

Measures of China Financial Futures Exchange on Dealing with Violations and Breaches

Chapter I General Provisions

Article 1 These Measures are formulated in accordance with the *Articles of Association of China Financial Futures Exchange* and the *Trading Rules of China Financial Futures Exchange* for the purposes of enhancing the administration of the futures market, regulating futures trading activities and protecting the legitimate rights and interests of futures market participants.

Article 2 In these Measures, the term “violations and breaches” refers to any act of futures market participants and their staff who violate the business rules or any other applicable provision of China Financial Futures Exchange (the “Exchange”) or any agreement it has entered into with the Exchange.

“Futures market participants” in the preceding paragraph shall include:

- (1) members;
- (2) market makers;
- (3) clients;
- (4) futures margin depository banks (“Depository Banks”);
- (5) IT service providers; and
- (6) other futures market participants determined by the Exchange.

Article 3 The Exchange investigates, determines and deals with violations and breaches on a fair, impartial and factual basis.

Article 4 A futures market participant that has been sanctioned for a violation or breach by an administrative or judicial authority may be exempted from sanction or be given a lessor or mitigated sanction by the Exchange.

Article 5 These Measures shall be applicable to activities related to futures trading conducted on the Exchange.

Chapter II Routine Inspection and Investigation of Violations

Article 6 The Exchange may carry out routine inspections and, in case of violations, investigations of the business activities of futures market participants in accordance with its business rules and other applicable provisions. Such routine inspection and investigation may be conducted on-site or off-site.

The Exchange may conduct routine inspections of the business activities of futures market participants on a periodic or *ad hoc* basis in accordance with its business rules and other applicable provisions.

Article 7 The Exchange may exercise the following powers when performing its supervisory duties:

- (1) to access and make copies of any futures trading-related information or documents;
- (2) to require futures market participants to provide annual reports and third-party audit reports, etc.;
- (3) to investigate, collect evidence from and interview futures market participants;
- (4) to require futures market participants to issue declarations, statements, explanations and clarifications on matters related to the investigation;
- (5) to inquire into the futures business-related bank accounts of futures market participants;
- (6) to inspect the futures business-related trading, settlement, financial and other technical systems of futures market participants;
- (7) to stop, correct and handle violations and breaches; and
- (8) to exercise any other powers specified in the laws, administrative regulations, ministry-level rules and the business rules of the Exchange.

Article 8 Futures market participants shall receive the supervision of the Exchange, and cooperate with the Exchange in its routine inspection and investigation.

Article 9 The Exchange shall establish complaint and whistleblowing mechanisms. Complainants and whistleblowers shall provide true and clear identity, which shall be kept confidential by the Exchange if the complainants and whistleblowers decline to make their identity public.

Article 10 If, after reviewing the tips originated from its routine supervision, provided by complainants or whistleblowers, received from futures regulatory or judicial authorities or other entities, or acquired from other sources, the Exchange suspects a violation or breach has been committed and warrants disciplinary actions, the Exchange shall initiate a formal investigation.

Where the Exchange determines that the violations are minor and have no adverse impact on the futures market, it may take such self-regulatory measures as placing relevant accounts on the priority regulatory watch list, issuing a verbal warning, issuing a written admonishment, arranging a cautionary interview and requiring a written undertaking.

Article 11 The Exchange shall assign dedicated staff to carry out investigation into the violations and breaches against which cases have been filed. Investigation and collection of evidence shall be conducted by at least two investigators who shall present their working ID cards or the certificates issued by the Exchange.

Article 12 Investigators shall recuse from a case if they believe that they have an interest in or may otherwise affect the impartial handling of the case.

If the person under investigation believes that an investigator has an interest in or may otherwise affect the impartial handling of the case, the person shall be entitled to request the recusal of the investigator.

The Exchange may require an investigator to recuse from a case if it considers such an action necessary.

The recusal of an investigator shall be determined by the head of the investigation department of the Exchange. The recusal of the head of the investigation department shall be determined by the Chief Executive Officer of the Exchange.

