Notice on Issuing the *Measures for Managing the Access to Members' Trading Information Systems*

Z.S.H. [2021] No. 121

All members,

In order to better manage and supervise the access to the members' Trading Information Systems and ensure that the futures market operates smoothly, Zhengzhou Commodity Exchange has formulated the *Measures for Managing the Access to Members' Trading Information Systems* and is now issuing the Measures to you all. These measures shall take effect as of the date of their issuance. The original *Provisional Measures for Managing Remote Trading Seats* (Z.S.F. [2008] No. 104) and *Rules on the Management of Members' Access to and Use of the Special Trading Network of Zhengzhou Commodity Exchange* (Z.S.F. [2011] No. 3) shall be repealed simultaneously.

Attachment: Measures for Managing the Access to Members' Trading Information Systems

Zhengzhou Commodity Exchange

March 23, 2021

Attachment

Measures for Managing the Access to Members' Trading Information Systems

Chapter I General Provisions

Article 1 In order to better manage members' Trading Information Systems that access the trading platform of Zhengzhou Commodity Exchange (hereinafter referred to as "Exchange"), forestall relevant risks and maintain the order of the futures market, these Measures have been formulated in accordance with *Measures for the Supervision and Administration of Futures Companies* and this Exchange's *Rules on Futures Trading* and *Measures for Members Management*.

Article 2 The "Trading Information Systems" referred to in these Measures means the information technology systems used by members to access the trading platform of this Exchange to conduct futures trading activities.

The "external access" referred to in these Measures means the act of members to allow their clients' trading systems to access their own Trading Information Systems through interfaces or by other means of information technology so as to receive trading or query orders from their clients.

The "external information systems" referred to in these Measures means the clients' trading systems that have accessed the members' Trading Information Systems through interfaces or by other means of information technology. More specifically, they are various trading systems or terminals on a level lower than that of the members' Trading Information Systems.

Article 3 The Trading Information Systems of members shall comply with these Measures in all respects, including functional realization, testing requirements, internal and external access, and the application for and access of remote trading seats.

Article 4 This Exchange will supervise and manage members with respect to the access to their Trading Information Systems, and conduct relevant filing, evaluation, monitoring and inspection work under the guidance of China Securities Regulatory Commission (hereinafter referred to as "CSRC").

Chapter II Functional Requirements for Trading Information Systems

Article 5 Trading Information Systems shall follow the principle of compliance in terms of their functional design and technological realization. More specifically, the trading, settlement, risk control, and margin calculation, among other things, on the Trading Information Systems shall comply with relevant laws, regulations, bylaws, or rules of the CSRC, as well as with the business rules of this Exchange.

Article 6 Basically, Trading Information Systems shall function to manage accounts, authority, trading, market intelligence, margins, transaction fees, risks and more.

The risk management function, in particular, shall be well designed, and assigned clearly delineated authority, including but not limited to the power to verify funds, positions and to control flows, among other things.

Article 7 Trading Information Systems shall be highly secure and stable, capable of logging their daily operations and ensuring business continuity and traceability.

Article 8 Trading Information Systems shall be designed and developed in strict accordance with the technical requirements of this Exchange for the development of interfaces to trading systems. If such requirements are updated, the Trading Information Systems shall accordingly be updated or upgraded in a timely manner.

Article 9 Unless otherwise stated by the CSRC, Trading Information Systems shall meet the CSRC's requirements for the collection of information from trading terminals and be able to collect, record, store and submit the information so collected.

Article 10 At the time of their release, Trading Information Systems shall, in accordance with the technical requirements of this Exchange, accurately provide the name and version number of the API software released.

Chapter III Testing Requirements for Trading Information Systems

Article 11 Members shall create a test environment that is independent from their production environment and used solely to develop and test their Trading Information Systems. They shall test their Trading Information Systems before using them to conduct futures business activities. Unless otherwise approved by the CSRC and this Exchange, no member is allowed to conduct performance or load testing in its production environment, or to use non-desensitized client information in an environment used solely for development or testing purpose.

Article 12 Members shall test their Trading Information Systems in terms of compliance, functionality, performance capacity and security protocols to ensure that the systems meet their expectations for functions, their specifications for interfaces, and their demand for stable operation. If any problems are detected in the test, they shall, in a timely manner, demand that the developer explain the cause and make improvement accordingly. If a Trading Information System undergoes major changes, members shall do the test once again.

Article 13 Members shall apply for the testing of their Trading Information Systems' access to the trading platform of this Exchange, and once the test is cleared, file their systems at this Exchange. Note that members shall apply to this Exchange in advance of the access testing.

If a Trading Information System has never been filed, it shall be tested in the testing environment of this Exchange before it is put in operation. If a Trading Information System has a new version, it shall undergo the test again. Once the test is cleared, a test report shall be filed at this Exchange.

Through its member service system, this Exchange will accordingly release a list of the Trading Information Systems that have been filed.

