**Appendix 11:**

# CLEARING RULES OF THE SHANGHAI FUTURES EXCHANGE

# (revised)

**CHAPTER 1 GENERAL PROVISIONS**

**Article 1** These *Clearing Rules* are made in accordance with the *General Exchange Rules of the Shanghai Futures Exchange* to regulate the clearing of futures trades on or through the Shanghai Futures Exchange (the “Exchange”), protect the lawful rights and interests of futures market participants and the public interest, as well as prevent and mitigate the risks of the futures market.

**Article 2** “Clearing” refers to the calculation and transfer of margin, profits and losses, transaction fees, delivery payments, and other relevant funds of the Members pursuant to the trading results and applicable rules of the Exchange.

**Article 3** The Exchange implements margin requirements, daily mark-to-market, risk reserve, and other clearing arrangements.

**Article 4** The Exchange performs clearing services for its Members, and each Futures Firm Member (“FF Member”) provides clearing services to its Clients, the Overseas Special Participants (“OSPs”) that entrust the FF Member to conduct clearing, and the Overseas Intermediaries that entrust the FF Member to conduct trading and clearing (the aforementioned Clients, OSPs and Overseas Intermediaries are collectively referred to as “Clearing Delivery Principals”).

Each Overseas Special Brokerage Participant (“OSBP”) or Overseas Intermediary provides clearing services to its Clients.

**Article 5** These *Clearing Rules* apply to all kinds of clearing activities on or through the Exchange and shall be observed by the Exchange, Members, OSPs, Overseas Intermediaries, Clients, designated futures margin depository banks (“Designated Depository Banks”) and their relevant staff.

## CHAPTER 2 THE CLEARING HOUSE

**Article 6** “Clearing house” refers to a department set within the Exchange for clearing. The clearing house is responsible for clearing futures transactions on the Exchange, managing margins, and preventing clearing risks.

**Article 7** The primary duties of the clearing house include:

(i) controlling clearing risks;

(ii) creating and preparing clearing statements for Members;

(iii) processing funds transfers;

(iv) compiling, recording, and reporting clearing data, among others;

(v) resolving financial disputes of Members arising from trading;

(vi) handling delivery settlement and other businesses;

(vii) managing margins in accordance with applicable rules.; and

(viii) conducting other clearing businesses in accordance with applicable rules.

**Article 8** All the contracts executed through the Exchange shall be centrally cleared by the clearing house.

**Article 9** The Exchange may examine any documents of any Member, OSP, Overseas Intermediary, or Client that relate to futures trades executed on the Exchange, including trading records, clearing materials, financial statements, supporting documents, and account books. Members, OSPs, Overseas Intermediaries, and Clients shall cooperate with such examinations.

**Article 10** Each Member shall set up a department with clearing functions. The department is responsible for clearing between the Member and the Exchange as well as the Clearing Delivery Principals and shall properly retain the trading records, clearing materials, financial statements, supporting documents, and account books for future inquiry and verification.

**Article 11** A settlement and delivery personnel is an individual authorized by the legal representative of a Member to conduct clearing and delivery on behalf of the Member. Each Member shall appoint at least two (2) settlement and delivery personnel.

A settlement and delivery personnel shall meet the qualifications prescribed by the China Securities Regulatory Commission (“CSRC”) with regard to futures market professionals; obtain a *Settlement and Delivery Personnel Training Certificate of the Shanghai Futures Exchange* after completing the training courses organized by the Exchange; and, with the authorization of the Member, obtain a *Settlement and Delivery Personnel Certificate of the Shanghai Futures Exchange* (the “*Settlement and Delivery Personnel Certificate*”).

**Article 12** The duties of a settlement and delivery personnel include:

(i) conducting funds deposits and withdrawals for the Member;

(ii) timely accessing and verifying the clearing data provided by the Exchange;

(iii) posting and withdrawing margin collaterals;

(iv) handling procedures for physical delivery; and

(v) undertaking other clearing and delivery businesses.

**Article 13** When undertaking clearing and delivery businesses at the Exchange, a settlement and delivery personnel shall present his or her *Settlement and Delivery Personnel Certificate*, or the Exchange will reject to handle.

**Article 14** A *Settlement and Delivery Personnel Certificate* can only be used by the certificate holder; any forgery, alteration, borrowing, or lending thereof is prohibited.

**Article 15** The clearing related parties and their employees shall maintain the secrecy of all confidential business information regarding clearing.

## CHAPTER 3 DAILY CLEARING

**Article 16** The Exchange will, depending on business needs, open a multi-currency, dedicated settlement account at each DesignatedDepository Bank to deposit the margin and other relevant funds from Members.

