

Operational Guidelines of China Financial Futures Exchange on Trader Suitability Regime

Chapter I General Provisions

Article 1 These Guidelines are formulated in accordance with the *Measures of China Financial Futures Exchange on the Management of Trader Suitability Regime* (the “Measures”) for the purposes of implementing the suitability regime for financial futures traders and regulating the relevant business operations of futures-company members.

Chapter II Operational Requirements on Suitability Criteria for Financial Futures Traders

Section 1 Basic Knowledge

Article 2 Institutional clients’ relevant personnel and individual clients shall possess the basic knowledge of futures trading and understand the relevant rules of China Financial Futures Exchange (the “Exchange”).

Article 3 A futures-company member may identify the knowledge of its clients through a test given online through the Futures Investor Suitability Knowledge Test Platform of the China Futures Association. The knowledge test is scored on a scale of 0 to 100 with a passing score of 80 and shall be personally taken by each designated order placement person of an institutional client or each individual client without outside aid. Proxy test-taking is prohibited.

Section 2 Trading Experience

Article 4 For mock trading experience, a client shall provide the settlement statements and other materials, issued by securities companies, futures companies or other institutions, on the mock trading of futures or options contracts conducted through the joint testing system and mock trading system of domestic trading venues, to certify that it has conducted mock trading for no less than 10 trading days and executed at least 20 mock trades.

Article 5 For domestic trading experience, a client shall provide the settlement statements and other materials, issued by securities companies, futures companies or other institutions, to certify that it has executed at least 10 actual trades in futures contracts, options contracts, or other centrally cleared derivatives (e.g. swaps) in the past 3 years.

Article 6 Any order executed through multiple fills shall be considered as one trade. All the aforementioned trading records shall only include executed transactions of actual or mock trading.

Section 3 Available Funds

Article 7 The available balance in a client’s margin account shall be calculated based on the margin collected by its carrying futures-company member.

Article 8 Before applying for a trading code for its client, a futures-company member shall confirm that at the time of completion of daily clearing on each of the five consecutive trading days before the date of application, the available balance in the client's margin account is not less than that required by the Exchange.

Section 4 Compliance and Credibility Status

Article 9 A futures-company member shall obtain its clients' credibility information through multiple channels and, based on the information maintained in relevant national credit reference systems, comprehensively evaluate the clients' credibility status. A futures-company member shall expressly inform its clients of the rules and requirements concerning the prohibition or restriction of futures trading.

Article 10 A futures-company member shall inquire about its clients' credibility status through the Securities and Futures Market Illegality and Dishonesty Record Inquiry Platform of the China Securities Regulatory Commission, the Industry Information Management Platform of the China Futures Association, and other relevant platforms. A futures-company member may also require its client to issue a written statement to the effect that the client satisfies the compliance and credibility requirements prescribed in the Measures and will be liable for the consequences of false statements.

Section 5 Internal System of Institutional Clients

Article 11 To apply for a trading code, an institutional client shall have robust internal control, risk management and other futures trading management frameworks, such as rules or procedures on futures trading decision-making, order placement, funds transfer, and risk management.

Chapter III Other Requirements

Article 12 To exempt its client from certain suitability evaluation criteria pursuant to Articles 6 and 7 of the Measures, a futures-company member shall require the client to provide supporting materials on the satisfaction of the corresponding exemption requirements.

Article 13 Where a client requests its carrying futures-company member to issue supporting materials on its trading experience, permission to trade other listed products or other information, the futures-company member shall do so based on facts.

Article 14 Futures-company members shall properly keep safe clients' account opening materials, including the supporting materials certifying their clients' satisfaction of the basic knowledge, trading experience, available funds, and compliance and credibility requirements and any other requirements of the suitability regime.

Clients shall not provide any declarations, statements, explanations, or clarifications that contain false or misleading information or material omission.

Chapter IV Ancillary Provisions

Article 15 The Exchange reserves the right to interpret these *Guidelines*.

Article 16 These *Guidelines* shall come into effect on December 23, 2019.