Appendix

**Measures for the Administration of the Natural Rubber Farmer Assistance Program of the Shanghai Futures Exchange**

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** These *Measures* are made in accordance with the *Futures and Derivatives Law of the People’s Republic of China*, *Provisions for the Categorized Supervision and Administration of Futures Companies*, *Articles of Association of the Shanghai Futures Exchange*, *General Exchange Rules of the Shanghai Futures Exchange*, and other relevant rules to regulate the Natural Rubber Farmer Assistance Program (“NR Assistance Program”) of the Shanghai Futures Exchange (the “Exchange”) and further align the futures market with the real economy.

**Article 2** The NR Assistance Program is composed of the natural rubber “insurance + futures” program and the Production Stabilization initiative.

For the purposes of these *Measures*, the “‘insurance + futures’ program” refers to the arrangement in which futures firms and their risk management companies work with insurers under the approval of the Exchange to provide agricultural risk management services to agricultural operators using futures prices as the basis for underwriting and claim settlement.

For the purposes of these *Measures*, the “Production Stabilization initiative” refers to the arrangement in which futures firms and their risk management companies, together with state farms and other agricultural operators, make the use of the futures market to provide agricultural risk management services to farmers under the approval of the Exchange.

**Article 3** The Exchange encourages institutional market participants to take part in the NR Assistance Program, using their expertise and being committed to sustainable development, so as to contribute to rural revitalization and other national initiatives and key sectors for China’s high-quality development of the agricultural industry.

**Article 4** These *Measures* apply to the futures firms and their risk management companies, insurers, agricultural operators, service recipients, and other entities relating to the NR Assistance Program organized with the Exchange’s support.

**CHAPTER 2 QUALIFICATION REQUIREMENTS**

**Article 5** Any futures firm or the risk management company thereof that intends to engage in the NR Assistance Program shall:

(i) have completed the filing with the China Futures Association for OTC derivatives business and not be suspended from engaging in new lines of business;

(ii) assign dedicated staff to oversee the operations of the program;

(iii) be qualified to open a dedicated program account; and

(iv) meet any other requirements prescribed by the Exchange.

**Article 6** Any insurer participating in the “insurance + futures” program must be qualified to engage in agricultural insurance and ensure the underwriting, claim settlement, and other procedures related to the program comply with the *Insurance Law of the People’s Republic of China*, the *Regulations on Agricultural Insurance*, the *Measures for the Administration of Underwriting and Claim Settlement of Agricultural Insurance*, and other relevant provisions.

Any agricultural operator participating in the Production Stabilization initiative must be one that directly engages in the planting, purchase, or processing of natural rubber or other natural rubber-related production or business activities.

**Article 7** Any service recipient participating in the NR Assistance Program must be one that directly engages in the agricultural production or business activities related to the relevant product.

**CHAPTER 3 PROCESS**

**Article 8** The Exchange’s NR Assistance Program is normally carried out on a project basis. The process of the NR Assistance Program includes, but is not limited to, creation of project plan, notification, submission of project proposals, proposal review, notification of result, signing of agreement, project management and publicity, completion review, payment, and project summary.

**Article 9** The Exchange prepares an annual work plan for the NR Assistance Program (“Annual Work Plan”) each year in accordance with the national agricultural policies. The relevant contents of the Annual Work Plan will be released to futures firms through a request for proposal notice, the contents of which include, but are not limited to, the subject product, timetable, requirements for the proposal, and the support scheme.

**Article 10** The Exchange will, pursuant to the request for proposal notice, organize qualified futures firms or their risk management companies to submit project proposals for the NR Assistance Program. Upon the review and approval of a project proposal, the Exchange will notify the corresponding futures firm or the risk management company thereof of the result by a formal letter or other appropriate means.

**Article 11** For any project that has passed proposal review, the Exchange and the project implementer will enter into a written agreement to set out such provisions as the basic information of the parties, the service to be rendered, rights and obligations, means and forms of support, and liabilities for breach of contract. The project implementer shall organize and implement the NR Assistance Program in an orderly manner in accordance with the rules of the Exchange, the requirements specified in the notice, and the written agreement.

**Article 12** The Exchange shall carry out process management for each project and has the right to require a project implementer to furnish such materials as the relevant insurance policies, details of the insured, confirmations of OTC options transactions, hedging records, and the claim settlement list, and will additionally inquire about the state of a project or conduct on-site reviews from time to time.

**Article 13** The Exchange will conduct a completion review on a project that has reached the end of its term. The project implementer shall submit the materials needed for the completion review on time and in accordance with the requirements of the written agreement.

**CHAPTER 4 SUPPORT SCHEME**

**Article 14** The Exchange supports the NR Assistance Program through payment of expenses or other means.

**Article 15** The Exchange will specify the payment method for the NR Assistance Program in the request for proposal notice and the payment standard in the award notice. In general, the payment standard is determined by the costs and expenses borne by the relevant futures firm and its risk management company.

For an “insurance + futures” program, the payment standard will cover the settlement amount of OTC options, profit or loss from on-exchange hedging, operating costs of the relevant insurance company, taxes, and other fees (the proportion of such fees relative to the total payment amount will be specified in the request for proposal notice). The total payment amount for a project is subject to the upper limit set out in the award notice.

For a Production Stabilization initiative, the payment standard will cover the settlement amount of OTC options, profit or loss from on-exchange hedging, taxes, and other fees (the proportion of such fees relative to the total payment amount will be specified in the request for proposal notice). The total payment amount for a project is subject to the upper limit set out in the award notice.

**Article 16** The Exchange will apply the relevant support policies to projects that meet the completion criteria and have passed the completion review.

**CHAPTER 5 SUPERVISION**

**Article 17** Upon discovering any violation of laws or regulations or any potential hazard in a project, the Exchange may take such actions against the project implementer as giving a warning, requiring rectification within a specified period, suspending or disqualifying it from submitting project proposals, and reducing or canceling project support. If the outcome of an implementation fails to meet the requirements or is notably below the average standard, the Exchange may take such actions against the project implementer as deducting points at proposal review, adjusting the support funding, and suspending it from submitting project proposals.

**Article 18** A project implementer shall properly retain the documents and materials relating to the NR Assistance Program. The documents to be retained by an insurer include the insurance policies, the list of policies written, and the claim settlement list, among others. The documents to be retained by a futures firm and its risk management company include the confirmations of OTC options transactions, the settlement statements of OTC options transactions, and the hedging records, among others. All the aforementioned documents shall be retained for no less than 20 years.

**CHAPTER 6 MISCELLANEOUS**

**Article 19** The Exchange may take actions against any futures firm or the risk management company thereof that violates these *Measures* in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 20** The Exchange reserves the right to interpret these *Measures*.

**Article 21** These *Measures* take effect as of the date of publication.