

Enforcement Rules of the Shanghai International Energy Exchange

(Released and implemented on May 11, 2017; revised on August 2nd, 2019 for the first time)
revised on November 19, 2021 for the second time)

Chapter 1 General Provisions

Article 1 These *Enforcement Rules* are formulated pursuant to the *General Exchange Rules of the Shanghai International Energy Exchange* (hereinafter referred to as the “General Exchange Rules”) to strengthen the management of the futures market, regulate the futures trading activities and protect the legitimate rights and interests of futures market participants.

Article 2 The term “rule violation” in these *Enforcement Rules* refers to the breach of the relevant rules and any other provisions of the Shanghai International Energy Exchange (hereinafter referred to as “the Exchange”) by futures market participants and the staff thereof.

The term “futures market participants” in the preceding paragraph includes:

1. Members;
2. Overseas Special Participants (hereinafter referred to as “OSPs”);
3. Overseas Intermediaries;
4. Market Makers;
5. Clients;
6. Designated Delivery Storage Facilities and other delivery service providers;
7. Designated Depository Banks;
8. Designated Inspection Agencies;
9. IT service providers; and
10. Other participants of the futures market as recognized by the Exchange.

Article 3 The Exchange investigates, identifies and deals with rule violation based on factual evidence and the principles of fairness and justice.

Article 4 A futures market participant that has already been penalized by any administrative or judicial authority for rule violation may be given a lighter or mitigated penalty from INE or exempt from INE’s penalty.

Article 5 These *Enforcement Rules* apply to any futures trading related activities

conducted on or through the Exchange.

Chapter 2 Examination

Article 6 “Examination” refers to the inspections and investigations that the Exchange conducts over the business activities of futures market participants in accordance with its rules and other applicable provisions.

Examination may be conducted on-site or off-site.

Article 7 The Exchange may exercise the following powers to carry out an examination:

1. accessing and copying the information and materials related to futures trading activities;
2. requiring futures market participants to provide such reports as annual reports and third-party audit reports; requiring OSPs, Overseas Intermediaries or overseas Clients to provide supervisory reports issued by overseas regulators;
3. investigating, interviewing, and collecting evidence from futures market participants;
4. requiring futures market participants to provide declarations, statements, explanations and clarifications related to the investigation;
5. inquiring bank accounts in relation to the futures business of futures market participants ;
6. checking the IT systems of futures market participants used during futures-related activities, including trading, settlement, and financial systems ;
7. ordering to cease, correct, and handle the rule violation; and
8. exercising other powers as set forth by laws, regulations, and administrative rules or by the rules of the Exchange.

Article 8 Futures market participants shall accept the supervision and administration of the Exchange, and cooperate with the Exchange during examinations.

Article 9 The Exchange may conduct regular and ad hoc inspections on the activities of futures market participants in accordance with its rules and other applicable provisions.

Article 10 The Exchange provides a channel for complainants and whistleblowers. Complainants or whistleblowers shall indicate their true and clear identity. The Exchange shall keep their identity confidential if they are reluctant to disclose.

Article 11 The Exchange shall investigate clues or tips to rule violation discovered from its routine supervision, provided by complainants or whistleblowers, referred by futures regulatory authorities or judicial authorities, or obtained from other sources. If the Exchange believes that a suspected rule violation warrants disciplinary actions, it shall formally place it on file and notify the parties involved; if it suspects a rule violation but the circumstances of

which are evidently minor and have not caused adverse impact on the futures market, it may impose on the relevant party such self-regulatory measures as inclusion into its watch list, verbal warning, issuance of a written warning letter, self-regulatory talk, and requirement for submission of a written commitment.

Article 12 The Exchange shall authorize specific persons to be responsible for investigating cases of suspected rule violation that have been placed on file. At least two (2) investigators shall take part in the investigation and evidence gathering activities, during which they shall provide their working badges or the documents issued by the Exchange to prove their authorization.

Article 13 The investigator shall apply for recusal from the case if such person has a conflict of interest in the case or other circumstances which may prejudice the fairness and impartiality of the case.

If the person under investigation believes that the investigator has a conflict of interest in the case or other circumstances which may prejudice the fairness and impartiality of the case, the person has right to request the investigator to recuse from the investigation.

The Exchange shall order the investigator to recuse himself or herself from the investigation when it deems necessary.

The investigator's recusal shall be determined by the head of compliance department of the Exchange. The recusal of the head of compliance department shall be determined by the CEO of the Exchange.

Article 14 Evidence includes all the materials that can prove the fact of the case. Such materials include documentary evidence, physical evidence, statements of parties involved, testimony of witnesses, investigation transcripts, forensic examiner's opinions, audio and video materials, electronic data, etc.

No evidence may be used as the basis of verdict unless the veracity of the evidence is confirmed.

Article 15 Investigation transcripts shall be made when the investigator questions the respondent under investigation. The investigation transcripts shall be confirmed by the respondent and then signed by both the respondent and the investigator. Should the respondent refuses to sign, the investigator shall specify the reasons.