**Article 17** Each Member shall, depending on business needs, open a multi-currency, dedicated margin account at a Designated Depository Bank to deposit margin and other related funds. In particular, such dedicated margin account opened with a designated office of a Designated Depository Bank as required by the Exchange shall be used as the Member’s futures dedicated fund account.

**Article 18** The transfer of funds between the Exchange and a Member related to futures trading on the Exchange shall be conducted between the dedicated settlement account of the Exchange and the futures dedicated fund account of the Member.

**Article 19** The Exchange shall keep the margin deposited by Members in its dedicated settlement accounts segregated from all other funds, and maintain a ledger for each Member to record and verify such amounts of the Member as funds deposits and withdrawals, profits and losses, option premiums, trading margin, and fees in chronological order on a daily basis.

For every OSP that a Member agrees to provide clearing service to, the Exchange will provide a separate internal ledger for the Member to record and verify such amounts of the OSP as funds deposits and withdrawals, profits and losses, option premiums, trading margin, and fees in chronological order on a daily basis.

**Article 20** An FF Member, OSBP, and Overseas Intermediary shall keep margin segregated from all other funds, and maintain a ledger for each Client to record and verify such amounts of the Client as funds deposits and withdrawals, profits and losses, option premiums, trading margin, and fees in chronological order on a daily basis. Funds transfers between an FF Member and its Client for futures trading shall be conducted through the FF Member’s dedicated margin account and the Client’s futures settlement account.

A Member shall, in compliance with the preceding paragraph, separate the margin deposited by those OSPs that receive its clearing service from the margin deposited by those Overseas Intermediaries that receives its trading and clearing services.

**Article 21** The Exchange has the right to collect any receivables from a Member’s futures dedicated fund account through the relevant Designated Depository Bank without notifying the Member, and to inquire the balance and transaction history of the account at any time.

**Article 22** A Member who intends to open, rename, change, or close its futures dedicated fund account shall submit an application to the Exchange and, upon approval of the Exchange, will receive an Account Update Notice from the clearing house of the Exchange. The Member shall complete relevant procedures at the Designated Depository Bank by presenting the Notice.

**Article 23** In the case of a transfer of membership, the transferee shall open a new futures dedicated fund account.

**Article 24** The Exchange implements margin requirements. Margin is classified into clearing deposit and trading margin.

The clearing currency of the Exchange is Renminbi (RMB).

**Article 25** “Clearing deposit” refers to the funds deposited by a Member in the dedicated settlement account of the Exchange for trade settlement. It is the portion of margin that is not yet used by existing open positions of the Member.

**Article 26** An FF Member shall maintain a minimum clearing deposit of two million yuan (RMB2,000,000). A Non-FF Member shall maintain a minimum clearing deposit of five hundred thousand yuan (RMB500,000).

Where a Member agrees to provide clearing service to an OSP or trading and clearing services to an Overseas Intermediary, the minimum clearing deposit in the corresponding internal ledger of the Member will be separately announced by the Exchange.

**Article 27** The minimum clearing deposit of a Member shall be paid in RMB with its own funds.

**Article 28** The Exchange calculates the interests earned by each Member based on the current-day cash balance of its clearing deposit. The accrued interests are added to each Member’s clearing deposit on the business day following the day on which the Designated Depository Bank makes interest payment to the Exchange in March, June, September, and December. The interest rate in effect shall be as determined, adjusted, and announced by the Exchange.

**Article 29** “Trading margin” refers to the funds deposited by a Member in the dedicated settlement account of the Exchange for performance guarantee. It is the portion of margin already in use to maintain existing open positions of the Member. After a futures trade is executed, the Exchange will collect trading margins at a prescribed percentage of the contract value or using another method prescribed by the Exchange.

The Exchange may collect trading margin based on the gross positions, net positions, or portfolios.

The Exchange may collect the trading margin from only one side for:

(i) long and short positions held by a Client in the same product through the same FF Member or OSBP(except for those futures contracts held after market close on the 5th trading day preceding the last trading day), whichever side has a higher margin requirement;

(ii) long and short positions held by a Non-FF Member or OSNBP in the same product through the Exchange(except for those futures contracts held after market close on the 5th trading day preceding the last trading day), whichever side has a higher margin requirement; and

(iii) any other circumstances otherwise deemed necessary by the Exchange.

**Article 30** The minimum standard of trading margin for each futures contract is set forth in its specifications. The specific standard required at different stages in the contract’s life cycle shall be determined in accordance with the provisions of the futures rules for the particular products and the *Risk Management Rules of the Shanghai Futures Exchange*.

