for contract performance and compensation;
- (3) lawfully disposing of the securities it has posted as collaterals;
- (4) drawing on its contributions to the Guarantee Fund;
- (5) drawing on other Clearing Members' contributions to the Guarantee Fund;
- (6) drawing on the Risk Reserve of the Exchange;
- (7) drawing on the Exchange's own funds.

The Exchange shall gain the corresponding right of recourse against the defaulting Clearing Member upon performing the contractual obligations on its behalf.

Article 65 If the Exchange has reason to believe that a member or client has violated the Trading Rules or detailed implementation rules of the Exchange and such violation is causing or will cause a significant impact on the market, the Exchange may take the following provisional measures against the member or client to contain the impact of the violation:

- (1) suspending Funds Deposits;
- (2) suspending Funds Withdrawals;
- (3) suspending the opening of new positions;
- (4) raising its margin standard;
- (5) requiring the close-out of positions within a prescribed time period; and
- (6) executing forced liquidation.

Except for provisional measures (1), (2) and (3) of the preceding paragraph which may be imposed by the Chief Executive Officer of the Exchange, all other provisional measures shall be imposed by the Board of Directors of the Exchange and timely reported to the CSRC.

Chapter VIII Resolution of Extraordinary Situations

Article 66 Upon the occurrence of any of the following situations during futures trading, the Exchange may declare an extraordinary situation and take emergency measures to mitigate risks:

- (1) trading disruption resulting from earthquake, flood, fire, computer system malfunction, etc.;
- (2) a member experiences a settlement or delivery crisis that is causing or will cause a significant impact on the market;
- (3) risks arising from a situation under Article 63 of these Rules are not mitigated after corresponding actions have been taken; or
- (4) other situations prescribed by the Exchange.

In the case of extraordinary situation (1) above, the Chief Executive Officer of the Exchange may take such emergency actions as adjusting the market opening and closing times and suspending trading, among others. In the case of extraordinary situations (2), (3), or (4) above, the Board of Directors of the Exchange may take such emergency as adjusting the market opening and closing times, suspending trading, adjusting the limit up/limit down, raising the trading margin standard, requiring the close-out of positions within a prescribed time period, executing forced liquidation, suspending Funds Withdrawals, etc.

The Exchange shall not be liable for any losses arising from trading abnormality or from any actions it takes in response.

Article 67 The Exchange shall inform the CSRC before declaring an extraordinary situation and taking emergency measures.

Article 68 In the event that the Exchange suspends trading following declaration of an extraordinary situation, the suspension period shall not exceed three trading days, unless an extension is approved by the CSRC.

Chapter IX Information Management

Article 69 The futures trading information of the Exchange includes market data for listed futures and options contracts, trading and clearing data, statistical documents, all announcements released by the Exchange as well as other information required to be disclosed by the CSRC.

Article 70 The Exchange retains ownership to the futures trading information and has sole authority over its management and release.

Article 71 Trading information released by the Exchange shall include contract names, contract months, opening prices, last prices, price changes, closing prices, settlement prices, high prices, low prices, trading volumes, open interests and their changes, Clearing Members' rankings by trading volume and open interest as well as other information required to be published.

Information shall be released on a real-time, daily, weekly, monthly or yearly basis based on its content.

Article 72 The Exchange shall utilize effective means of telecommunication to build a real-time market data and execution confirmation system.

Article 73 The Exchange shall not be liable for any abnormal or interruption of transmission of trading information due to such reasons as force majeure, unexpected event, or unauthorized access of the Exchange's system.

The Exchange shall not be liable for any adverse impact on the trading of members and clients due to a failure of members, information service providers, public media, or other relevant entities in relaying the market data that have been properly released by the Exchange.

Article 74 The Exchange and members are prohibited from releasing false or misleading information.

Article 75 The Exchange, members and Depository Banks are prohibited from divulging the confidential information that has come to their knowledge during business activities.

