

Measures for the Administration of Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange

Chapter 1 General Provisions

Article 1 These Measures are formulated in accordance with the Regulation on the Administration of Futures Trading, the Interim Measures for the Administration of Trading in Specified Domestic Futures Products by Foreign Traders and Foreign Brokerage Agencies, the Measures for the Suitability Management of Securities and Futures Investors and the business rules of Zhengzhou Commodity Exchange (hereinafter “the Exchange”) for the purposes of leading traders to rationally participate in the trading of specified futures products, protecting their legitimate interests and guaranteeing the stable, regulated and healthy development of the futures market.

Article 2 The traders as mentioned in these Measures shall refer to natural persons, legal persons and other economic entities participating in the trading of specified futures products and having the abilities to assume responsibilities for their trading activities in accordance with the laws and regulations of the People’s Republic of China (hereinafter “the PRC”).

Article 3 Traders shall meet trader suitability requirements for the trading of specified futures products.

The account-opening institutions mentioned hereinafter shall refer to the futures brokerage members (hereinafter “FB members”) and overseas brokers participating in the trading of specified futures products with the responsibilities of evaluating traders’ cognitive abilities and risk tolerance about futures trading, prudentially selecting proper traders to participate in the trading of specified futures products and implementing relevant suitability requirements.

Article 4 Traders shall fully evaluate their own economic strength, market and product cognitive abilities and risk control and tolerance to prudentially decide whether to participate in the trading of specified futures products.

Chapter 2 Trader Suitability Requirements

Article 5 The institutional clients participating in the trading of specified futures products shall meet the following requirements:

I. their relevant business personnel shall have basic knowledge of the futures market, understand the Exchange’s business rules of specified products and have passed relevant tests approved by the Exchange;

II. after daily settlement for five (5) consecutive trading days before applying for trading codes and permissions, the balance in their margin accounts shall be no less than CNY 100,000 or equivalent amount in foreign currency;

III. shall have no less than one futures trading record for recent three (3) years in any of the futures exchange within the territory of the PRC or the overseas futures trading

venue, and these overseas futures trading venues shall be located in the countries or regions that have signed MOUs on regulatory cooperation with China Securities Regulatory Commission (hereinafter “the CSRC”);

IV. shall have established internal control system, risk management system and other relevant system for futures trading, and shall have established sound reporting system that could provide and timely update the information about their department heads and other relevant business personnel in charge of futures trading to their account-opening institutions;

V. shall not have severely negative credit history or be prohibited from entering the futures market by regulatory authorities;

VI. shall not be prohibited or restricted by any law, administrative regulation, rule or business rule of the Exchange from engaging in futures trading;

VII. other conditions prescribed by the Exchange.

Article 6 The individual clients participating in the trading of specified futures products shall meet the following requirements:

I. shall have full capacity for civil conduct;

II. shall have basic knowledge of the futures market, understand the Exchange’s relevant business rules for specified futures products and have passed relevant tests approved by the Exchange;

III. after daily settlement for five (5) consecutive trading days before applying for trading codes and trading permissions, the balance in their margin accounts shall be no less than CNY 100,000 or equivalent amount in foreign currency;

IV. shall have no less than one futures trading record for recent three (3) years in any of the futures exchange within the territory of the PRC or the overseas futures trading

venue, and these overseas futures trading venues shall be located in the countries or regions that have signed MOUs on regulatory cooperation with the CSRC;

V. shall not have severely negative credit history or be prohibited from entering the futures market by regulatory authorities;

VI. shall not be prohibited or restricted by any law, administrative regulation, rule or business rules of the Exchange from engaging in futures trading;

VII. other conditions prescribed by the Exchange.

Article 7 The Exchange may adjust the trader suitability requirements according to market situations.

Article 8 The items I, II and III in Article 5 and items II, III and IV in Article 6 of these Measures may not be applicable when account-opening institutions applying for trading codes or trading permissions for special clients recognized by the Exchange, unless it is otherwise prescribed by relevant laws, administrative regulations, rules and the CSRC.