Article 13 Evidence shall include documentary evidence, physical evidence, statements of the parties involved, testimonies of witnesses, investigation records, expert opinions, audio and video materials, electronic data and all other materials that may attest to the facts of a case.

No evidence may be admitted for the determination of a case unless it has been verified through investigation.

Article 14 In connection with the questioning of a person under investigation, an investigation record shall be made, verified by the person under investigation and, after verification, signed by both the person under investigation and the investigator. Where the person under investigation refuses to sign, the investigator shall specify and record the reasons.

In connection with the collection of documentary evidence, physical evidence, audio and video materials and electronic data, a written record stating when and where the evidence is collected shall be made and shall bear the signature or stamp of the person providing such evidence.

An expert opinion shall be issued by a competent entity recognized by the CSRC or the Exchange and be affixed with the common seal of the entity and the signature of the expert concerned.

Article 15 During routine inspections and investigations, the investigators shall strictly observe the confidentiality rules and not abuse their powers.

Futures market participants shall strictly fulfill their confidentiality obligations during the Exchange's routine inspections and investigations.

Article 16 Where futures market participants are suspected of violating laws and regulations and are therefore under investigation by the Exchange, the Exchange may, before determining the sanctions, take the following provisional measures to contain the impact of the violation and to ensure the enforcement of the sanctions:

- (1) suspending the opening of new trading codes;

- (2) suspending Funds Deposits;
- (3) suspending Funds Withdrawals;
- (4) suspending the opening of new positions;
- (5) suspending the depository business of the Depository Banks involved, or the IT services of the service providers involved;
- (6) lowering its position limit, hedging quota or arbitrage quota;
- (7) raising its margin standard;
- (8) requiring the close-out of positions within a prescribed time period; and
- (9) executing forced liquidation.

The Exchange shall timely report to the CSRC after taking the measures (7) through (9) of the preceding paragraph.

Upon taking the above provisional measures, the Exchange shall notify the parties involved in writing, by recorded phone call or in other recordable ways, and shall explain the reasons for taking such provisional measures.

Chapter III Sanctions for Violations and Breaches

Article 17 Any member that commits any of the following acts in violation of the membership rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, and adjustment or revocation of membership; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) obtaining membership by fraud or committing any violation in connection with an adjustment of its membership status;
- (2) transferring or disposing of membership in private;
- (3) having significant flaws in such areas as corporate governance, risk management, or internal control or mismanaging its business, which may impact its viability as a going concern or undermine the legitimate rights and interests of clients;
- (4) failing to perform reporting obligations as required by the Exchange;
- (5) failing to assist the Exchange in taking provisional measures, disciplinary measures or other self-regulatory measures against clients;
- (6) forging, tampering with and trading various certificates and official documents;
- (7) failing to pay various fees as required;

- (8) violating Exchange rules regarding member contact persons;
- (9) failing to fulfill the obligations of collecting information from and authenticating access to client trading terminals as required;
- (10) violating Exchange rules on the Emergency Trading Floor; or
- (11) otherwise violating the membership rules of the Exchange.

Article 18 Any member that commits any of the following acts in violation of the trading-related rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) executing futures trades for any client that has not completed account opening procedures as required;
- (2) failing to perform its review obligations as required, and opening accounts for ineligible clients;
- (3) failing to verify, as required, funds and positions held under client accounts;
- (4) making available to others a client's trading code that has not yet been cancelled;
- (5) violating rules on trading orders and trading codes;
- (6) failing to perform its supervisory duties with respect to the trading activities of its clients;
- (7) violating the trader suitability regime of the Exchange; or
- (8) otherwise violating the trading-related rules of the Exchange.