Upon approval, the Exchange may provide relevant information to relevant regulatory authorities or other relevant entities subject to applicable confidentiality rules.

Article 76 The Exchange shall back up trading data at a remote location to ensure their security.

Article 77 The Exchange shall have the right to charge fees for information management and releases.

Chapter X Supervision

Article 78 The Exchange shall exercise self-regulation of all futures trading-related business activities on the Exchange in accordance with these Rules and applicable rules.

Members, clients, Depository Banks and other futures market participants shall receive the supervision of the Exchange over their futures-related business.

Article 79 The primary supervisory duties of the Exchange are:

- (1) to supervise and check the implementation of futures market laws, administrative regulations, ministry-level rules, and Trading Rules and detailed implementation rules of the Exchange, and to control market risks;
- (2) to supervise and review the business operations and internal management of members;
- (3) to supervise and check the financial conditions and credit standing of members;
- (4) to supervise and inspect futures-related business activities of Depository Banks and other futures market participants;
- (5) to mediate and resolve futures trading disputes and to investigate and handle violations;
- (6) to assist the judicial and administrative enforcement authorities in the performance of their lawful functions; and
- (7) to supervise any other act that breaches market openness, fairness, or impartiality, disrupts the market order, or creates market risks.

Article 80 The Exchange may exercise the following powers when performing its supervisory duties:

- (1) to access and make copies of any futures trading-related information or documents;
- (2) to investigate and collect evidence from members, clients, Depository Banks, and other futures market participants;
- (3) to require members, clients, Depository Banks and other futures market participants to issue declarations, statements, explanations, and clarifications on the matter under investigation; and
- (4) to exercise any other powers necessary for performing its supervisory duties.

Article 81 Members, clients, Depository Banks and other futures market participants shall cooperate with the Exchange when it discharges its supervisory duties. The Exchange may take the necessary measures and actions in accordance with relevant rules against any entity or individual that provides false information, withholds facts, evades investigations, or obstructs the performance of duties by the Exchange's staff.

Article 82 The Exchange shall carry out a full or random inspection on members' observance of the Trading Rules and detailed implementation rules of the Exchange on an annual basis, and report its findings to the CSRC.

Article 83 The Exchange shall initiate a formal investigation if it discovers any suspected violation by a member, client, Depository Bank or another futures market participant committed during futures-related business; depending on the severity of the circumstances, the Exchange may take corresponding measures to contain the impact of such violation.

Article 84 Members, clients, Depository Banks, and other futures market participants have the right to submit a complaint or whistleblowing tip to the Exchange or the CSRC if any staff member of the Exchange is unable to properly perform his supervisory duties. Upon verification, the relevant staff member shall be subject to sanctions.

Article 85 The Exchange shall formulate rules to handle violations of rules and regulations and breach of contract.

Article 86 Under the central leadership and coordination of the CSRC, the Exchange shall, together with other market infrastructures including stock exchanges, securities depository and clearing agencies and futures margin safe deposit monitoring agencies, establish mechanisms for information sharing and regulatory cooperation for futures and other related markets.

Chapter XI Dispute Resolution

Article 87 Any futures business-related dispute between or among members, clients, Depository Banks, or other futures market participants may be resolved through negotiation, submitted to the Exchange for mediation, or submitted to an arbitration institution or a people's court for adjudication.

Article 88 The party requesting for mediation by the Exchange shall submit a written application. If an agreement is reached through mediation, the Exchange will prepare a mediation agreement which will come into effect upon being signed by the mediating parties.

Chapter XII Ancillary Provisions

Article 89 The Exchange may formulate detailed implementation rules or measures in accordance with these Rules.

Article 90 The Board of Directors of the Exchange reserves the right to interpret these Rules.

Article 91 These Rules and any amendment hereto shall be subject to the approval of the Shareholder Meeting of the Exchange and the approval of the CSRC.

Article 92 These Rules shall come into effect on January 2, 2019.