**Article 31** Any margin funds collected by a Member from its Clearing and Delivery Principal shall be owned by the Clearing and Delivery Principal and deposited in the dedicated margin account.

Margin shall not be used for any purposes in violation of rules other than for trading and clearing.

**Article 32** The trading margin collected by a Member from its Clearing and Delivery Principal shall not be lower than that collected by the Exchange from the Member.

**Article 33** The Exchange implements daily mark-to-market.

“Daily mark-to-market” means that after market close on a trading day, the Exchange will clear the profits and losses, trading margin, fees, taxes, and other charges for all contracts based on their corresponding settlement prices for that day, and transfer the net balance of receivables and payables by adding it to or deducting it from the relevant Members’ clearing deposit accordingly.

**Article 34** The Exchange will charge Member transaction fees at the applicable rate based on the volume of contracts it executes on that day. The Exchange may adjust the transaction fee rates for some or all contracts based on market conditions.

The Exchange may charge certain or all Clients, Members, or OSPs order fees and other fees at applicable fee rates on such basis as the number of orders placed or canceled.

Specific fee rates will be separately announced by the Exchange.

The Exchange may reduce the transaction fees payable by the Members, the schemes of which shall be separately formulated and adjusted by the Exchange based on the market situation.

Members shall regulate the use of transaction fees reduced by the Exchange in accordance with laws, regulations, administrative rules and relevant rules of the Exchange, and shall not reduce the transaction fees payable by high-frequency traders identified by the Exchange.

**Article 35** The settlement price for a futures contract on a given day is the trading-volume-weighted average of all execution prices of the contract.

If no trade is executed, the settlement price shall be established as follows:

(i) if, by market close on that day, there are unexecuted bids or asks for that contract in the Exchange’s electronic system, the median of the best bid, the best ask, and the settlement price on the preceding trading day will be the settlement price;

(ii) if, during the last five (5) minutes before market close on that day, there are only bids or asks at the limit price in the Exchange’s electronic system, then the limit price will be the settlement price; or

(iii) in cases other than those described in sub-paragraphs (i) and (ii), the settlement price shall be established as follows:

1. If the price variation (%) of the nearest contract on that trading day is no greater than the price limit of the untraded contract, the settlement price = the settlement price of the previous trading day of the untraded contract × (1 ± the price variation (%) of the nearest contract);

2. If the price variation (%) of the nearest contract on that trading day is greater than the price limit of the untraded contract, then the settlement price of the contract = the settlement price of the contract on the preceding trading day x (1 ± current-day price limit of the contract);

3. If no contract prior to the untraded contract is traded on that day, which implies that the price variation (%) of the nearest contract cannot be determined, then the settlement price of the contract = the settlement price on the preceding trading day of the untraded contract.

If, by market close on the trading day preceding the listing day of a new futures contract for a particular product, there is no executed trade or open interest in all futures contracts for that product on that day, then the settlement price for all said futures contracts on that day shall be determined based on the listing benchmark price of the new futures contract.

**Article 36** The current-day settlement price of a futures contract shall be the basis for calculating its profits and losses, as follows:

Current-day profits and losses = Σ [(selling price - current-day settlement price) x selling volume] + Σ [(current-day settlement price - buying price) x buying volume] + (settlement price on the preceding trading day - current-day settlement price) x (short positions for the preceding trading day – long positions for the preceding trading day).

**Article 37** The current-day profits or losses of a Member shall respectively be credited to or debited from the Member’s clearing deposit at daily clearing.

Any excess or deficiency of the trading margin on the current day relative to that on the preceding trading day shall respectively be debited from or credited to the Member’s clearing deposit.

Expenses such as transaction fees, taxes, and option premiums shall also be debited from the Member’s clearing deposit.

Payments including profits and losses, fees, option premiums, and delivery payments shall be made with cash in RMB.

**Article 38** The clearing deposit balance is calculated as below:

Clearing deposit balance of the day = the clearing deposit balance + preceding trading day’s trading margin - current-day trading margin + actual available margin paid with assets of the day - preceding trading day’s actual available margin paid with assets + current-day profits and losses + current-day option premium paid or received + funds deposits - funds withdrawals - fees and other costs.

The specific method for calculating the actual available margin paid with assets can be found in relevant provisions of Chapter 6.

**Article 39** After the clearing for the day trading is completed, the clearing result shall be regarded as a margin call if a Member’s clearing deposit in any internal ledger with the Exchange is below the required minimum, and the difference between the two shall be the amount of margin to be added.

