

Operational Guidelines for Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange

Chapter 1 General Provisions

Article 1 These Operational Guidelines are formulated subject to the Detailed Rules for Futures Trading of Zhengzhou Commodity Exchange (hereinafter “the Detailed Rules”), Measures for the Administration of Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange (hereinafter “the Measures”) and other relevant regulations, for the purposes of further clarifying the trader suitability requirements for specified futures products trading and directing account-opening institutions to implement trader suitability system.

Article 2 Account-opening institutions shall implement trader suitability requirements in accordance with the Measures. The clients having opened accounts before the Measures come into force can directly participate in the trading of specified futures products, and the clients opening accounts after the Measures come into force shall comply with the Measures.

Chapter 2 Specific Determination Standards of Suitability

Article 3 The available funds of clients shall meet the following requirements:

I. where account-opening institutions apply for trading codes or permissions for the clients participating in trading specified futures products, the balance of the available funds of the clients in margin accounts for five (5) consecutive days preceding the applications day after the clearing of each day shall be no less than CNY 100,000 or equivalent amount in foreign currency.

II. the margin rates charged when the clients' accounts are opened shall be the basis for calculating the balance of the clients' available funds in margin accounts. The balance shall equal the amount of the balance in Renminbi (hereinafter "RMB") plus that of the balance in FX. The FX shall be converted into RMB by following conversion formula:

the amount of FX × the central parity rate of the FX against RMB published by China Foreign Exchange Trade System × the pledge rate of FX

The FX shall refer to the FX funds which can be used as margin. The available FX and the pledge rate of the FX can be used as margin shall be published by Zhengzhou Commodity Exchange (hereinafter "the Exchange") separately.

Article 4 The knowledge test for trader suitability of specified product of Zhengzhou Commodity Exchange (hereinafter "test") shall meet the following requirements:

I. the clients apply for participating in the specified futures products shall login in the test platform to complete the online test. The maximum score of the test is 100, the passing score is 80.

II. the test shall be finished by individual clients or designated traders of institutional clients alone. Surrogate exam-takers shall be not allowed.

The account-opening institutions shall strictly verify their clients' identities, and the account-opening institutions and clients shall sign the test results.

III. the account-opening institutions shall not apply for trading codes or permissions for the clients participating in the specified futures products trading who fail to pass the test.

The account-opening institutions may conduct trainings and provide guidance to the clients who do not pass the test and then may reorganize a new test for them.

Article 5 The account-opening institutions shall make sure that the clients applying for participating in trading specified futures products have the experiences of futures trading prescribed by the Exchange on the trading venues within and outside the territory of the People Republic of China (hereinafter "the PRC"). The trading experiences of the clients shall meet one of the following requirements:

I. the trading experiences within the territory of the PRC. The clients shall provide futures clearing statements issued by the futures brokerage members (hereinafter "FB members") to certify that they have real trading experiences of trading futures or options products on the any of trading venues within the territory of the PRC in recent three (3) years.

II. the trading experiences outside the territory of the PRC. The clients shall provide the detailed trading records, the clearing statements or other documents issued by the overseas trading venues located in the countries (regions) that have signed MOUs on regulatory cooperation with China Securities Regulatory Commission (hereinafter "the CSRC") to certify that they have real trading experiences of trading futures or options products in recent three (3) years.

Article 6 The clients applying for participating in trading specified futures products shall meet the following integrity and compliance requirements:

I. the account-opening institutions shall conduct comprehensive assessments on the credit status of the clients applying for participating in trading specified futures products. The account-opening institutions shall not apply for trading codes or permissions for the clients who have severely negative credit history, are prohibited from entering the futures market by regulatory authorities or are prohibited or restricted by any law, administrative regulation, rule or business rule of the Exchange from engaging in futures trading;

II. the account-opening institutions may require the clients to provide relevant written commitments.

III. the account-opening institutions may get the clients' credit status through the platform for the public inquiry of information on dishonest acts in the securities and futures markets established by the CSRC (<http://shixin.csrc.gov.cn/honestypub/>), information management platform established by the China Futures Association (<http://db.cfachina.org/CFA/>) and other channels.

Article 7 Before applying for trading codes or permissions for the institutional clients participating in specified futures products trading, the account-opening intuitions shall make sure that the clients have established internal control system, risk management system and other relevant system for futures trading such as the authorization and management of designated traders 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 the account-opening institutions.

