

Revision Explanation

Shanghai International Energy Exchange (hereinafter referred to as "INE") hereby notifies to launch TSR 20 futures contract, so as to echo the Belt and Road Initiative, promote the sound combination between industry and finance, contribute to the supply-side reform and implement the open-up strategy of China's futures market, and fully open to overseas investors under the basic framework of "International Platform, Net Price Trading, Bonded Delivery and RMB Denomination".

I. Major characters of TSR 20

The underlying commodity of TSR 20 futures is Technically Specified Rubber 20, which is stable and not easy to deteriorate.

The TSR 20 is usually wrapped by pallets in polyethylene film, and the pallet shall be readily loaded onto or unloaded from racks and stacked. The TSR 20 shall be stored in a clean, dry, well-ventilated and temperature-friendly room, and transported by container or car. The basic unit for spot trading is "one pallet".

The quality of physically delivered TSR 20 shall meet or exceed the standards set out by the Exchange.

II. Similarities and differences between the trading rules of the TSR 20 futures and the natural rubber futures of SHFE

1. The trading unit, delivery unit, weight specified in standard warrant, trading hours, application period of hedging and arbitrage quota and the calculation method of final settlement price are the same as that of the natural rubber futures of SHFE.
2. The months of listed contracts, position limits in different stages, the valid period of the quality inspection report and standard warrants are different from that of the natural rubber futures of SHFE.

III. Major modifications in the business rules of TSR 20 futures contract

Under the framework of INE's existing business rules, the major modifications in TSR 20 futures are as follows. Firstly, the TSR 20 futures contract of the Shanghai International Energy Exchange and its appendix. Secondly, a new chapter regarding hedging and arbitrage trades of TSR 20 futures contract is added into the *Trading Rules of the Shanghai International Energy Exchange*. Thirdly, a new chapter of risk control parameters for TSR 20 futures contract is added into the *Risk Management Rules of the Shanghai International Energy Exchange*. Fourthly, a new chapter of TSR 20 futures delivery is added into *Delivery Rules of the Shanghai International Energy Exchange* so as to clarify the requirement in commodity registration, management of delivered commodities and validity of standard warrants. As the TSR 20 for delivery is subject to commodity registration, general provisions regarding commodity registration is also partially optimized in the *Delivery Rules of the*

Shanghai International Energy Exchange.

Meanwhile, in order to better attract overseas investment, Shanghai International Energy Exchange has adjusted its *Clearing Rules of the Shanghai International Energy Exchange*, stipulating that when an FF-Member undertakes a clearing authorization from an Overseas Special Participant or undertake a trading and clearing authorization from an Overseas Intermediary, no more clearing deposits is needed.