**Article 40** After the Exchange issues a margin call, it may, via the Designated Depository Bank, debit the amount of additional margin from the Member’s futures dedicated fund account. If a deficiency still exists, the Member shall bring the clearing deposit back to the required minimum before market open on the following trading day; failing which, if it’s balance of clearing deposit in any internal ledger with the Exchange is greater than or equal to zero (0) but less than the prescribed minimum, no new positions may be opened by the corresponding Member or OSP; if the balance is less than zero (0), the Exchange will implement forced position liquidation and other measures pursuant to the provisions in the *Risk Management Rules of the Shanghai Futures Exchange*.

**Article 41** The Exchange may, based on market risks and changes in margin, perform clearing during trading and issue a margin call to relevant Member. The Member shall pay the additional margin within the specified time period, or the case will be handled according to the foregoing Article.

**Article 42** After the clearing for the day trading is completed, a Member’s clearing deposit in RMB in any internal ledger with the Exchange shall not be lower than the required minimum; otherwise, the Exchange may debit the corresponding RMB amount from the Member’s futures dedicated fund account. If a deficiency still exists, the Member shall bring the clearing deposit back to the required minimum before market open on the following trading day; failing which, the Exchange may make up the deficiency by converting the Member’s foreign currency funds in the Exchange’s dedicated settlement account or the Member’s futures dedicated fund account into RMB funds.

**Article 43** A Member may transfer funds through the following methods:

(i) Bank transfer. The Member shall apply, via the Member Service System or by other means as prescribed by the Exchange, to deposit and withdraw funds.

If a deposit application is submitted before market close and approved by the Exchange, the deposit will be effectuated before the daily clearing.

If a withdrawal application is submitted before market close and approved by the Exchange, the withdrawal will be effectuated together with other approved withdrawals after the daily clearing. Funds transfers will not be effectuated during trading hours, unless an exceptional event occurs.

The deposit and withdrawal will be effectuated on the next trading day if the application is submitted after the daily clearing.

(ii) Bill payment. The Member may make a deposit with a check, promissory note, or credit transfer note drawn on its futures dedicated fund account. After the Designated Depository Bank confirms the receipt of the deposit, the Exchange will increase the Member’s clearing deposit accordingly no later than the start of the next trading session.

This method is only applicable to funds deposits.

**Article 44** A Member shall withdraw funds in accordance with applicable rules of the Exchange. Specifically:

(i) when the actual available margin paid with assets is equal to or greater than 80% of the trading margin;

available amount for withdrawal = current cash balance – trading margin × 20% – minimum clearing deposit balance

(ii) when the actual available margin paid with assets is less than 80% of the trading margin;

available amount for withdrawal = current cash balance – (trading margin – actual available margin paid with assets) – minimum clearing deposit balance

“Current cash balance” refers to the total amount of the RMB cash balance and the RMB equivalent of the foreign currency funds after haircut. The method of foreign currency conversion is specified in Chapter 6 of these *Clearing Rules*.

The Exchange may adjust withdrawal limit based on market risk conditions and eligible foreign currencies.

**Article 45** If a Member, OSP, Overseas Intermediary, or Client falls under any of the following circumstances, the Exchange may limit the withdrawal of funds by the Member, require the Member to limit the withdrawal of funds by the OSP or Overseas Intermediary, and require the Member, OSBP, or Overseas Intermediary to cooperatively limit the withdrawal of funds by its Clients:

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

(ii) it is under an ongoing formal investigation by the Exchange, judicial or other relevant authorities as a result of any complaint, report, or transaction dispute;

(iii) in the opinion of the Exchange, the market is facing significant risks; or

(iv) the Exchange otherwise deems it is necessary to do so.

**Article 46** After the completion of clearing on each trading day, a Member shall obtain relevant clearing data via the Member Service System.

**Article 47** If the Exchange is unable to provide clearing data as scheduled due to exceptional events, it will notify Members of when these data will be provided.

**Article 48** A Member shall, on a daily basis, timely obtain, verify, and keep secure the clearing data for at least twenty (20) years or, if relevant futures transaction is under dispute, until the dispute is resolved.

**Article 49** If a Member has any objection against the clearing data, it shall send a written notice to the Exchange no later than thirty (30) minutes before market open on the following trading day. In case of an exceptional event, the Member may send the written notice within two (2) hours after market open on the following trading day. If the Member raises no objection to the clearing data within the specified time period, it shall be deemed to have accepted such data as accurate.

**Article 50** After daily clearing, the Exchange will transmit funds transfer data for each Member to the corresponding Designated Depository Bank, which shall timely inform the Exchange of the transfer results.