The special clients mentioned in the preceding paragraph shall refer to the traders satisfying one of the following requirements:

I. professional investors satisfying the requirements mentioned in the Measures for the Suitability Management of Securities and Futures Investors;

II. domestic and foreign traders who have directly opened trading permissions or trading codes for specified futures products through a futures broker while still applying to other futures brokers to open trading permissions or trading codes for specified futures products;

III. domestic and foreign traders who have opened trading permissions or trading codes for specified futures products in other exchanges within the territory of the

PRC;

IV. other traders prescribed by the Exchange.

Chapter 3 Implementation of Trader Suitability Requirements

Article 9 An account-opening institution shall formulate detailed criteria, operational process and guaranteeing measures for implementing trader suitability requirements for specified futures products according to relevant provisions of the CSRC, the requirements of these Measures and the Operational Guidelines for the Administration of the Suitability Management of Traders Trading Specified Futures Products of Zhengzhou Commodity Exchange, and shall also conduct an overall evaluation of the asset conditions, knowledge levels, trading experience and risk tolerance of its clients.

Article 10 An account-opening institution shall establish and effectively implement accountability system for client development in which the responsibilities of relevant staff are specified.

Article 11 An account-opening institution shall fully disclose futures trading risks to its clients, objectively introduce to them the laws and regulations on futures and the business rules, relevant provisions and decisions on specified futures products, strictly verify clients' funds, their testing results of the knowledge test for specified products trading and their experience of futures trading, prudentially evaluate their credit status and risk tolerance and carefully examine their application materials for trading codes and trading permissions.

Article 12 Basic knowledge test for futures trading taken by clients shall meet the following requirements:

I. the clients shall attend the knowledge tests recognized by the Exchange, and the test scores shall not be lower than the standard published by the Exchange;

II. individual clients and the staff appointed by institutional clients to place orders shall attend the tests in person and surrogate test-takers are not allowed;

III. an account-opening institution's staff responsible for developing clients shall not concurrently be the supervisors of the test.

An account-opening institution shall coach and urge its clients to comply with relevant laws, administrative regulations, business rules of the Exchange and relevant regulations and decisions, conduct education on risk management on an on-going basis and strengthen the management of legal and regulatory compliance of its clients' trading practices.

Article 13 An account-opening institution shall build up detailed profiles of its clients, and shall keep relevant profiles properly and confidentially.

Article 14 An account-opening institution shall provide its clients with reasonable channels for complaints, inform clients of the procedures for filing complaints, properly resolve disputes and lead clients to protect their interests in accordance with the law.

Article 15 A trader shall honestly submit application materials for trading code or trading permission, and shall not circumvent the requirements of trader suitability system by submitting false application materials or by any other means.

Article 16 A trader shall, under the principle of "caveat emptor", assume the trading results, and shall not refuse to assume trading results and their obligations to perform

trading contracts on the excuse that it does not meet with the trader suitability requirements.

Article 17 A trader shall protect his legitimate rights and interests through proper and lawful means, shall not infringe on the national, public and collective interests and others' legal rights and interests, and shall not disturb the public order and the working order of the Exchange and other relevant entities.

Article 18 An FB member having signed appointment agreements with overseas brokers shall establish rules for business cooperation with the overseas brokers for the purpose of implementing relevant requirements of trader suitability system.

Article 19 An FB member appointing intermediary agencies to assist in the application for trading codes shall establish rules for business cooperation with these agencies to implement relevant requirements of trader suitability system, and shall review relevant business of these agencies.

Chapter 4 Supervision over Trader Suitability Management

Article 20 The Exchange shall inspect an account-opening institution's implementation of trader suitability system. The institution shall cooperatively and honestly provide materials about the application for clients' trading codes and trading permissions, and shall not conceal related information or impede and refuse the Exchange's inspection.

Article 21 Any violation of these Measures shall be subject to punishment by the

Exchange in accordance with the Measures for Penalties for Violations of Zhengzhou Commodity Exchange.

Chapter 5 Supplementary Provisions

Article 22 The Exchange shall reserve the right to interpret these Measures.

Article 23 These Measures shall enter into force from November 9, 2018.

(The English version is for reference ONLY. The Chinese version shall prevail if there is any inconsistency.)