Each time an investigator collects a piece of documentary evidence, physical evidence, audio and video materials, electronic data, or other types of evidence, a note shall be made stating when and where the evidence were collected. The note shall be signed by or affixed with the stamp of the provider. A forensic examiner's opinion shall be rendered by a competent forensic examination authority recognized by the China Securities Regulatory Commission

(hereinafter referred to as the “CSRC”) or the Exchange, and sealed and signed by the forensic examination authority and the forensic examiner respectively.

Article 16 Investigators shall strictly comply with confidentiality rules and shall not abuse their powers during checks and inspections.

Futures market participants shall strictly abide by confidentiality obligations while being checked and inspected by the Exchange.

Article 17 If a futures market participant is suspected of committing an illegal act or rule violation and is under the formal investigation of the Exchange, the Exchange may, before rendering a sanction decision on the case, take the following restrictive measures against the party involved to prevent additional adverse impact of the violation and ensure the enforcement of its sanction decision:

1. suspending the assignment of new trading code;
2. restricting the withdrawal of funds;
3. restricting the deposit of new funds;
4. restricting the delivery business of the Designated Delivery Storage Facility, relevant businesses of the delivery service provider, the depository business of the Designated Depository Bank or the IT service of the IT service provider;
5. reducing the position limits, hedging quota, arbitrage quota, or the limits of standard warrants allowed to be held;
6. restricting the opening of positions;
7. increasing margin requirements;
8. ordering position liquidation to be conducted within a specified period; and
9. implementing forced position liquidation.

The Exchange shall promptly report its decision to the CSRC after taking any measure under Items 7 to 9 of the preceding paragraph.

If the Exchange takes any restrictive measure, it shall notify the party concerned in writing, over a telephone with recording capabilities, or by other traceable means and explain the grounds for taking the restrictive measure.

Chapter 3 Rule Violations and Sanctions

Article 18 Where a futures market participant has committed multiple rule violations, each rule violation shall be identified separately and the penalties combined. Repeat offenders shall be subject to heavier or aggravated penalties.

If an institutional participant is found to have engaged in any of the rule violations, the Exchange may impose disciplinary actions on the person directly in charge and other responsible persons in accordance with these Enforcement Rules.

Article 19 The following conducts of an FF Member constitute a rule violation relating to the brokerage business:

1. executing futures orders for Clients who fail to go through the account opening procedure or fail to meet the specified requirements for opening an account;
2. violating trading code system;
3. opening an account for ineligible Clients without performing verification obligation;
4. failing to carry out eligibility management for futures trading participants as required;
5. having not truthfully explained to Clients the risk of futures trading or having not had the Clients sign the risk disclosure statement;
6. guaranteeing profits to Clients or entering into a private agreement with a Client to share profits or losses;
7. failing to conduct trade for the Member itself or a third party according to relevant rules;
8. failing to follow the Client's trading instructions, intentionally curbing, delaying or changing the execution of the Client's order, or inducing or forcing a Client to trade;
9. trading privately without sending Clients' trading orders to the Exchange for matching;
10. failing to segregate Clients' funds from the Member's own funds;
11. delaying the Client's withdrawal of funds or deposit of new funds without justified reason;
12. allowing a Client to trade without sufficient margin/premium or accepting an option buyer's exercise request when the buyer has insufficient funds;
13. misappropriating or allowing others to misappropriate Client funds or misusing funds from different Client accounts;
14. fabricating or spreading false or misleading information;
15. disclosing, without authorization, a Client's instructions or other confidential information

in relation to trading;

16. failing to provide the Client execution records and settlement statements according to the relevant rules;

17. engaging in other activities that violate the regulations and rules relating to the brokerage business prescribed by the CSRC and the Exchange.

An FF Member who is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, the FF Member may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of membership, and/or being declared as “persona non grata to the market”. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed if there are no earnings resulting from the rule violation or the amount of the earnings is less than RMB one hundred thousand (100,000); or a fine between one (1) time and five (5) times the amount of the earnings may be imposed if the earnings are greater than RMB one hundred thousand (100,000) yuan.

Article 20 The following conducts of an Overseas Special Brokerage Participant (“OSBP”) constitute a rule violation relating to the brokerage business:

1. executing futures orders for Clients who fail to go through the account opening procedure or fail to meet the specified requirements for opening an account;
2. violating trading code system;
3. opening an account for ineligible Clients without performing verification obligation;
4. failing to carry out eligibility management for futures trading participants as required;
5. having not truthfully explained to Clients the risk of futures trading or having not had the Clients sign the risk disclosure statement;
6. failing to conduct trade for the OSBP itself or a third party according to relevant rules;
7. failing to follow the Client’s trading instructions or intentionally preventing , delaying or changing the execution of the Client’s order, or inducing or forcing a Client to trade;
8. failing to send Clients’ trading orders to the Exchange for cross trading;
9. failing to segregate Client funds from the OSBP’s own funds;
10. fabricating or spreading false or misleading information;
11. disclosing, without authorization, a Client’s instructions or other confidential information

in relation to trading;

12. failing to provide the Client execution records and settlement statements according to the relevant rules;

13. engaging in other activities that violate the regulations and rules relating to the brokerage business prescribed by the CSRC and the Exchange.