**Article 51** The Exchange will, on the first trading day of each month, provide each Member with the *Funds Settlement Statement of the Shanghai Futures Exchange* (stamped with SHFE CLEARING) and the *Invoice of the Shanghai Futures* *Exchange* (on transaction fees) for the preceding month for the Member’s verification.

**Article 52** A Member shall enhance the management over its settlement and delivery personnel and require them to follow standard operating procedures, especially to protect its passwords from theft or disclosure.

**Article 53** A Member and its Clearing and Delivery Principal may apply to the Exchange for a transfer of positions if:

(i) the Member is no longer able to engage in futures-related activities for any reason;

(ii) the Member is merged, split, closed down, dissolved, or bankrupt;

(iii) the clearing relationship between the two changes; or

(iv) any other event requiring such transfer occurs as prescribed by the Exchange.

The Exchange may require one or more application documents, including a statement that both the Member and the new carrying Member consent to such transfer, a statement that the Client consents to such transfer, a statement on change of clearing relationship, and a detailed list of relevant positions. Particularly, in the event of any circumstance specified in sub-paragraphs (i) and (ii), materials including a letter of approval from the relevant regulatory authority, and documents proving that the Clients are informed of the transfer shall also be submitted.

**Article 54** Under exceptional circumstances, such as when a Member goes bankrupt but has not applied for position transfer, the Exchange may implement a contingency plan of position transfer for related Clients to protect their rights and interests.

**Article 55** After approving a position transfer application, the Exchange will, together with the relevant Members, agree on the settlement date for the transfer.

**Article 56** The Exchange shall, after the daily clearing on the agreed date, transfer the positions and provide pre-transfer and post-transfer settlement statements to the relevant Members.

**Article 57** The transfer shall cover positions and trading margin, but excluding any other amounts such as the minimum clearing deposit balance, profits or losses, transaction fees, and taxes.

**Article 58** Relevant Members shall verify the information on pre-transfer and post-transfer positions and funds. Once confirmed, no information shall be changed.

## CHAPTER 4 CLEARING FOR PHYSICAL DELIVERY

**Article 59** A Member who conducts physical delivery shall pay delivery fees to the Exchange in accordance with relevant rules.

**Article 60** Delivery payment is cleared with the buyer making payment first. Delivery payment may be made through in-house transfer or bank transfer. Members who choose in-house transfer shall submit an In-House Transfer Application to the Exchange by 2:00 p.m. on the second delivery day at the latest, and the Exchange will transfer the delivery payment between the Members’ clearing deposits. If the Members choose bank transfer, the relevant buyer may transfer the delivery payment to the dedicated settlement account of the Exchange in the form of credit transfer notes, promissory notes, cheques, or such other forms as recognized by the Exchange; the relevant seller will receive the delivery payment in the futures dedicated fund account of its carrying Member.

If a Member fails to make the delivery payment on behalf of the relevant buyer before 2:00 p.m. on the second delivery day, the Exchange may transfer the delivery payment from the Member’s clearing deposit.

**Article 61** The benchmark price for delivery settlement of a futures contract is its settlement price on the last trading day. To the extent of any inconsistency between these *Clearing Rules* and the futures rules for the particular products, the product rules shall prevail. The commodity for delivery shall be priced at the benchmark price for delivery settlement plus any premiums or discounts for different grades and qualities as well as for the benchmark and non-benchmark delivery warehouse.

**Article 62** The Exchange shall issue special value-added tax (“VAT”) invoices to the buyers’ carrying Members and collect special VAT invoices from the sellers’ carrying Members. Buyers’ carrying Members shall issue special VAT invoices to the buyers and collect special VAT invoices from the Exchange. Sellers’ carrying Members shall issue special VAT invoices to the Exchange and collect special VAT invoices from the sellers.

Sellers’ carrying Members shall deliver special VAT invoices to the Exchange on the fifth business day following the last trading day at the latest.

**Article 63** If the special VAT invoice submitted by a Member is overdue for three (3) to ten (10) days, an overdue fine of 0.5‰ of the delivery payment will be imposed on the Member for each day of delay; if overdue for eleven (11) to thirty (30) days, 1‰ of the delivery payment will be imposed as a fine for each day of delay; if overdue for over thirty (30) days, the Member shall be deemed to have failed to submit the special VAT invoice and be charged with liquidated damages of 20% of the delivery payment.

**Article 64** On a given day during the delivery period, if a buyer’s carrying Member completes the delivery payment according to applicable rules before 2:00 p.m., the Exchange shall release the margin for the corresponding positions at the daily clearing; if the Member completes the payment after 2:00 p.m., the Exchange shall release the margin on the following trading day.