If a particular version of a Trading Information System has been filed by other entities, there is no need to submit test reports to this Exchange for that version again.

Article 14 When applying for the testing of their Trading Information Systems or filing the systems at this Exchange, members shall provide the following information:

(1) the developer and version number of the Trading Information System;

(2) the technical architecture and brief descriptions of the system;

(3) an introduction of the system's functions;

(4) the contact person and method of the members;

(5) a description of the testing environment;

(6) testing results for trading function points;

(7) testing results for risk control function points; and

(8) other items specified by this Exchange.

This Exchange's receipt or management of the information submitted by members does not constitute its judgment on or guarantee for the compliance, suitability and usability of members' Trading Information Systems.

Article IV Network Access Management for Trading Information Systems

Article 15 The "special trading network" referred to in these Measures means the network (excluding members' local area networks used for trading purposes and the wide area network) through which the Trading Information Systems of members access the trading platform of this Exchange to conduct futures trading activities.

Article 16 Members shall connect their Trading Information Systems to the special trading network of this Exchange in a reliable manner that offers redundant security.

More specifically, they may do so through dedicated lines, third party hosts, central access points, the integrated networks of Shanghai, Dalian and Zhengzhou exchanges, or any other means approved by this Exchange.

Article 17 If a member connects its Trading Information System to the special trading network through dedicated lines, it shall use different operators as the main and alternate routes. In principle, however, the integrated networks of Shanghai, Dalian and Zhengzhou exchanges shall not be used as a main route to the special trading network.

Article 18 If a member connects its Trading Information System to the special trading network through third party hosts, it shall require the hosts to use different operators as the main and alternate routes, to have backups for key equipment or facilities, and to provide redundant bandwidth.

Article 19 Members shall, in strict accordance with relevant guidelines of this Exchange, configure their Trading Information Systems Internet protocols and IP addresses to access the special trading network, and conduct switchover drills for the main and alternate routes on a regular basis.

Article 20 Before accessing the special trading network for trading purposes, members shall apply to this Exchange for onboarding test. The test shall include, without limitation, a test of the main and alternate routes, a test of the network connectivity, and a test of the Trading Information System.

Article 21 Members shall use the special trading network for trading purposes only. They shall effectively isolate their routes to the special trading network from the Internet, their office networks and the internal networks of their business units. Meanwhile, they shall strictly control the number of their terminals that have the authority to access and use the special trading network and prohibit unapproved terminals from accessing and using the network.

Article 22 Members shall manage the security of their equipment and systems connected to the special trading network by, for example, shutting down unnecessary ports and performing security scan and hardening operations. In addition, they shall check and filter their data transmitted through the special trading network to remove viruses, malicious codes, and data unrelated to futures business from the network.

Article 23 If a line used by a member to access the special trading network needs to be relocated or disabled, the member shall, in accordance with relevant procedural requirements, apply for and file the relocation or disabling at this Exchange in advance.

Chapter V Management of the Application for Remote Trading Seats

Article 24 Out of the need for business development or tech hosting, members can, through the member service system of this Exchange, apply for establishing remote trading seats, changing the assignment of authority to use the seats, or simply canceling them.

Article 25 Given the use of remote trading seats, the operational performance and compliance record of members, and the general situation of the market, this Exchange can determine whether or not to approve the application of members to set up the remote trading seats.

Article 26 If a member applies for the establishment of remote trading seats, it shall ensure that its Trading Information System and network access for those seats have both passed the test of this Exchange and that those seats are therefore approved to connect to the special trading network of this Exchange.

Article 27 If a member applies for the establishment of remote trading seats, it shall, in addition to the materials stated in Article 8 of the *Rules of Zhengzhou Commodity Exchange on Futures Trading*, provide the following materials or information:

(1) the authority to open the new remote trading seats and the uses of such seats;

(2) information on the communication lines of the member to access the special trading network;

(3) information on the location of the remote trading seats, and in the case that a remote trading seat is located at a hosting server, the original and duplicate of the host's business license and of the service contract signed between the member and the host;

(4) other materials or information required by this Exchange.

The member shall ensure that the submissions are all true, legal, complete and valid.

Article 28 Within 10 working days after it receives from a member the entire application materials for remote trading seats, this Exchange will review and approve or disapprove the application and notify the member of the results through its member service system.

Article 29 If a member applies for canceling a remote trading seat or changing the authority to use such seat, it shall submit an application to this Exchange through the member service system. Only with the permission of this Exchange can the seat be canceled, and the authority be changed.

Article 30 If the Trading Information System, location or IP address, among other things, of a member’s remote trading seats undergoes any change, the member shall file relevant information through the member service system of this Exchange within 3 working days of such change, and ensure that the information filed is true.

Article 31 This Exchange will inform members under separate notice of the fees to be paid for the use of remote trading seats.