Article 19 Any non-futures-company member, market maker or client that commits any of the following acts in violation of the trading-related rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, and adjustment or revocation of relevant business qualifications; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to keep its trading code secure or making it available to another person, resulting in the commission of a violation using such trading code;
- (2) violating rules on trading orders and trading codes;
- (3) making the market-making trading code available to another person by leasing, lending,

or authorizing such person to engage in market making, or using the market-making trading code to conduct trading irrelevant to market making; or

- (4) otherwise violating the trading-related rules of the Exchange.

Article 20 Any member that commits any of the following acts in violation of the trading seat rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, and adjustment or revocation of membership; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) using its trading seat to steal confidential information;
- (2) transferring or disposing of its trading seat in private;
- (3) mismanaging its operations, engaging in material violations and breaches, or being verified as being no longer eligible for holding trading seats; or
- (4) otherwise violating the trading seat rules of the Exchange.

Article 21 Any member that commits any of the following acts to defraud clients shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to disclose risks to clients as required;
- (2) making profit guarantees to clients, or agreeing to share profits and risks with the clients in brokerage activities;
- (3) failing to accept client instructions or to conduct futures transactions as instructed by clients as required;
- (4) withholding material information or employing other improper means to induce clients to place trading orders;
- (5) providing false execution confirmations to clients;
- (6) failing to send clients' trading orders to the Exchange; or
- (7) committing other fraudulent acts against clients.

Article 22 Any General Clearing Member or Special Clearing Member that commits any of the following acts shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of

the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to accept Trading Members' instructions as required or to conduct futures transactions as instructed by Trading Members;
- (2) failing to send Trading Members' trading orders to the Exchange;
- (3) providing false execution confirmations to Trading Members; or
- (4) otherwise violating the trading-related rules of the Exchange.

Article 23 A futures market participant that commits any of the following disruptive acts shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) leveraging an advantage in capital, position holding, or information, either independently or in collusion with others, to jointly or continuously buy or sell contracts, to influence or attempt to influence futures trading price or volume;
- (2) circumventing the position limits of the Exchange and maintaining excessive positions by improper means, either independently or in collusion with others, to influence or attempt to influence futures trading price or disrupt market order;
- (3) trading at agreed or pre-arranged time, price or method to influence or attempt to influence futures trading price or volume, divert funds, disrupt market order, or obtain improper profits;
- (4) placing buy or sell orders with no intention to execute, trading in a direction opposite to that of the placed orders or seeking profits by other means, to influence or attempt to influence futures trading price or volume, mislead other participants, increase system load or disrupt market order;
- (5) trading among a group of Actual Control Accounts to influence or attempt to influence futures trading price or volume, divert funds, disrupt market order, or obtain improper profits;
- (6) prior to the release of information that may significantly influence futures trading price, a person knowing about futures trading-related insider information or obtaining such information by illegal means engaging in futures trading with insider information, or enabling such activities by divulging insider information to others;

- (7) cornering relevant underlying securities or using other methods to influence or attempt to influence futures market information or delivery;
- (8) fabricating or disseminating false, misleading or uncertain but important information to influence futures trading price or volume, and conducting relevant trading activities or obtaining improper profits;
- (9) offering public comment, prediction or investment advice on futures contracts or the underlying to influence futures trading price or volume, and trading in a direction opposite to that stated in the comment, prediction or advice or obtaining improper profits;
- (10) placing orders through algorithmic trading to undermine system security of the Exchange or disrupt normal trading order;
- (11) engaging in non-bona fide exchange of futures for physicals (EFP) trading to disrupt market order or illegally transfer profits;
- (12) influencing futures trading price via activities in relevant markets; or
- (13) otherwise disrupting or adversely impacting the orderly conduct of trading.

Article 24 Any member or client that commits a fraud or any act that violates the rules of the Exchange when applying for hedging or arbitrage quotas or when engaging in hedging or arbitrage activities shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; and may be subject to punitive damages at no more than 5% of its approved hedging or arbitrage quota.

Article 25 Any member that commits any of the following acts in violation of the clearing rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to segregate its own funds from client funds;
- (2) failing to keep client margin in a separate account and segregated from all other funds;
- (3) delaying Funds Deposits and Funds Withdrawals by clients without a justifiable reason;
- (4) collecting trading margin from clients at below the prescribed standard;
- (5) allowing clients to open positions without sufficient margin;

- (6) diverting or allowing others to divert client funds, or channeling funds between different client accounts;
- (7) employing staff without qualification to engage in futures business to conduct clearing and delivery;
- (8) failing to provide clients with execution results or settlement statements as required;
- (9) failing to establish a clearing department as required;
- (10) failing to perform daily mark-to-market;
- (11) failing to use the exchange fees deducted by the exchange in compliance with relevant laws, rules and regulations;
- (12) violating the rules of the CSRC for the monitoring over the safe deposit of futures margin;
- (13) failing to provision for, manage, or use the Risk Reserve as required;
- (14) forging, altering, or failing to preserve futures trading, clearing, and delivery documents as required; or
- (15) otherwise violating the clearing rules of the Exchange.

Article 26 Any Clearing Member that commits any of the following acts in violation of the clearing rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to deposit the necessary amount of margin on time;
- (2) privately clearing trades, as a Trading Clearing Member, for Trading Members;
- (3) failing to make sufficient contributions to the Guarantee Fund as required;
- (4) employing individuals without Clearing and Delivery Personnel certification to handle clearing and delivery;
- (5) the failure of its Clearing and Delivery Personnel to handle clearing and delivery as required;
- (6) employing false, deceptive, and otherwise improper means to apply for the certification of Clearing and Delivery Personnel;
- (7) forging, altering, borrowing, or lending a Certificate of Clearing and Delivery Personnel;
or

(8) otherwise violating the clearing rules of the Exchange.

Article 27 If a General Clearing Member or Special Clearing Member that clears trades for Trading Members commits any of the following acts in violation of the clearing rules of the Exchange, it shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of membership, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) agreeing to clear trades for ineligible Trading Members in violation of applicable rules;
- (2) clearing trades for any Trading Member before entering into a clearing agreement or before filing the agreement with the Exchange;
- (3) failing to keep Trading Members' margin in a separate account and segregated from all other funds;
- (4) allowing Trading Members to open positions without sufficient margin;
- (5) collecting the minimum clearing reserve from Trading Members at below the prescribed standard;
- (6) collecting margin from Trading Members at below the prescribed standard;
- (7) diverting a Trading Member's margin or transferring it in violation of applicable rules;
- (8) failing to perform daily mark-to-market for Trading Members;
- (9) collecting contribution to the Guarantee Fund from Trading Members;
- (10) unilaterally terminating clearing services for Trading Members during the term of the relevant clearing agreement; or
- (11) otherwise violating the clearing rules of the Exchange.

Article 28 Any Depository Bank that fails to perform its obligations provided by business rules of the Exchange such as the *Detailed Clearing Rules of China Financial Futures Exchange*, and the *Measures of China Financial Futures Exchange on the Management of Designated Depository Banks*, shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of part of depository businesses, and revocation of Depository Bank qualifications; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more.

Article 29 Any member or market maker that commits any of the following acts in violation of the risk management rules of the Exchange shall be required to make rectifications, be

forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) circumventing the trading limits of the Exchange by improper means, and remaining trading after exceeding the trading limits;
- (2) failing to perform its large position reporting obligations as required by the Exchange;
- (3) failing to carry out forced liquidation as required;
- (4) violating risk warning requirements; or
- (5) otherwise violating the risk management rules of the Exchange.

Where a client commits any of the acts (1), (2), (4) and (5) above, the Exchange may take relevant measures in accordance with the preceding paragraph.

Article 30 Any non-futures-company member, market maker, client or other futures market participant that commits any of the following acts in violation of the position management rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications; and may be subject to punitive damages at no more than 5% of the notional value of its positions involved in such violation:

- (1) circumventing the position limits of the Exchange through improper means such as splitting positions between accounts;
- (2) holding positions that exceed the position limits and are force-liquidated by the Exchange, except for the positions that fail to be timely force-liquidated due to the limit up/limit down or market conditions;
- (3) exceeding the position limits for multiple times on delivery month or nearby delivery month contracts; or
- (4) otherwise violating the position management rules of the Exchange.

Where a futures-company member fails to timely, accurately and fully inform its clients of the position management rules of the Exchange, the Exchange may take relevant measures in accordance with the preceding paragraph.

Article 31 Any non-futures-company member, client or other futures market participant that commits any of the following acts in violation of the Actual Control Accounts management rules of the Exchange shall be required to make rectifications, be forfeited the gains arising

from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, suspension or restriction of business activities, and adjustment or revocation of relevant business qualifications; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing to truthfully file actual control relationship;
- (2) refusing to respond or failing to truthfully respond to the Exchange's inquiries and investigations without justified reasons, or withholding any fact or truth, or intentionally evading inquiries and investigations;
- (3) providing the Exchange with false application materials for terminating the actual control relationship; or
- (4) otherwise violating the Actual Control Account management rules of the Exchange.

Where a member fails to fulfill the obligations of managing clients' Actual Control Accounts, or induces or assists the clients in providing false materials or withholding information, the Exchange may take relevant measures in accordance with the preceding paragraph.

Article 32 Any futures market participant that commits any of the following acts in violation of the information or system management rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, suspension or restriction of business activities, and adjustment or revocation of relevant business qualifications; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) disrupting or failing to use the trading, clearing and other systems of the Exchange as required and thus affecting the normal operation of the systems;
- (2) violating the Exchange's rules on the management of information system access; or
- (3) otherwise violating the information or system management rules of the Exchange.

Article 33 Any futures market participant that commits any of the following acts in violation of the information management rules of the Exchange shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more:

- (1) failing, as a member, to make publicly available at its premises and in a timely manner the real-time market data, announcements and other market information published by the Exchange;
- (2) publishing, transmitting, or distributing the Exchange's information without the Exchange's authorization;
- (3) selling, transferring or relaying the Exchange's information without the Exchange's authorization;
- (4) without the Exchange's authorization, using the Exchange's information for any purpose other than those stipulated in the information licensing agreement;
- (5) without the Exchange's authorization, engaging in value-adding development based on the Exchange's information or failing to file the results of such development with the Exchange;
- (6) failing to address as required any errors detected in the trading information being transmitted or distributed;
- (7) in violation of confidentiality obligations and without authorization, publishing any information unsuitable to be published; or
- (8) otherwise violating the information management rules of the Exchange.

Article 34 Any futures market participant that fabricates or disseminates false or misleading information to the detriment of the Exchange's reputation or the normal order of the futures market shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, forced liquidation, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more.

Article 35 Any futures market participant that disrupts trading management of the Exchange by any means shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more.

Article 36 Any futures market participant that commits any of the following acts shall be required to make rectifications, be forfeited the gains arising from the violation, and depending on the severity of the violation, may be subject to such disciplinary measures of the Exchange as warning, reprimand, public censure, suspension of the opening of new positions for less than twelve months, suspension or restriction of business activities, adjustment or revocation of relevant business qualifications, and announcement of being barred from the market; may be subject to punitive damages at no more than RMB 500,000 if there are no gains or if the gains are below RMB 100,000; and may be subject to punitive damages at no less than one time but no more than five times the gains if such gains are RMB 100,000 or more :

- (1) refusing to cooperate with the Exchange in its routine inspection or investigation;
- (2) failing to accept the investigation, inspection or interview at the time and by the means required by the Exchange without any justified reason;
- (3) making declarations, statements, explanations, and clarifications that contain false or misleading information or material omission;
- (4) providing false documents, materials, or information; or
- (5) failing to implement or assist in implementing the disciplinary measures, provisional measures or other self-regulatory measures taken by the Exchange.

Article 37 A participant that commits more than one type of violations shall be subject to the combined sanctions for those violations based on their respective nature as individually determined. A repeat violator shall be subject to heavier or increased sanctions.