On a given day during the delivery period, if a seller’s carrying Member delivers the standard warrant according to applicable rules, the Exchange shall release the margin for the corresponding positions at the daily clearing. If the Member fails to submit the special VAT invoice by market close on the second delivery day, the Exchange shall charge a margin no less than 15% of the final settlement price of the contract on the corresponding positions and release such margin after the Member submits the invoice. If the invoice is submitted before 2:00 p.m. on a given day, the Exchange shall release the margin at the daily clearing; if the invoice is submitted after 2:00 p.m., the Exchange shall release the margin on the following trading day.

**Article 65** To the extent of any inconsistency between these *Clearing Rules* and the futures rules for the particular products on the procedures for the delivery settlement, settlement of any overfill and underfill in load-in or load-out weight, and issuance of tax invoices, the product rules shall prevail.

## CHAPTER 5 CLEARING SERVICE FOR PRINCIPALS

**Article 66** Any Overseas Intermediary that intends to engage an FF Member or OSBP to conduct trading and clearing on its behalf shall enter into a service agreement with the FF Member or OSBP and file it with the Exchange.

The provision and acceptance of such service between an FF Member and an Overseas Intermediary shall conform to the relevant provisions of the *Membership Management Rules of the Shanghai Futures Exchange*. The provision and acceptance of such service between an OSBP and an Overseas Intermediary shall conform to the relevant provisions of the *Overseas Special Participants Management Rules of the Shanghai Futures Exchange*.

**Article 67** An OSP shall engage one and only one Member to conduct clearing.

**Article 68** A Member shall enter into a clearing service agreement with each OSP it provides clearing service to, which shall contain the following terms:

(i) minimum clearing deposit and standard of trading margin;

(ii) margin collaterals and their haircuts;

(iii) risk management measures and their conditions and procedures;

(iv) account types, account management models, and the clearing and settlement procedures, including the timing and methods for receiving, inquiring, and confirming clearing data;

(v) transaction fee rate;

(vi) matters that require notification and the manner and deadline of such notices;

(vii) circumstances in which neither party would be liable for the losses and how such losses are to be resolved;

(viii) how the agreement is to be amended or terminated;

(ix) liabilities for breach of the agreement;

(x) dispute resolution; and

(xi) other pertinent matters.

**Article 69** Funds transfers between a carrying Member and its OSP or Overseas Intermediary for futures trading shall be conducted through the Member’s dedicated margin account and the futures settlement account of the OSP or Overseas Intermediary.

When engaged to conduct trading and clearing for Overseas Intermediaries or clearing for OSBPs, a member may open an omnibus capital account in the name of the Overseas Intermediaries or OSBPs to pool the funds from one or more overseas clients. The member shall perform centralized clearing and risk control for the Overseas Intermediaries or OSBPs through the omnibus capital account.

**Article 70** The Exchange may process the change of clearing relationship between a Member and its OSP if:

(i) the clearing service agreement expires and is not renewed;

(ii) the clearing service agreement is terminated early;

(iii) the Member is unable to conduct clearing for the OSP for certain reasons; or

(iv) other circumstances as determined by the Exchange arise.

**Article 71** Under the circumstance specified in Article 70(i), the OSP and both the previous and new carrying Members shall submit the following documents to the Exchange no later than the tenth (10th) trading day before the expiration of the clearing service agreement to process the change of clearing relationship:

(i) an application for change of clearing relationship;

(ii) the clearing service agreement between the OSP and the new carrying Member; and

(iii) other materials as prescribed by the Exchange.

After receiving all the required documents, the Exchange will review them within ten (10) trading days. Upon approval, the Exchange will notify the specified settlement date for the change of clearing relationship.

**Article 72** Under the circumstance specified in Article 70(ii) or 70(iii), the OSP and both the previous and new carrying Members shall submit, in addition to the documents prescribed in Article 71, an agreement that terminates the previous clearing relationship. After receiving all the required documents, the Exchange will review them within ten (10) trading days. Upon approval, the Exchange will notify the specified settlement date for the change of clearing relationship.

**Article 73** After the clearing on the specified settlement date, the Exchange will process the change of clearing relationship by transferring open positions, corresponding trading margin, clearing deposit, and other relevant balances, while issuing a transfer list. Both the previous and new carrying Members shall verify and confirm the transfer list; the OSP shall request the Members to perform such confirmation on its behalf.

If any significant market risks or any other circumstances as prescribed by the Exchange arise after the clearing on the specified settlement date, the Exchange may suspend the change of clearing relationship.

The OSP and both the previous and new carrying Members shall cooperate in completing the change of clearing relationship. Before the change is finalized, the previous carrying Member shall remain liable for the open positions under the previous clearing relationship.