Article 8 The professional investors defined by the Measures for the Suitability Management of Securities and Futures Investors may be exempted from the

provisions on the requirements of available funds, knowledge test and trading experiences prescribed by these Operational Guidelines when applying for trading codes or trading permissions to participate in trading specified futures products.

An account-opening institution shall prudently assess whether a client is a professional investor in accordance with the Measures for the Suitability Management of Securities and Futures Investors and the Guidelines for the Implementation of the Administration of the Suitability of Investors in Futures Institutions (for Trial Implementation) and shall file relevant materials.

Chapter 3 Requirement on Management of Trading Permissions

Article 9 The Exchange shall implement the trading permission management system for the trading of specified futures products. After the accounts of overseas traders have been opened, the FB members shall open the overseas traders' trading permissions for specified futures products and close their trading permissions for other products. In terms of the domestic traders whose accounts have been newly opened, the FB members shall close their trading permissions for specified futures products at first, and if the domestic traders would like to trade the specified futures products and have met the suitability requirements, the FB members shall open their trading permissions to trade specified futures products. After the FB members have opened trading permissions for the domestic clients, they shall file with the Exchange through the member service system.

The FB members shall require the domestic clients applying for the trading permissions to trade specified futures products to submit applications in paper along with the supporting documents including client profiles and statements on application willingness, and these documents shall be signed and stamped by the clients.

Article10 The 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 may be exempted from the provisions on clients' available fund requirement, knowledge test and trading experiences stated in these Operational Guidelines. While the clients mentioned in the preceding paragraph shall provide supporting documents issued by the futures brokers company through which they opened the accounts to prove that they have obtained trading permissions for specified futures products.

Article 11 The domestic and overseas trader who has passed the trader suitability evaluation and opened trading permission or trading code for specified futures products in other futures trading venues within the territory of the PRC may also be exempted from the provisions on clients' available funds requirement, knowledge test and trading experiences stated in these Operational Guidelines when it applying for the trading permission or trading code for the specified futures products of the Exchange. While if the domestic and overseas trader has opened trading permission(s) or trading code(s) for the specified futures product(s)listed on other futures trading venue(s) within the territory of the PRC through futures broker A and still would like to apply for the trading code or trading permission to trade the Exchange's specified futures products through futures broker B, it shall provide the supporting documents issued by the futures broker A that has opened account for it to prove that it has obtained the trading permission(s) for specified futures product(s).

Article 12 When the account-opening institutions opening accounts for the traders applying for trading specified futures products, they shall comply with relevant

provisions prescribed by the Detailed Rules and the Measures.

Article 13 In terms of the overseas traders who appoint the overseas brokers that have reached appointment agreements with the Exchange's FB members to open trading accounts, the overseas brokers shall, before opening accounts for the traders, issue the Certifying Letter on Clients' Compliance with the Trader Suitability Requirements for Specified Futures Products of Zhengzhou Commodity Exchange (see Appendix) so that the traders could submit the Certifying Letter as supporting documents along with the account-opening applications after they pass the review of trader suitability requirements.

Chapter 4 Requirement on Document Filing

Article 14 The account-opening institutions shall properly keep the original or copy materials on clients' available funds, clients' knowledge test scores, trading experiences and other certifying or relevant documents provided by clients for suitability evaluation, and shall archive such documents and keep them for no less than twenty (20) years for the inspections conducted by the Exchange and other regulatory authorities. The account-opening institutions shall keep the clients' materials confidential unless they are required to cooperate with legal investigations or inspections in accordance with law.

Chapter 5 Supplementary Provisions

Article 15 The Exchange shall reserve the right to interpret these Operational Guidelines.

Article 16 These Operational Guidelines shall enter into force from November 9, 2018.

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

Appendix: Certifying Letter on Clients' Compliance with Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange

Appendix:

Certifying Letter on Clients' Compliance with Trader Suitability Requirements for Specified Futures Products Trading of Zhengzhou Commodity Exchange

To Zhengzhou Commodity Exchange:

The herein letter is to certify that XXX with the ID type of XXX and No. of XXX has met with the following requirements on available funds, knowledge test and trading experiences prescribed for the suitability management system of traders trading the specified futures products of Zhengzhou Commodity Exchange:

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

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. shall have the trading experience in domestic or overseas futures exchanges as required by the Exchange.

Signature of the Account-Opening Operator:

Official Seal of the Account-Opening Institution:

Date: