**MEMBERSHIP MANAGEMENT RULES OF THE SHANGHAI FUTURES EXCHANGE**

**(Revised Version)**

# CHAPTER 1 GENERAL PROVISIONS

**Article 1** These *Membership Rules* are made in accordance with the *Articles of Association* and the *General Exchange Rules of the Shanghai Futures Exchange* to strengthen the self-regulation of Members, protect their legitimate rights and interests, and regulate their business activities on or through the Shanghai Futures Exchange (“the Exchange”).

**Article 2** “Member” refers to an enterprise legal person or other economic organization that is approved by the Exchange to engage in futures trading activities on or through the Exchange subject to relevant laws, regulations, and administrative rules in relation to futures trading activities and the *Articles of Association* of the Exchange.

**Article 3** The Exchange, its Members, and their respective professional personnel shall observe these *Membership Rules*.

# CHAPTER 2 MEMBERSHIP

**Article 4** Members of the Exchange are classified into futures firm members (“FF Members”) and non-futures firm members (“Non-FF Members”) depending on their business scopes.

**Article 5** An applicant for membership shall:

(i) be an enterprise legal person or other economic organization in the Chinese mainland;

(ii) acknowledge and agree to abide by the *Articles of Association*, *General Exchange Rules*, and other business rules of the Exchange;

(iii) possess a registered capital of no less than thirty million yuan (RMB30,000,000) if applying for FF membership or of no less than ten million yuan (RMB10,000,000) if applying for non-FF membership;

(iv) have a good reputation and operating history without any record of serious violation of laws or of expulsion by a futures exchange in the most recent three (3) years;

(v) have a sound organizational structure, financial management system, and futures and options trading management framework;

(vi) have personnel who are licensed as futures market professionals, regular business premises, and the necessary facilities;

(vii) have obtained a *Futures Brokerage License* issued by the China Securities Regulatory Commission (the “CSRC”) if applying for FF membership; and

(viii) meet other requirements prescribed by the CSRC and the Exchange.

**Article 6** An applicant for membership shall submit the following documents and materials to the Exchange:

(i) an application form signed by its legal representative;

(ii) an *Enterprise Legal Person Business License* or *Business License* issued by an administration for industry and commerce;

(iii) its latest annual financial statements audited by an accounting or auditing firm;

(iv) a certificate of its right to use the domicile or business premise;

(v) documents evidencing its right to use the primary trading facilities and IT facilities; and

(vi) any other materials that the Exchange deems necessary.

**Article 7** In addition to the above, an applicant for FF membership shall also submit the following materials:

(i) a *Futures Brokerage License* issued by the CSRC;

(ii) its articles of association and rules on futures brokerage business; and

(iii) its organizational chart, resumes of its legal representative and key personnel in charge of futures trading activities, and a name list of its licensed futures market professionals.

**Article 8** An applicant for membership shall submit a written application form to the Exchange that specifies the followings:

(i) purpose and reasons for application;

(ii) written commitment to comply with the Exchange’s *Articles of Association* and rules;

(iii) its organizational and business structure;

(iv) a description of its futures trading activities over the most recent two (2) years; and

(v) other information required by the Exchange.

**Article 9** Within thirty (30) business days of receiving an application and all required materials, the Exchange shall refer the materials along with its opinion to the Membership Committee for preliminary review.

If the Membership Committee recommends admission and the Board of Directors agrees, the Exchange will send a notice of membership admission to the applicant.

**Article 10** Within thirty (30) business days of receiving a notice of membership admission, the applicant shall undertake the following procedures:

(i) post five hundred thousand yuan (RMB500,000) to the Exchange for a subscription of shares;

(ii) pay an annual membership fee of twenty thousand yuan (RMB20,000) if it is an FF Member or ten thousand yuan (RMB10,000) if it is a Non-FF Member;

(iii) post a clearing deposit of no less than the minimum amount specified by the Exchange;

(iv) open a futures dedicated fund account with a Designated Depository Bank;

(v) report to the Exchange the authorized personnel and specimen seal; and

(vi) handle other necessary procedures.

Any failure to complete any of these procedures within the prescribed time period shall be deemed as a waiver of the membership.

**Article 11** An applicant shall become a Member upon completing the above procedures. The Exchange will issue a membership certificate to the new Member and report to the CSRC.

**Article 12** Each Member is granted one (1) floor trading seat upon acquiring its membership and may apply to the Exchange for additional trading seats according to its business needs. An additional trading seat is valid for at least one (1) year and an annual fee of twenty thousand yuan (RMB20, 000) will be charged.

A Member may apply for a remote trading seat pursuant to established procedures and, in using such seat, shall strictly comply with applicable rules of the Exchange.

**Article 13** Members have the rights and obligations prescribed in the *Articles of Association* of the Exchange.

# CHAPTER 3 CHANGES OF MEMBERSHIP

**Article 14** Upon approval, membership may be transferred. Any unauthorized transfer of membership or a trading seat by means of contracting, leasing, or collateralization is prohibited.

**Article 15** In transferring membership, the transferor shall first submit a membership transfer application to the Exchange, while the transferee shall submit a membership application. If the Exchange confirms the transferee meets the membership criteria, the transferee and transferor shall enter into a *Membership Transfer Agreement*. After the agreement is reviewed by the Membership Committee and then approved by the Board of Directors, the transferor and transferee shall fulfill the procedures required at the Exchange.

**Article 16** In transferring membership, the transferor shall:

(i) close out its open positions;

(ii) settle all debts and credits with the Exchange;

(iii) return all receipts and certificates issued by the Exchange;

(iv) close its dedicated fund account;

(v) return all trading facilities of the Exchange; and

(vi) handle other necessary procedures.

The Member shall complete the transfer procedures within thirty (30) business days of receiving the Exchange’s written approval of the transfer.

**Article 17** A Member shall not transfer its membership if:

(i) it is being investigated by any competent authorities for any financial dispute, violation of laws, or crime;

(ii) it is being investigated by the Exchange for any suspected violation of rules or regulations;

(iii) the Exchange has imposed punishments, such as reprimand and suspension from trading futures or options, on it in the most recent three (3) months;

(iv) it has been a Member for less than one (1) year;

(v) its membership has been revoked by the Exchange; or

(vi) it has any pending debt dispute with the Exchange.

**Article 18** A legal person that acquires or merges with a Member or is established out of a merger with a Member, shall apply to the Exchange for succession to the membership of that Member, which succession shall be subject to the approval of the Board of Directors of the Exchange.

Such a legal person shall have priority over other persons for acquiring the said membership.

**Article 19** Upon approval of the Board of Directors, the membership of a Member shall be revoked if:

(i) its *Futures Brokerage License* is revoked by the CSRC or it is declared to be banned from the market;

(ii) it transfers, entrusts, or contracts its trading seat to others without authorization;

(iii) it suffers a grave shortfall in capital, staff, and equipment, is fraught with mismanagement, and fails to improve through rectification;

(iv) it refuses to carry out a resolution of the Members’ Assembly or the Board of Directors;

(v) it does not trade for three (3) consecutive months without justification; or

(vi) it has violated any national laws, regulations, or administrative rules or has severely breached the *Articles of Association* or the rules of the Exchange.

Where the membership of a Member is revoked, the Exchange will not refund the share subscription of five hundred thousand yuan (RMB500, 000) until a new Member is admitted in its place.

**Article 20** Within thirty (30) business days of receiving a membership revocation notice, the Member shall:

(i) close out its open positions;

(ii) settle all debts and credits with the Exchange;

(iii) return all receipts and certificates issued by the Exchange;

(iv) close its dedicated fund account;

(v) return all trading facilities of the Exchange; and

(vi) handle other necessary procedures.

**Article 21** The Exchange shall promptly report any change in membership to the CSRC.

**Article 22** A Member shall report to the Exchange in writing within ten (10) business days if it:

(i) changes its legal representative;

(ii) changes its registered capital or shareholding structure;

(iii) changes its name, domicile or business premise, scope of business, or contact information;

(iv) establishes, takes over, or terminates a branch;

(v) changes the business premise, principal, or scope of business of its branch;

(vi) experiences a material change in business operation;

(vii) is involved in a lawsuit or financial dispute worth more than five hundred thousand yuan (RMB500,000);

(viii) stops trading futures or options;

(ix) is admitted to membership of another exchange;

(x) is investigated or punished by any competent authority or is punished by any other exchange for any suspected violations; or

(xi) encounters any other event required to be reported by the Exchange.

