

# **Guidelines of China Financial Futures Exchange on the Management of Futures-Company Member Qualifications**

**Article 1** These Guidelines are formulated in accordance with the *Measures of China Financial Futures Exchange on Membership Management* for the purposes of clarifying the eligibility criteria of futures-company members of China Financial Futures Exchange (the “Exchange”) and regulating the management of their qualifications.

**Article 2** A futures company applying for Trading Membership shall meet the requirements under Article 7 and Article 8 of the *Measures of China Financial Futures Exchange on Membership Management*.

**Article 3** A futures company applying for Trading Membership shall submit the following application materials to the Exchange:

- (1) materials prescribed by Article 10 of the *Measures of China Financial Futures Exchange on Membership Management*;
- (2) documents certifying its license for engaging in financial futures brokerage activities;
- (3) end-of-month risk-based regulatory statements for the two months before the date of application, and a written statement that its risk-based regulatory indicators have met the prescribed standards on an ongoing basis in those two months.

**Article 4** A futures company applying for Clearing Membership shall meet the following basic requirements:

- (1) the requirements under Article 7 of the *Measures of China Financial Futures Exchange on Membership Management*;
- (2) be licensed to engage in financial futures brokerage activities;
- (3) have detailed plans for financial futures clearing business, covering organizational setup, staffing, job responsibilities, the financial futures clearing management framework, and risk management framework, among others;
- (4) the personnel in charge of the clearing and risk management departments and relevant functions shall have more than two years of experience of managing a futures company’s trading, clearing, or risk management department or relevant functions;
- (5) have the futures industry professionals necessary for financial futures clearing business;
- (6) its risk-based regulatory indicators shall continuously conform to the prescribed standards within the two months before the date of application; and

- (7) meet the Exchange's technical requirements for financial futures infrastructure.

**Article 5** A futures company applying for Trading Clearing Membership shall meet the following requirements in addition to the basic requirements under Article 4 of these Guidelines:

- (1) have a net capital of no less than RMB 100 million;
- (2) have recorded at least one profitable year in the three fiscal years before the date of application;
- (3) the average total quarter-end equity of its clients in the four quarters before the date of application shall be no less than RMB 500 million; and
- (4) meet other requirements prescribed by the Exchange.

**Article 6** A futures company applying for General Clearing Membership shall meet the following requirements in addition to the basic requirements under Article 4 of these Guidelines:

- (1) have a net capital of no less than RMB 300 million;
- (2) have recorded three consecutive profitable fiscal years immediately before the date of application;
- (3) the average total quarter-end equity of its clients in the four quarters before the date of application shall be no less than RMB 1.5 billion; and
- (4) meet other requirements prescribed by the Exchange.

**Article 7** A futures company applying for Clearing Membership shall submit the following application materials to the Exchange:

- (1) the membership application form;
- (2) the membership registration form;
- (3) a photocopy of its Business License and documents certifying its license for engaging in financial futures brokerage activities;
- (4) the resolution of its shareholder's meeting or the board of director concerning its application for Clearing Membership of the Exchange;
- (5) its plans for financial futures clearing business;
- (6) the Information Form for futures practitioners required by the Exchange;
- (7) its articles of association, list of major shareholders and their respective shareholding;
- (8) proof of its right to use the domicile (business premises);

- (9) materials for technical preparation;
- (10) overview of its system regarding futures business management, financial management, risk management, internal control and management of futures practitioners;
- (11) its end-of-month risk-based regulatory statements for the two months before the date of application, and a written statement that its risk-based regulatory indicators had been meeting the prescribed standards on an ongoing basis in those two months;
- (12) its financial reports for the three fiscal years before the date of application, audited by an accounting firm qualified to provide services in the securities and futures industry, and, if the application is submitted in the second half of the year, the audited financial report for the first half of the year;
- (13) the total quarter-end client equity information form for the four quarters before the date of application;
- (14) a written guarantee of compliance with the requirements under items (3) and (4) of Article 7 of the *Measures of China Financial Futures Exchange on Membership Management*;
- (15) the agreement with the relevant General Clearing Member on terminating the clearing relationship, if the applicant has already obtained Trading Membership of the Exchange; and
- (16) other documents or materials required by the Exchange.

**Article 8** The Exchange reserves the right to interpret these *Guidelines*.

**Article 9** These *Guidelines* shall come into effect on March 9, 2020.