An OSBP who is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, the OSBP may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of qualification, and/or being declared as “persona non grata to the market”. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed if there are no earnings resulting from the rule violation or the amount of the earnings is less than RMB one hundred thousand (100,000)yuan; or a fine between one (1) time and five (5) times the amount of the earnings may be imposed if the earnings are greater than RMB one hundred thousand (100,000)yuan.

Article 21 The following conducts of a Member or an OSP constitute rule violation:

1. failing to perform the reporting obligations pursuant to the rules of the Exchange;
2. failing to submit financial reports and supporting documents within the required time period;
3. failing to perform the reporting obligations in accordance with the large trader position reporting rules, falsifying information in a report or concealing information;
4. failing to assist the Exchange in implementing restrictive measures, disciplinary actions or other self-regulatory measures;
5. failing to timely pay the annual fee or other related fees in accordance with the provisions of the Exchange;
6. failing to maintain records in relation to trading, clearing, delivery, finance, and accounting, etc. in accordance with relevant provisions;
7. counterfeiting, tampering with, purchasing or selling certificates or approval documents;
8. transferring or disposing of membership, OSP qualifications, or trading seats without authorization;
9. engaging in illegal activities such as money laundering and malicious currency exchange;

10. failing to perform the information collection and access authentication obligations of the customer's transaction terminal as required;
11. failing to carry out Client management as required;
12. failing to complete filings for Overseas Intermediaries as required; or
13. engaging in any other activity that violates PRC laws, regulations, administrative rules or relevant provisions.

A Member or an OSP who is found to have engaged in any of the above conducts shall be required to make rectifications. Furthermore, depending on the severity of the violation, the Member or the OSP may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, and/or revocation of membership or OSP qualification.

Article 22 Any Member or OSP who fails to comply with the Exchange's order to liquidate positions within a specified time period without justified reason may be, depending on the severity of the circumstances, subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, and/or suspension of position opening for a maximum of twelve (12) months; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 23 The following conducts of a Member constitute a rule violation relating to the clearing business of the Exchange:

1. failing to post sufficient margin within the specified time period;
2. providing untrue or incomplete records in the daily settlement statement, monthly statement or other settlement documents;
3. failing to segregate margin funds as required;
4. failing to conduct the daily mark to market as required;
5. falsifying or fabricating trade records, financial statements or accounting books;
6. issuing false invoices or other falsified bills or instruments; or
7. engaging in other conducts which violate the Exchange rules relating to clearing business.

A Member who is found to have engaged in any of the above conducts shall be required to make rectifications. Furthermore, depending on the severity of the violation, the Member may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening

for no more than twelve (12) months, and/or revocation of membership; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 24 If any of the following circumstances occurs to an Overseas Intermediary, it shall be required to make rectifications and, depending on the severity of the violation, may be subject to such disciplinary actions from the Exchange as warning, reprimand, and/or public censure:

1. refusing to cooperate with the Exchange to conduct investigations on the violation of Clients;
2. violating relevant provisions of Chapter 4 of the *Membership Management Rules of the Shanghai International Energy Exchange* or Chapter 4 of the *Overseas Special Participants Management Rules* of the Shanghai International Energy Exchange;
3. failing to carry out eligibility management for futures trading participants as required; or
4. engaging in other conducts which violate the Exchange rules relating to Overseas Intermediaries.

If any of the above circumstances occurs to an Overseas Intermediary, the Exchange may revoke its filing registration in view of the severity of the violation; if it fails to make rectifications within the specified time period, or is suspected of violating the law or regulations or has incurred significant risks, which may undermine the robustness of the futures market or harm the legitimate rights and interests of Clients, the Exchange may require the carrying FF Member or OSBP of the Overseas Intermediary to suspend or terminate its carrying-brokerage business with the Overseas Intermediary.

After the Overseas Intermediary suspends or terminates the carrying-brokerage business with FF Members or OSBPs, the Overseas Intermediary shall not take new Clients or open new positions; if Clients request to move their positions to other brokerage institutions, the Overseas Intermediary shall cooperate.

Article 25 Any of the Members, OSPs, Overseas Intermediaries or Clients that assists a party to provide false information or violates other rules of the Exchange on hedging and arbitrage management in the application for hedging or arbitrage quota shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, adjusting or canceling hedging quota or arbitrage quota, suspension of acceptance of hedging quota or arbitrage quota applications, suspension of position opening for no more than twelve (12) months, suspension of part of its futures or options business, forced position liquidation, revocation of relevant qualification, and/or being declared as “persona non grata to the

market”; in addition, a fine of up to five percent (5%) of the total value of its approved hedging positions or arbitrage positions may be imposed.