Chapter VI Management of the Connection of Remote Trading Seats

Article 32 Members shall configure for their remote trading seats and keep information on such configurations in strict accordance with relevant guidelines of this Exchange.

Article 33 Members shall, for emergency response purposes, designate contact persons for their remote trading seats and file information on such persons at this Exchange. If there is any change to the contact person, members shall update relevant information in a timely manner.

Article 34 Members shall not, in violation of rules and regulations, connect to the special trading network of this Exchange Trading Information Systems that are not yet tested and filed; nor shall they test their Trading Information Systems in the production environment of this Exchange during trading hours.

Article 35 Members are prohibited from using their remote trading seats or relevant networks in a manner that is likely to do harm to the trading system of this Exchange.

Article 36 Members shall participate in load testings and emergency response drills organized by this Exchange, and in accordance with relevant requirements, submit feedback reports and keep relevant records.

Article 37 Members shall ensure that their applications for trading are subject to the front-end examination by the risk control function of their Trading Information Systems before reaching the trading system of this Exchange. To that end, members shall not disable or circumvent the risk control function of their systems, or evade inspection by any other technological means. Moreover, they shall create a log to record their production events on a daily basis, and keep such log for a specific period of time with reference to the rules of their industry.

Chapter VII Requirements for External Access to Trading Information Systems

Article 38 In allowing external access to their Trading Information Systems, members shall observe the following principles:

(1) the principle of compliance and prudence. Members shall prudently assess the reasonableness of their clients' trading needs and provide external access services commensurate to the reasonable needs of their clients.

(2) the principle of risk controllability. Members shall identify, monitor and forestall potential risks in the external access to their Trading Information Systems and in a timely manner adopt effective measures or technical means to stop risks from spreading, with a view to maintaining market order.

(3) the principle of whole-process management. Members shall strengthen the management of external access to their Trading Information Systems and, for that purpose, create sound, clear and definitive mechanisms, including but not limited to due diligence, prior examination, trading monitoring, anomaly handling, emergency response, and exit mechanisms, to manage the entire process of external access.

Article 39 If a member provides its clients with external access services, it shall enter into agreements with the clients to specify both parties' respective rights, obligations and responsibilities.

Article 40 Members shall properly document their activities concerning the external access to their Trading Information Systems and, in accordance with relevant requirements of this Exchange, make report in a timely manner.

Article 41 Before providing external access for an external information system or when a system afforded such access undergoes considerable changes, members shall conduct compliance, risk and technical test for the system in a testing environment to ensure that it meets their expectations for functionality, their specifications for interfaces, and their demand for stable operation. If any problems are detected in the test, they shall, in a timely manner, demand that the developer explain the cause and make improvement accordingly.

Article 42 Members shall not provide any conveniences or services for any persons to access their Trading Information Systems in violation of rules and regulations. They shall not delegate the administrative authority on their Trading Information Systems and terminals to their clients, or directly connect external information systems to the trading platform of this Exchange.

Article 43 Members shall establish sound mechanisms to deal with anomalies concerning external access to their Trading Information Systems, and where necessary, restrict or suspend the external access concerned.

Article 44 If a client is found to be in violation of futures laws or regulations or to suffer potential material risks, members shall cease providing the client external access to their Trading Information Systems and, in a timely manner, report the client to this Exchange.

Chapter VIII Supervision and Management

Article 45 This Exchange can, either on-site or off-site, inspect members' access to their Trading Information Systems, and in such inspection, members shall cooperate.

Article 46 Members shall ensure that the information they file at this Exchange is true, accurate and complete, and in the meantime, undertake that the Trading Information Systems they use comply with relevant laws, regulations, bylaws or the business rules of this Exchange.

Article 47 Members shall keep confidential the data or information which they have come into knowledge of in the course of developing, testing or accessing their Trading Information Systems but this Exchange has not yet made available to the public. Unless otherwise stated in laws, regulations, bylaws, or the business rules of this Exchange, members shall not disclose or transfer the data or information aforesaid to any third parties.

Article 48 If a member fails to connect its Trading Information System to the trading system of this Exchange in accordance with relevant requirements, or engages in any other acts that may compromise the security of this Exchange's trading platform, this Exchange can, among other things, restrict or suspend the member's access to the trading platform aforesaid.

Article 49 If a member violates these Measures, this Exchange can, in accordance with relevant provisions of the *Measures of Zhengzhou Commodity Exchange for Handling Violations*, take appropriate regulatory measures or disciplinary actions against the member.

Chapter IX Supplementary Provisions

Article 50 The right to interpret these Measures rests on Zhengzhou Commodity Exchange.

Article 51 These Measures shall take effect as of the date of their issuance. The original *Provisional Measures on the Management of Remote Trading Seats* (Z.S.F. [2008] No. 104) and *Rules on the Management of Members' Access to and Use of the Special Trading Network of Zhengzhou Commodity Exchange* (Z.S.F. [2011] No. 3) shall be repealed simultaneously.