**Program Trading Rules of the Shanghai International Energy Exchange**

**Chapter 1 General Provisions**

**Article 1** These *Program Trading Rules of the Shanghai International Energy Exchange* (these “*Program Trading Rules*”) are formulated to strengthen the regulation of program trading on the Shanghai International Energy Exchange (the “Exchange”), standardize program trading activities, and maintain the order and fairness of futures trading. These *Program Trading Rules* are formulated in accordance with the *Futures and Derivatives Law of the People’s Republic of China, the Measures for the Administration of Futures Exchanges*, the *Provisional Administrative Measures for Program Trading in the Futures Market (For Trial Implementation)*, other relevant laws, regulations, normative documents, as well as the *Trading Rules of the Shanghai International Energy Exchange* and other business rules.

**Article 2** These *Program Trading Rules* shall apply to program trading-related activities conducted on the Exchange.

For the purposes of these *Program Trading Rules*,“**program trading”** refers to the act of automatically generating or submitting trading instructions through a computer program for futures trading on the Exchange.

For the purposes of these *Program Trading Rules*, “**high-frequency trading”** refers to program trading that exhibits one or more of the following characteristics:

(i) A high number or frequency of order submissions and cancellations within a short period;

(ii) A high number of order submissions and cancellations during a trading day; or

(iii) Other characteristics identified by the China Securities Regulatory Commission (CSRC).

The specific criteria for high-frequency trading shall be separately stipulated by the Exchange.

**Article 3** For the purposes of these *Program Trading Rules*,“**program traders”** refer to non-futures firm members (“Non-FF Members”), Overseas Special Non-Brokerage Participants (“OSNBPs”), and Clients who engage in program trading.

For the purposes of these *Program Trading Rules*, “**high-frequency traders”** refer to program traders who engage in high-frequency trading.

**Article 4** Program traders shall comply with relevant laws, regulations, normative documents, and the Exchange’s business rules; shall adhere to the principle of fairness; and shall not compromise the Exchange’s system security or disrupt normal trading order.

**Article 5** The Exchange shall exercise self-regulatory oversight over program trading, strengthen the monitoring and surveillance of program trading, regulate program trading behavior, and take disciplinary or other self-regulatory measures in response to violations, in order to safeguard the security of the Exchange’s systems and maintain a normal trading environment.

**Chapter 2 Reporting Management**

**Article 6** The Exchange shall implement a reporting system for program trading. The specific implementation measures shall be separately announced by the Exchange.

**Article 7** Before accepting a program trading entrustment from a Client, a futures firm member (“FF Member”) shall, in accordance with relevant regulations, enter into a program trading entrustment agreement (“Entrustment Agreement”) with the Client. The agreement shall stipulate the rights and obligations of both parties and specify requirements for reporting, risk control, and related matters.

Overseas Special Brokerage Participants (OSBPs) and Overseas Intermediaries accepting Client entrustments for program trading shall comply with the above requirements mutatis mutandis.

Before an FF Member or OSBP accepts a program trading entrustment from an Overseas Intermediary, the parties shall agree on their respective rights and obligations, including reporting and risk control requirements.

**Article 8** Before engaging in program trading, a Client shall report relevant information to its carrying FF Member, OSBP, or Overseas Intermediary.

The FF Member, OSBP, or Overseas Intermediary shall verify the reported information. Upon successful verification, the FF Member or OSBP shall report the information to the Exchange within five (5) trading days, while the Overseas Intermediary shall report to the Exchange through an FF Member or OSBP within five (5) trading days. The Exchange shall provide feedback within five (5) trading days upon receipt of the report. Upon receiving feedback from the Exchange, the FF Member, OSBP, or Overseas Intermediary shall confirm the information with the Client. Only after receiving such confirmation may the Client commence program trading.

**Article 9** Before engaging in program trading, non-FF Members and OSNBPs shall report relevant information directly to the Exchange. The Exchange shall provide feedback within five (5) trading days. Only upon receiving confirmation from the Exchange may they commence program trading.

Non-FF Members and OSNBPs shall not engage in high-frequency trading.