Article 26 The following conducts of a Non-Futures Firm Member (“Non-FF Member”), Overseas Special Non-Brokerage Participant (“OSNBP”), Market Maker or Client constitute a rule violation relating to position management:

1. splitting positions across different accounts or through other improper means to evade the Exchange’s position limit;
2. being subject to forced position liquidation by the Exchange for holding excess position, except for the as a result of a failure to close positions on its own initiative due to price limit or other market reasons;
3. exceeding the position limit during delivery month or nearby delivery months on multiple occasions; or
4. engaging in any other activity that violates the position management rules of the Exchange.

Any of the Non-FF Members, OSNBPs, Market Makers or Clients who is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as forced position liquidation, warning, reprimand, public censure, suspension of position opening for a maximum of twelve (12) months, suspension of part of its futures or options business, and/or revocation of relevant qualifications; in addition, a fine of up to five percent (5%) of the total value of its open positions may be imposed.

If an FF Member, OSBP, or Overseas Intermediary fails to inform Clients of the position management rules of the Exchange in a timely, accurate, and complete manner, the Exchange may impose the corresponding disciplinary actions on it in reference to the provisions of the preceding paragraphs.

Article 27 Any of the Non-FF Members, OSNBPs, Market Makers, Clients, or other futures market participants that evades and exceeds the Exchange’s trading limit through improper means shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of position opening for a maximum of twelve (12) months, suspension of part of its futures or options business, and/or revocation of relevant qualifications; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 28 The following conducts of a Non-FF Member, OSNBP, Client, or futures

market participant constitute a rule violation relating to the Exchange' administration of accounts involving actual control relationship:

1. being involved in an actual control relationship but refusing to file relevant information truthfully;
2. refusing to respond without justified reason or to truthfully respond to the inquiry and investigation of the Exchange, or electing to conceal facts or evade inquiries;
3. failing to file its accounts involving actual control relationship or, on multiple occasions, evading the management of the Exchange in relation to such activities and circumstances as abnormal trading behaviors or risks;
4. submitting false information when applying for the cancellation of an actual control relationship; or
5. engaging in any other activity that violates the rules of the Exchange on accounts involving actual control relationship.

Any of the Non-FF Members, OSNBPs, Market Makers or Clients who is found to have engaged in any of the above conducts shall be required to make rectifications. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of position opening for a maximum of twelve (12) months, suspension of part of its futures or options business, and/or revocation of relevant qualifications; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

If a Member, OSBP, or Overseas Intermediary fails to duly manage Client accounts that involve actual control relationship, or induce or assist its Clients to provide false information or conceal facts, the Exchange may impose the corresponding disciplinary actions on it in reference to the provisions of the preceding paragraphs.

Article 29 The following conducts of a futures market participant constitute a rule violation relating to information management, system management, and management of communication or other trading facility:

1. disseminating information owned by the Exchange without authorization;
2. damaging the Exchange's trading, clearing, delivery, or standard warrant management systems or failing to use them as instructed, which has disrupted the normal use of such systems;
3. violating the rules of the Exchange on the access and connection of information systems; or

4. engaging in any other activity that violates the rules of the Exchange on information management, system management, and management of communication or other trading equipment.

A futures market participant that is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for a maximum of twelve (12) months, and/or revocation of relevant qualifications; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 30 Any of the Members, OSPs, Overseas Intermediaries or Clients **that** violates the relevant Exchange rules when participating in standard warrant trading shall be required to make rectifications. Furthermore, depending on the severity of the violation, such party may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of standard warrant business, and/or revocation of relevant qualifications; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 31 The following conducts of a futures market participant constitute a rule violation relating to trading code management:

1. providing or assisting in providing fake account opening materials;
2. with respect to a Market Maker, allowing others to use its market making trading code through lease, lending, delegated market making or otherwise, or using the code to engage in transactions irrelevant to market making;
3. using another party's market making trading code to make markets on behalf of that party;
4. stealing, defrauding, or borrowing other's trading code for commission of rule violation;
5. lending the trading code or failing to keep it secure and as a result of which the code is used by others for rule violation;
6. engaging in any other activity that violates the rules of the Exchange on trading code management.

A futures market participant that is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, the futures market participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, and/or

revocation of relevant qualifications; in addition, a fine of up to RMB five hundred thousand (500,000)yuan may be imposed.

Article 32 The following conducts of a futures market participant constitute a rule violation relating to trading management:

1. using an advantage in capital, position or information, alone or in conspiracy, repeatedly or jointly to trade in a contract in order to influence or attempt to influence the trading prices or volumes thereof;
2. employing improper means alone or in conspiracy to evade and exceed the Exchange's position limit to affect or attempt to affect the futures trading prices or be disruptive to the market;
3. executing a trade in collusion with others at such time and price and in such manner as previously agreed upon or arranged to affect or attempt to affect the futures trading prices or volume, shift funds between accounts, disrupt the market, or seek unjust enrichment;
4. submitting and canceling orders with no intention of executing them, engaging in trades opposite to the orders submitted, or otherwise seeking the benefits of such activities, with the intention of affecting or attempting to affect futures trading prices or volume misleading other market participants, or which has incurring additional system load or disrupting the marketprices;
5. trading between accounts under its actual control to affect or attempt to affect the futures trading prices and volume, shift funds between accounts, disrupt the market, or seek illegitimate benefits;
6. with respect to any person with access to or has illegally obtained insider information on futures trading that has a material impact on futures prices, or any person that has come to know the Exchange's commercial secrets that have the same impact, using such insider information or commercial secrets to trade or disclosing them to any other person who in turn trades with such insider information or commercial secrets, before they are publicly available;
7. cornering the spot market, taking up the storage capacity of Designated Delivery Storage Facilities without bona fide reasons, amassing a significant quantity of standard warrants, or employing other means to affect or attempt to affect the futures market or physical delivery;
8. fabricating or spreading false information, misleading information, or unsubstantiated information of major impact to affect futures trading prices or volume, and engaging in related transactions or seeking illegitimate benefits;
9. making public comments, forecasts, or investment advice on contracts or the underlying to affect futures trading prices or volume, and conducting futures transactions in opposite

- direction of such comments, forecasts, or investment advice or seeking illegitimate benefits;
10. placing trading orders through program trading which has undermined the security of the Exchange's systems or orderly trading;
 11. conducting Exchange for Physicals without good will that is disruptive to the market ; or
 12. engaging in any other conducts that violate the rules of the CSRC and the Exchange relating to trading management, affect or attempt to affect the futures trading prices or volume on the Exchange, or disrupt the market.

A futures market participant that is found to have engaged in any of the above conduct shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, the futures market participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, and/or being declared as "persona non grata to the market". In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed if there are no earnings resulting from the rule violation or the amount of the earnings is less than RMB one hundred thousand (100,000) yuan; or a fine between one (1) time and five (5) times the amount of the earnings may be imposed if the earnings are greater than RMB one hundred thousand (100,000) yuan.

Article 33 A futures market participant that is found to fabricate or spread false or misleading information, damage the Exchange's reputation, or disrupt the futures market shall be required to make rectifications and, depending on the severity of the violation, may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, forced position liquidation, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of relevant qualifications, and/or being declared as "persona non grata to the market"; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 34 The Exchange may adjust the settlement prices or final settlement prices for the current day if a futures market participant is found to have engaged in any of the following conducts:

1. trading between accounts under its actual control which has significantly affected the final settlement price or the results of exercising options; or
2. committing other rule violations that have led to an abnormal fluctuation in futures trading prices or their sudden and significant deviation from the market price, which has significantly affected the final settlement price or the results of exercising options.

Article 35 The Exchange shall inform the CSRC and recommend **it** to initiate an investigation and may impose other restrictive measures such as restriction of withdrawal of funds and suspension of position opening, if it finds a futures market participant to have been involved in any of the following suspected illegal conducts:

1. market manipulation ;
2. insider trading;
3. fabrication or spreading of false information; or
4. commission of any other suspected illegal activities.

Article 36 The following conducts of settlement and delivery personnel constitute rule violation:

1. obtaining the qualification of settlement and delivery personnel by fraud or by other improper means; or
2. counterfeiting, tampering with, or borrowing a settlement and delivery personnel badge.

Any member of the settlement and delivery personnel who is found to have engaged in any of the above conducts shall be required to make rectifications and, depending on the severity of the violation, may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of such person's settlement and delivery certification for a maximum of twelve (12) months, and/or disqualification from settlement and delivery. In addition, a fine of no less than RMB one thousand (1,000) yuan and no more than RMB ten thousand (10,000) yuan may be imposed.

If the Member that employs the settlement and delivery personnel is implicated in the rule violation, it shall assume relevant responsibilities.

Article 37 The following conducts of a Designated Delivery Storage Facility constitute a rule violation:

1. engaging in futures trading in violation of relevant PRC laws and regulations;
2. issuing falsified standard warrants;
3. making a declaration, statement, explanation, or clarification that is false or misleading or intentionally withholds or omits important facts;
4. moving, disposing of, or stealing and selling the commodities stored for futures delivery without authorization;
5. disclosing non-public storage information or disseminating false information that may mislead market participants;

6. failing to timely inform the Exchange or issue an announcement to the market as required by the Exchange after a relocation of storage venue, the sealing or seizure by the judicial authority of commodities stored for futures delivery or storage facilities, or the occurrence of a material risk event such as the commodities have been seriously damaged or destroyed;
7. manipulating or attempting to manipulate futures prices in collusion with others;
8. failing to ensure the brand name, trademark, specification, or quality of the commodity listed or described on the warrant is consistent with the commodity represented by the warrant;
9. failing to prove that the delivery commodities are consistent with the descriptions on the warrant;
10. absence or shortage of the required supporting documents for delivery commodities;
11. delivering commodities that do not conform to the rules of the Exchange in terms of number of bundles, number of pieces, or packaging specifications;
12. issuing a standard warrant without completing required examination of a sample of the commodity described in the warrant;
13. failing to review the information in the Standard Warrant Management System or to maintain inventory and other data in a timely and effective manner and such failure has caused serious consequence;
14. making a mistake in load-in or load-out;
15. improper storage or preservation causing the commodity to deteriorate in quality or diminish in size;
16. damaging the packaging of the commodity or the commodity itself in the process of carrying, loading, stocking, or other operations;
17. charging unreasonable fees for delivering the commodity;
18. intentionally interfering with the buyer or the seller so as to cause a buyer or seller to default;
19. violating the delivery rules, restricting or intentionally delaying the load-in or load-out of the delivery commodities;
20. refusing to cooperate with or obstructing the Exchange to duly exercise its supervisory and inspection duties;
21. delaying physical delivery and refusing to cooperate with inspection agencies in inspections without justified reason; or