Where the violations prescribed in these Measures are committed by an entity, the Exchange may, in accordance with relevant provisions, take measures against the immediate management personnel and the staff that are directly responsible.

Chapter IV Ruling and Enforcement

Article 38 If upon investigation and verification the Exchange believes there are clear facts and conclusive evidence indicating a violation has occurred, it shall issue a ruling in accordance with the Articles of Association and Trading Rules of the Exchange and these Measures, and take disciplinary measures or other self-regulatory measures against the futures market participant that has committed such violation.

The disciplinary measures shall be decided and implemented by the Exchange. Other self-regulatory measures shall be decided and implemented by the Exchange or relevant departments designated by the Exchange.

Article 39 The Exchange shall establish a disciplinary hearing organization to hear the cases of violations against which disciplinary measures are to be taken.

Article 40 Such disciplinary measures as revocation of membership and announcement of being barred from the market shall be decided by the Board of Directors of the Exchange or the organization authorized by the Board of Directors.

Article 41 When issuing a ruling on the disciplinary measures, the Exchange shall prepare a written decision which shall contain:

- (1) the name and domicile of the parties involved;
- (2) facts and evidences of the violation;
- (3) the types and rule bases of the disciplinary measures;
- (4) the method and term of the disciplinary measures;
- (5) the channels and deadline for appealing from the decision and applying for review; and
- (6) the date of the decision.

Article 42 The Exchange shall serve a written decision to the parties involved, and submit a copy of the same to the CSRC. The decision may be served directly by the Exchange or through an authorized organization, by post, fax or public announcement.

A decision served by post shall be deemed delivered five trading days (for domestic recipient) or ten trading days (for foreign recipient) after being sent. A decision served by fax shall be deemed delivered upon entry into the specific systems of the parties involved.

If the whereabouts of the parties involved are unknown, or the parties involved evade or avoid receiving the decision, or the decision could not be served by other means, the Exchange may publish the decision on its official website, and the decision shall be deemed delivered ten trading days after such public announcement.

Where the decision is served by two or more means simultaneously, the earliest date on which the decision is delivered shall be deemed the delivery date.

The mailing address, fax number, telephone number, email address and other contact information of the parties involved shall be those recorded in the unified account opening system of the China Futures Market Monitoring Center Co., Ltd. Any party involved that submits incorrect contact information or fails to notify the Exchange in writing of any change thereto shall bear the corresponding consequences of failing to receive the decision.

The documents, notices and materials relevant to the Exchange's investigation into violations may be served in accordance with the preceding paragraph.

Article 43 A written decision of the Exchange shall take effect from the date of delivery.

Any party involved that refuses to accept the decision may apply to the Exchange in writing for review within ten trading days upon the effectiveness of the decision. The enforcement of the decision shall not be suspended during the review period.

The Exchange shall make a review decision within two months upon receipt of the application. The reviewed decision shall be final.

Article 44 Futures market participants shall implement or cooperate in implementing the Exchange's decisions on disciplinary measures, otherwise the Exchange may enforce the execution of such decisions.

Article 45 If a decision on the disciplinary measures against a participant involves forfeiture of gains and payment of punitive damages, the participant shall, within five trading days upon the effectiveness of the decision, forfeit such gains and pay the punitive damages in full to the bank account designated by the Exchange.

Forfeiture or punitive damages required from the staff of a member shall be made or paid by the member on their behalf.

Clearing Members shall cooperate with the Exchange in enforcing the disciplinary measures against Trading Members, clients and market makers, by transferring the funds deposited at the Clearing Members by such Trading Members, clients and market makers.

Any futures market participant that fails to make the required payments within the prescribed time limit may be subject to such measures of the Exchange as suspension of the opening of new positions, and suspension or restriction of business activities, until the payments are made as required.