# CHAPTER 4 REGULATION

**Article 23** All Members and their professional personnel shall comply with applicable national laws, regulations, and policies, as well as the *Articles of Association*, rules, and measures of the Exchange and shall accept the regulation by the CSRC and the Exchange.

**Article 24** The Exchange may require a Member to make rectification within a specified time period if:

(i) the Member exercises poor financial management, suffers from persistent losses or weak business performance, or becomes significantly less solvent; or

(ii) any serious problem of the Member is identified in an annual audit.

If the Member fails to make rectification within the specified time period, the Exchange has the right to suspend it from trading futures or options or, upon approval of the Board of Directors, revoke its membership.

**Article 25** A Non-FF Member shall not open an account with an FF Member, except as otherwise prescribed by the Exchange.

**Article 26** An FF Member shall not accept a person as a Client, if such person:

(i) does not have full civil capacity;

(ii) fails to provide an authorization letter issued by its legal representative if it is an institution;

(iii) is an employee of the Exchange or the FF Member;

(iv) is declared to be banned from the market by the CSRC;

(v) is either a Delivery Warehouse or its staff member; or

(vi) is otherwise excluded by administrative regulations, the CSRC, or the Exchange.

**Article 27** If a Client designates another person to place trading orders or transfer funds, the Client shall provide a written authorization letter that bears its or its legal representative’s signature and its common seal.

If the said person fails to provide an authorization letter or the authorization is unclear, the FF Member shall not permit the person to conduct trading activities on behalf of the Client.

**Article 28** An FF Member shall verify the identity, credit standing, and trading qualifications of a Client before entering into any trading activities on behalf of the Client.

If the trading funds are not from the Client’s account, the Client shall provide evidence of its lawful right to use the funds.

If the Client is a state-owned enterprise, the FF Member shall verify the document signed by its legal representative to approve its futures trading activities.

**Article 29** An FF Member shall segregate its own funds from its Clients’ margin funds. The Clients’ margin funds shall be placed in a dedicated account and shall not be misappropriated. An independent accounting item shall be created to show movements of margin funds for each Client. The futures brokerage contract, the trading code, the settlement statement, and the accounting ledger of a Client shall match with each other. The settlement statement shall not substitute for the accounting ledger.

When a Client deposits or withdraws funds, the FF Member shall require the Client or its authorized person to sign or seal corresponding financial vouchers.

An FF Member shall not use its Clients’ margin funds to carry out its business activities or settle its debt obligations. Without authorization, it shall not allow others to use such funds, or offer the funds as a security for others’ business activities.

**Article 30** An FF Member shall execute a Client’s trading order in a prompt and proper manner. After an order is executed, the Member shall immediately notify the Client. Without the Client’s authorization, the Member shall not trade futures on behalf of the Client.

**Article 31** An FF Member shall improve the procedures by which its Clients confirm trading orders and trading settlement materials.

**Article 32** In executing a forced position liquidation against a Client for the purpose of risk control, the FF Member shall comply with the terms and conditions set forth in the contract between them and notify the Client as agreed therein.

An FF Member shall not allow a Client with insufficient margin to trade.

**Article 33** An FF Member, engaged by its Clients to trade futures, shall not make up or spread false information to mislead the Clients.

**Article 34** An FF Member shall not defraud its Clients by any means.

**Article 35** Members shall safeguard the Exchange’s reputation and assist the Exchange in handling various emergencies and abnormal events. When an emergency or abnormal event occurs, the relevant FF Member shall provide adequate explanations to its Clients.

**Article 36** A Member shall participate in all activities and conferences organized by the Exchange and shall obtain the prior consent of the Exchange for any unavoidable absence.

**Article 37** All professional personnel of a Member shall meet the qualifications prescribed by the CSRC with regard to futures market professionals.

**Article 38** Any professional personnel of a Member that engages in trading, delivery, and clearing activities on or through the Exchange shall be authorized by the Member, attend the Exchange’s training program, and obtain the qualification certificate. A professional may only be employed by one Member at a time and may not hold concurrent posts at other Members.

A Member shall be fully responsible for the business activities that its employees conduct on or through the Exchange.

**Article 39** If a Member’s membership is transferred or canceled, the authority it has given to its employees shall be void.

# CHAPTER 5 MISCELLANEOUS

**Article 40** Any violations of these *Membership Management Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 41** The Exchange reserves the right to interpret these *Membership Management Rules*.

**Article 42** These *Membership Management Rules* take effect on October 23, 2024.