22. engaging in other conducts that violate the rules of the CSRC or the Exchange.

Any Designated Delivery Storage Facility that is found to have engaged in any of the above conducts shall be required to make rectifications and be subject to forfeiture of any earnings arising from the rule violation. Furthermore, depending on the severity of the violation, the Designated Delivery Storage Facility may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, reduction of approved storage capacity, suspension of its delivery business with the Exchange, revocation of its qualification as a Designated Delivery Storage Facility, and/or being declared as “persona non grata to the market”. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed if there are no earnings from the rule violation or the amount of the earnings is less than RMB one hundred thousand (100,000) yuan; or a fine between one (1) time and five (5) times the amount of the amount of the earnings may be imposed if the earnings are greater than RMB one hundred thousand (100,000) yuan.

Any delivery service provider that has engaged in a conduct listed in the first paragraph of this Article shall be penalized in accordance with the preceding paragraph.

Article 38 If a futures market participant defaults during physical delivery or disrupts the physical delivery process with other improper means, the Exchange may, depending on the severity of the violation, take such disciplinary actions against it as warning, reprimand, public censure, suspension of position opening for no more than twelve (12) months, and/or suspension of part of its futures or options business; in addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 39 The following conducts of a Designated Inspection Agency constitute a rule violation:

1. violating relevant laws and regulations on the measuring and inspections of delivery commodities;
2. issuing or assisting in issuing falsified inspection reports;
3. refusing to cooperate with the Designated Delivery Storage Facilities or owners of commodities in timely inspection without justified reason, and thus affecting the normal operation of load-in or unload-out; or
4. engaging in other conducts that violate the rules of the Exchange relating to the management of Designated Inspection Agencies.

Any Designated Inspection Agency that is found to have engaged in any of the above conducts shall be required to make rectifications. Furthermore, depending on the severity of the violation, the Designated Inspection Agency may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of its inspection

business, and/or revocation of its qualification as Designated Inspection Agency. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 40 A Designated Depository Bank that fails to perform its obligations under the *Designated Depository Banks Management Rules of the Shanghai International Energy Exchange* or other rules of the Exchange shall be required to make rectifications.

Furthermore, depending on the severity of the violation, the Designated Depository Bank may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its depository business, and/or revocation of its qualification as a Designated Depository Bank. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Article 41 A futures market participant that disrupts the market operation of the Exchange by any means shall be required to make rectifications and, depending on the severity of the violation, may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for no more than twelve (12) months, revocation of its relevant qualifications, and/or being declared as “persona non grata to the market”. In addition, a fine of no more than RMB five hundred thousand (500,000) yuan may be imposed.

Article 42 The following conducts of a futures market participant constitute a rule violation:

1. refusing, hindering, delaying, or otherwise not cooperating with the Exchange in an inspection or investigation, or violating the confidentiality obligations;
2. failing to accept an inspection or investigation at such time or in such manner as required by the Exchange without any justified reason;
3. making a declaration, representation, statement, or clarification that is fraudulent, misleading, or contains material omission, or providing false documents, materials, or information;
4. failing to comply with the disciplinary action, restrictive measure or any other self-regulatory measure taken by the Exchange; or
5. failing to comply with the risk warning rules or rectification requirements of the Exchange.

Any futures market participant that is found to have engaged in any of the above conducts shall be required to make rectifications. Furthermore, depending on the severity of the violation, such participant may be subject to such disciplinary actions from the Exchange as warning, reprimand, public censure, suspension of part of its futures or options business, suspension of position opening for a maximum of twelve (12) months, revocation of relevant qualifications, and/or being declared as “persona non grata to the market”. In addition, a fine of up to RMB five hundred thousand (500,000) yuan may be imposed.

Chapter 4 Self-Regulatory Settlement

Article 43 The Exchange implements self-regulatory settlement rules. The Exchange may, during its investigations of suspected rule violations by citizens, legal persons or any other organizations (collectively, the respondents), accept an offer for settlement by a respondent. After reviewing the offer and reaching an agreement with such respondent on issues including making rectifications, eliminating the negative consequences caused by the rule violation, and paying for the settlement by the respondent, the Exchange may enter into a settlement agreement with such respondent and terminate the investigation.