Article 46 Any participant announced to be barred from the market by the Exchange shall close out its existing positions, wind up its trading business and settle its outstanding claims and liabilities within twenty trading days upon the effectiveness of the announcement. Any outstanding positions that are not closed out within the prescribed time limit shall be subject to forced liquidation by the Exchange.

Any participant announced to be barred from the market or declared persona non grata by the CSRC or other futures exchanges shall not engage in futures and options businesses at the Exchange within the effective period of the announcement. The existing positions of the participant shall be handled in accordance with the preceding paragraph.

Article 47 The Exchange may, as the circumstances require, disclose the disciplinary measures taken against futures market participants on its official website or by other means, and record the same in the credit files of the securities and futures markets according to relevant provisions of the CSRC.

Chapter V Dispute Mediation

Article 48 Any futures trading dispute among futures market participants may be resolved through mutual negotiation or be submitted to the Exchange for mediation.

Article 49 The Exchange shall set up a mediation committee, with the Legal Affairs Department of the Exchange acting as its permanent office.

Article 50 Mediation shall be conducted based on facts and clearly defined responsibilities and in accordance with the futures trading-related laws, regulations and the rules of the Exchange.

Article 51 A participant that applies for mediation shall meet the following requirements:

- (1) the participant is able to provide an application for mediation;
- (2) the participant is able to provide concrete facts, reasons, and requests; and
- (3) the matter to be mediated is within the jurisdiction of the mediation committee.

Article 52 A participant applying for mediation to the mediation committee shall submit a written application and relevant materials.

The application for mediation shall contain:

- (1) the name, ID number (if an individual) or unified social credit code (if an entity), residence or contact address and telephone number of the applicant;
- (2) facts, reasons and intended claims for the mediation; and
- (3) related evidence.

Article 53 The mediation committee of the Exchange shall, after receiving an application for mediation, carefully review the application materials and inform the applicant in writing whether the application will be accepted or not .

Article 54 The mediation committee shall not accept an application for mediation if:

- (1) the parties involved have filed a lawsuit to a local people's court;
- (2) the parties involved have applied to an arbitral institution for arbitration;
- (3) one party requests mediation but the other party refuses; or
- (4) there exists other circumstances under which the mediation committee decides not to accept the application.

Article 55 The mediation committee shall complete mediation within two months upon acceptance of an application. Where the mediation could not be completed within the prescribed time limit due to relevant complexities, mediation may be continued with the consent of all parties involved, but shall be terminated if the parties involved fail to agree on further mediation.

Article 56 The mediation committee may terminate the mediation if:

- (1) the parties involved fail to attend the mediation or exit the mediation without permission;
- (2) the mediation involves the interests of a third party, which fails to attend the mediation or refuses to accept the mediation results;

- (3) the parties involved separately file a lawsuit or apply for arbitration during the mediation;
- (4) one party requests to terminate the mediation;
- (5) the parties involved fail to reach a mediation agreement within the prescribed time limit;
or
- (6) there exists any other circumstance under which the Mediation Committee considers necessary to terminate the mediation.

Article 57 The parties to the mediation shall bear the burden of proof in accordance with relevant rules. The mediation committee may investigate and collect evidence when it deems necessary.

Article 58 The mediation committee shall conduct mediation by verifying facts, discerning right from wrong, and respecting the free will of the parties, in order to facilitate an understanding or agreement.

Article 59 An agreement reached through mediation shall be put on record and be documented in the form of a mediation agreement. Such mediation agreement shall become effective after being signed by the parties involved and the mediator and affixed with the official stamp of the mediation committee.

Article 60 In case that mediation fails, the parties thereto may submit their dispute to an arbitration institution or a people's court for adjudication.

Chapter VI Ancillary Provisions

Article 61 Unless otherwise prescribed, the terms “futures market”, “futures business” and “futures trading” as used herein shall include options-related activities.

Article 62 The terms “no less than” and “no more than” as used herein shall include the given figure.

Article 63 The Exchange reserves the right to interpret these Measures.

Article 64 These Measures shall come into effect on January 7, 2025.