## CHAPTER 6 MARGIN COLLATERALS

**Article 74** Upon approval by the Exchange, the following assets may be used as margin collaterals:

(i) standard warrants;

(ii) book-entry Chinese government bonds (CGBs) issued in the Chinese Mainland by the Ministry of Finance of the People’s Republic of China;

(iii) foreign currency funds (types of currencies, haircuts, and scopes of application, among others, will be separately published by the Exchange); and

(iv) other assets recognized by the Exchange.

The specific assets that can be used as margin collaterals will be determined and published to the market by the Exchange.

Any Member or Client intending to use CGBs as margin collaterals shall post CGBs with total face value of at least one million yuan (RMB1,000,000) each time.

**Article 75** A Client, Overseas Intermediary, or OSP who posts assets as margin collaterals shall be deemed to have agreed that its carrying FF Member can submit the assets to the Exchange as margin collaterals.

A Client, Overseas Intermediary, OSP, or Member who posts assets as margin collaterals shall be deemed to have authorized the Exchange to transfer or pledge the assets.

**Article 76** When using marketable securities as margin collaterals, the following procedures shall apply:

(i) Application: A Client, Overseas Intermediary, or OSP intending to post marketable securities as margin collaterals shall do so through its carrying FF Member. A Member intending to post marketable securities as margin collaterals shall apply to the Exchange. The specific processing time will be separately notified by the Exchange.

(ii) Verification and posting:

1. A Member posting standard warrants as margin collaterals shall submit the standard warrants through the Standard Warrant Management System to the Exchange for posting and, upon approval of the Exchange, shall be deemed to have completed the posting procedures.

2. When using CGBs as margin collaterals, a Client, OSNBP, or Non-FF Member shall ensure there is sufficient quantity of CGBs, free of title defect, in its depository account. The Exchange will, based on a Member’s application, entrust a depository to transfer the CGBs or register them as pledged collateral. The posting procedures shall be deemed completed after the depository transfers the CGBs or registers them as pledged collateral.

3. Verification and posting of other marketable securities shall be subject to the rules of the Exchange.

**Article 77** The value of margin collaterals shall be calculated as follows:

(i) When a standard warrant is used as margin collaterals on a given day, the Exchange will calculate its market value at daily clearing by using the settlement price of the nearest month futures contract for the product underlying the warrant on that day as the benchmark price.

Before market close on that day, the settlement price of the nearest month contract for the product underlying the warrant on the preceding trading day shall be used as benchmark price for calculating the market value.

(ii) The benchmark price of any CGB posted as margin collaterals shall be the lowest of the valuations provided by depositories. At daily clearing, the Exchange shall determine the market value of a CGB based on the net price of its benchmark price on the preceding trading day. The Exchange has the right to adjust the benchmark price of a CGB.

(iii) The benchmark prices of other margin collaterals shall be determined by the Exchange.

**Article 78** The portion of the market value less haircut of margin collaterals is called the value after haircut. Specific haircuts shall be determined, adjusted, and announced by the Exchange, and the value of standard warrants, CGBs, or other marketable securities used as margin collaterals after haircut shall not exceed 80% of their market value.

At daily clearing, the Exchange will, based on the specified benchmark prices, adjust the market value and value after haircuts of margin collaterals.

**Article 79** The maximum margin paid with marketable securities (“Multiplier-Based Cap”) by a Member shall not exceed four times (“Cash Multiplier”) the current cash balance it holds in any of its internal ledger with the Exchange.

The Exchange takes a Member’s actual available margin paid with marketable securities as the lower of the value after haircut and the Multiplier-Based Cap. When the Member completes the deposit of any marketable securities used as margin collaterals, the Exchange will increase the Member’s clearing deposit by the amount of the actual available margin.

At daily clearing, the Exchange will automatically adjust the actual available margin paid with a Member’s marketable securities according to the above provisions.

**Article 80** The Exchange has the right to adjust the benchmark prices, haircuts and Cash Multiplier of margin collaterals in view of the market conditions and will separately release the adjusted ones.

**Article 81** Anyinterest paid on a CGB while it is posted as margin collaterals shall be attributed to the CGB owner and handled according to relevant rules of the depository.

**Article 82** The term of each deposit of marketable securities as margin collaterals shall not exceed the corresponding validity period set by the Exchange. Upon expiration, the validity period may be renewed through the same procedures.

**Article 83** A CGB posted as margin collaterals shall no longer be included in the actual available margin starting from the time of clearing on the first trading day of the month preceding the CGB’s maturity date. A Member holding the CGB shall have it withdrawn or released from margin collaterals pledge before maturity.