Article 44 All self-regulatory settlements shall be governed by the principles of fairness, non-coercion, negotiation and efficiency.

Article 45 The settlement procedures may apply to respondents suspected of violating any Exchange rules, if any of the following conditions is satisfied:

1. the respondent is willing to take effective measures to compensate the trading participants that have suffered loss due to the suspected rule violation by the respondent;
2. self-regulatory settlement with the respondent will help achieve regulatory goals, clarify and stabilize market expectations, restore market order, and protect participants' legitimate rights and interests;
3. the Exchange has already filed a case and has conducted necessary investigations, but relevant facts or legal status of the case remain unclear; or
4. closing of the case via settlement does not violate the prohibitive provisions of laws or administrative regulations, nor harm the public interests or legitimate rights and interests of any third parties.

Article 46 The Exchange shall not enter into a settlement with a respondent under any of the following circumstances:

1. the facts regarding the respondents' suspected rule violation are clear, the supporting evidence is sufficient, the rules applied are clear, and a decision regarding the violation shall be made;
2. the respondent is suspected to have violated the laws or constituted a criminal offense; or
3. the Exchange at its sole discretion deems a settlement is inappropriate based on the principle of prudence.

Article 47 A respondent may make an offer of settlement to the Exchange during the period from the initiation of the investigation by the Exchange to the rendering of ruling decision. Depending on the consequences of the respondent's behavior, the Exchange may close an investigation by requiring the respondent to pay a corresponding amount of settlement, entering into a settlement agreement with the respondent or any other mutually agreed methods.

Article 48 After a case is closed by settlement, the Exchange may perform its supervisory

and inspection duties on the respondent's compliance with the settlement. The Exchange shall reopen the investigation if any of the following circumstances occurs:

1. the respondent fails to fulfill its undertakings described in the settlement agreement;
2. material changes occur to the facts on which the settlement is based; or
3. the closing of a case is based on incomplete or untruthful information provided by the person under investigation.

Article 49 Procedures relating to the self-regulatory settlement process shall be separately prescribed by the Exchange.

Chapter 5 Verdict and Execution

Article 50 After the Exchange investigates and verifies the suspected violations, if the facts are clear and the evidence is firm, the Exchange shall make a ruling in compliance with the Articles of Association of the Exchange, the General Exchange Rules and these Enforcement Rules, and shall subject the futures market participant involved to disciplinary actions or other self-regulatory measures.

The disciplinary actions shall be decided and implemented by the Exchange, and other self-regulatory measures by the Exchange or departments designated by the Exchange.

Article 51 The Exchange shall set up a disciplinary review body to review violations to which disciplinary actions are to be subject.

Article 52 The revocation of membership or OSP qualification or the announcement of "persona non grata to the market" shall be decided by the Board of Directors of the Exchange.

Article 53 The Exchange shall issue a written notice of the decision on disciplinary actions which mainly includes the following items:

1. name and premises of the party concerned;
2. facts and evidence of the violations;
3. types and bases of the disciplinary actions;
4. the way of performance and effective period of the disciplinary actions;
5. methods and period of lodging an appeal; and
6. date of the decision.

Article 54 The Exchange shall send the notice of the decision on disciplinary actions to the party concerned and report to the CSRC a copy thereof. The Exchange may send the notice directly or by entrusting other institutions. The delivery method shall include such

method as post, electronic message, or announcement. If the notice is sent by post, it shall be deemed delivered on the fifth (5th) trading day of dispatch in the PRC and the tenth (10th) trading day of dispatch outside of the PRC. If the notice is sent by electronic message, it shall be deemed delivered on the day the notice enters the recipient's designated electronic messaging system.

If the party concerned is missing, or evading or avoiding the notice, or cannot be reached by other means, the Exchange may publish an announcement on its website, and the notice shall be deemed delivered on the tenth (10th) trading day of the announcement.

If the notice is sent by two or more methods, the delivery date shall be the earlier day of delivery.

The mailing address, fax number, telephone number, e-mail address and other contact information of the party concerned shall be subject to the unified account opening system of the futures market. If the party does not keep accurate contact information or does not inform the Exchange in writing of any change in his/her information, he/she shall bear the consequences of not being able to receive the notice on disciplinary actions.

The Exchange may refer to the preceding paragraph for the delivery of instruments, notices, and materials related to the investigation and handling of violations.

Article 55 The decision on disciplinary actions of the Exchange shall come into effect as of the date the notice is deemed delivered.

The party concerned may appeal the decision in writing to the Exchange one time only within ten (10) trading days after the effective date of the decision on disciplinary actions.

The decision on disciplinary actions shall remain effective during the period of the appeal.

Article 56 The Exchange shall, within two (2) months from the date it receives the appeal, make a decision on the appeal, which shall be final and binding.

Article 57 A futures market participant shall perform or cooperate in performing the decision on disciplinary actions of the Exchange. If a futures market participant fails to perform or cooperate in performing the relevant obligations under the decision on disciplinary actions, the Exchange may enforce its performance.