**Article 84** The Exchange may cancel a Member’s quota to use assets as margin collaterals if:

(i) the withdrawal and use of funds by the Member, OSP, or Overseas Intermediary pose significant risks which may undermine the lawful rights and interests of the Exchange;

(ii) the margin collaterals have defects or major risks; or

(iii) any other circumstance arises that in the Exchange’s opinion warrants such cancellation.

If the margin funds of a Member fall short of the required level after the Exchange cancels its quota to use assets as margin collaterals, the Member shall replenish them to the required level.

**Article 85** Any member that intends to withdraw its marketable securities or release them from margin pledge shall make up for any shortfall in its trading margin. The specific processing time will be separately notified by Exchange.

**Article 86** The Exchange will not handle any withdrawals of marketable securities during continuous trading.

**Article 87** When using assets as margin collaterals, Members shall pay transaction fees to the Exchange. Such fees shall be collected by the Exchange at a rate no higher than the prevailing loan rate published by the People’s Bank of China. The base amount and fee standards shall be as determined, adjusted, and announced by the Exchange.

Fees charged by a depository associated with posting securities as margin collaterals shall be governed by the relevant rules of the depository.

**Article 88** The Exchange shall have the right to dispose of a Member’s assets posted as margin collaterals if such Member fails to meet or cannot fully meet its trading margin obligations and relevant indebtedness; the proceeds shall be first used to cover any shortfall in the Member’s trading margin and other related debts. Any loss and expenses arising therefrom shall be borne by the Member.

**Article 89** Where the Exchange disposes of the collateralized marketable securities of a Member, it may determine the specific marketable securities to be disposed of in consideration of such factors as the liquidity, validity period, and efficiency of disposal of those marketable securities.

Marketable securities may be disposed of through such means as auction, sale, and private sale at appraised value. The specific means taken may be determined by the Exchange based on the circumstances, with the procedures of disposal handled by the Exchange itself or through the relevant depository in accordance with applicable rules.

In the event of an auction or sale or other means of public disposal, the Exchange may publish the list of all marketable securities that the Member has deposited with the Exchange such that market participants may submit their interest.

## CHAPTER 7 RISKS AND LIABILITIES

**Article 90** A Member shall assume all risks associated with the contracts it trades on the Exchange.

**Article 91** The Exchange shall maintain a tiered risk prevention structure, namely, the Exchange shall manage the risks of its Members, and each Member shall manage the risks of its Clearing Delivery Principals. Each FF Member, OSBP, and Overseas Intermediary shall manage the risks of its Clients.

**Article 92** In case a Member cannot perform its contractual obligations, the Exchange may:

(i) draw on the Member’s clearing deposit;

(ii) suspend the Member from opening new positions;

(iii) execute forced position liquidation in accordance with applicable rules until the margin released therefrom is sufficient for contract performance; and

(iv) liquidate the assets deposited by the Member as margin collaterals and use the proceeds for contract performance and compensation.

**Article 93** If the Member still fails to meet all its liabilities after the above measures are taken, the Exchange may take actions in the following order:

(i) revoke the membership and use the membership fee to offset any outstanding liabilities;

(ii) subject to the approval of the Board of Directors, apply the risk reserve to cover any outstanding liabilities;

(iii) use the Exchange’s own assets to cover any outstanding liabilities; and

(iv) claim against the Member through legal proceedings.

**Article 94** The Exchange implements risk reserve. “Risk reserve” refers to a fund set up by the Exchange to provide financial guarantees for the normal operations of the futures market and to cover losses arising from unforeseeable risks.

**Article 95** The risk reserve shall be funded by:

(i) the income of the Exchange at 20% of the transaction fees (including any deductions offered to Members) collected from the Members, categorized as an administrative expense; and

(ii) other income sources of the Exchange in compliance with the national fiscal policies.

**Article 96** The risk reserve shall be deposited in a dedicated account and separately recorded in account books. It shall not be used for any purposes other than covering risk losses.

**Article 97** The risk reserve shall be used only for specified purposes according to the prescribed procedures after being approved by the Board of Directors and reported to the CSRC.

## CHAPTER 8 MISCELLANEOUS

**Article 98** To the extent of any inconsistency between these *Clearing Rules* and the futures rules for particular products, the product rules shall prevail.

**Article 99** If the Exchange has established any special provisions on options clearing, those provisions shall prevail.

**Article 100** Any violation of these *Clearing Rules* will be handled by the Exchange in accordance with the *Enforcement Rules of the Shanghai Futures Exchange*.

**Article 101** The Exchange reserves the right to interpret these *Clearing Rules*.

**Article 102** These *Clearing Rules* take effect on August 8, 2025.