Article 58 If a fine is included in the decision on disciplinary actions, the parties concerned shall, within five (5) trading days from the effective date of the decision on disciplinary actions, remit the fines to the Exchange's designated account.

The Member shall pay for its employee if the employee is ruled accountable for the fine; a Designated Delivery Storage Facility shall pay for its employee if the employee is ruled accountable for the fine.

The Member, OSP or Overseas Intermediary shall cooperate with the Exchange in the enforcement of the decision on disciplinary actions on the market maker or Client concerned and deduct from its fund that is under the control of such Member, OSP or Overseas Intermediary.

If a futures market participant fails to pay the fines forfeited within the prescribed period, the Exchange may subject it to such measures as suspension of position opening or suspension of part of its futures or options business until the fines forfeited are paid.

Article 59 Any person that is declared as “persona non grata to the market” by the Exchange shall, within twenty (20) trading days upon the effective date of the declaration, liquidate all his/her open positions, conclude relevant business activities, and settle any credits and debts with the Exchange. A person fails to liquidate his/her open positions shall be subject to a forced position liquidation by the Exchange.

Any person that is banned from entering the securities or futures market by the CSRC or other futures exchanges shall not, as long as such ban is effective, engage in the futures or options business on the Exchange.

Article 60 The Exchange may, depending on the circumstances, publish the disciplinary actions imposed on futures market participants through its website or by other means, and record them in the integrity file database for securities and futures markets in accordance with the applicable provisions of the CSRC.

Chapter 6 Dispute Mediation

Article 61 Any dispute between futures market participants over the futures business activities may be resolved through consultation, and submitted to the Exchange for mediation.

Article 62 The mediator of the Exchange is the Legal and Mediation Committee (the “Mediation Committee”). Its office is in the Legal Department of the Exchange.

Article 63 Mediation shall be carried out based on the established facts and accountability in accordance with national laws and regulations on futures trading and the rules of the Exchange.

Article 64 The party applying for mediation shall:

1. have an application form for mediation;
2. demonstrate specific facts, grounds, and claims; and
3. raise a mediation request that falls within the authority of the Mediation Committee.

Article 65 The party applying to the Mediation Committee for mediation shall submit an application form and relevant materials.

The application form shall specify the followings:

1. the party is an individual, his or her name, ID card number, domicile, telephone number; if the party is an organization, its name, unified social credit identifier, domicile, and telephone number;
2. the facts, grounds, and claims of the mediation request; and
3. relevant evidence.

Article 66 Upon receiving a mediation application, the Exchange's Mediation Committee shall carefully examine the relevant materials and notify the party concerned in writing whether the application is accepted.

Article 67 The Exchange's Mediation Committee will reject a mediation application, if:

1. any party concerned has filed an action with a people's court;
2. any party concerned has applied to an arbitration institution for arbitration;
3. one party has requested for mediation, while the other party refuses; or
4. the Mediation Committee otherwise determines to do so.

Article 68 The Exchange's Mediation Committee shall conclude mediation within two (2) months of accepting the mediation application. If a dispute is too complex to be solved within the specified time period, the Mediation Committee will terminate the mediation, unless the disputing parties agree to continue.

Article 69 The Exchange's Mediation Committee may terminate mediation, if:

1. any party concerned does not participate in the mediation or withdraws from the process without permission;
2. the matter for mediation involves the interest of a third person, and the third person does not participate in the mediation or disagrees with the results of the mediation;
3. during the mediation, any party concerned files a legal action or applies for arbitration with respect to the matter for mediation;
4. during the mediation, either party requests to terminate the mediation;
5. a mediation agreement is not reached within the specified time period; or
6. there are other circumstances requiring termination as recognized by the Mediation Committee.

Article 70 According to applicable rules, the parties concerned bear the burden of proof. The Mediation Committee may investigate and collect evidence as it deems necessary.

Article 71 In mediating a dispute, the Mediation Committee shall find the facts, clarify the accountability, and encourage the disputing parties to reach an agreement on a voluntary basis.

Article 72 The agreement reached through mediation shall be recorded on file, and a mediation statement shall be made. The statement will become effective upon being signed and stamped with the seal of the parties.

Article 73 If the mediation fails, the parties may refer the dispute to an arbitration institution for arbitration or to a people's court for litigation.

Chapter 7 Miscellaneous

Article 74 Except as otherwise specified, the “futures market”, “futures business” and “futures trading” in these *Enforcement Rules* includes options activities.

For the purpose of these *Enforcement Rules*, “Designated Delivery Storage Facilities” include warehouses and factories.

Article 75 For the purpose of these *Enforcement Rules*, “from,” “to,” and “up to” includes the number that follows.

The currency adopted or described in these *Enforcement Rules* is RMB Yuan. To determine the applicable RMB amount, foreign currencies shall be converted at the exchange rate at the time relevant conduct occurs.

Article 76 The Exchange reserves the right to interpret these *Enforcement Rules*.

Article 77 These *Enforcement Rules* are effective as of January 1st, 2022