**Article 10** Program traders shall truthfully, accurately, and completely report the following information:

(i) Basic account information, including the trader’s name, trading code, product manager, and the carrying FF Member, OSBP, or Overseas Intermediary;

(ii) Trading and software information, including the method of order execution, the name of the trading software, its basic functions, and the identity of the software developer; and

(iii) Any other information required by the Exchange.

In addition to the above, high-frequency traders shall also report the following: trading strategy type and main content, maximum order-to-cancel frequency, maximum daily number of order submissions and cancellations, server location, technical system testing report, emergency response plan, risk control measures, etc.

**Article 11** Any of the following changes in reported information shall constitute a **material change** and must be reported accordingly:

(i) A change in the trader’s name or the product manager;

(ii) A change in the method of order execution, or in the name, basic functions, or developer of the trading software;

(iii) For high-frequency traders, a change in the type of trading strategy, the maximum order submission or cancellation frequency, or the maximum number of order submissions or cancellations in a single day;

(iv) The cessation of program trading; or

(v) Any other material changes as determined by the Exchange.

Program traders shall submit the change report within thirty (30) trading days following the occurrence of such material change.

**Article 12** FF Members, OSBPs, and Overseas Intermediaries shall verify the information reported by their program trading Clients every six months or as required by the Exchange. If a Client fails to report information as stipulated, the FF Member, OSBP, or Overseas Intermediary shall urge the Client to rectify the non-compliance promptly. If the Client fails to rectify after being urged, the FF Member, OSBP, or Overseas Intermediary shall, in accordance with the Entrustment Agreement, refuse to accept further orders to open new positions from the Client.

**Article 13** The Exchange shall verify the information reported by program traders every six (6) months or as needed, with particular emphasis on the trading strategy type, maximum order submission and cancellation frequencies, and maximum daily order submissions and cancellations reported by high-frequency traders.

**Article 14** FF Members, OSBPs, and Overseas Intermediaries shall maintain the confidentiality of information reported by Clients. They shall not buy, sell, disclose, provide, or otherwise use such information by improper means, nor shall they disclose any known trade secrets.

They shall properly retain Client-reported information and verification records for a period of no less than twenty (20) years.

**Article 15** The Exchange's acceptance, verification, and management of information reported by program traders in accordance with these *Program Trading Rules* shall not constitute any judgment or guarantee by the Exchange regarding the availability, security, or compliance of the program traders themselves, or of the program trading strategies and technical systems they employ.

**Chapter 3 System Access Management**

**Article 16** FF Members, OSBPs, Overseas Intermediaries, and program traders shall ensure that technical systems used for program trading comply with applicable regulations of the CSRC and the business rules of the Exchange. These systems must adhere to the principles of compliance, prudence, and risk controllability. They shall not compromise the security of the Exchange’s systems, distort market fairness, or infringe upon the lawful rights and interests of other market participants.

FF Members, OSBPs, and Overseas Intermediaries shall incorporate external system access management into their compliance and risk control frameworks, and establish comprehensive mechanisms covering access testing, trade monitoring, anomaly handling, emergency response, and exit arrangements.

**Article 17** Technical systems used by program traders shall meet the following requirements:

(i) Be equipped with effective anomaly monitoring functions to detect situations such as abnormal system connection status and irregular numbers of order submissions or cancellations;

(ii) Possess effective threshold management mechanisms, including risk-based threshold settings and timely alerts upon reaching the thresholds;

(iii) Possess robust error prevention functions, executing corresponding strategies based on error types to prevent erroneous orders from causing significant disruption to the Exchange’s system security or market order;

(iv) Possess reasonable and effective emergency response capabilities, ensuring the ability to suspend trading, cancel orders, etc., in the event of technical failures or other anomalies;

(v) Maintain complete and traceable log records to ensure business traceability; and

(vi) Comply with other requirements prescribed by the CSRC and the Exchange.

In addition, technical systems used by non-FF Members and OSNBPs for program trading shall also meet the following requirements:

(i) Possess effective capital and position verification functions to verify account funds and positions in real time before submitting trading instructions, ensuring their legality and validity; and

(ii) Be designed, developed, and used in strict accordance with the Exchange’s technical specifications for member interface development.

**Article 18** Trading information systems used by FF Members and OSBPs shall meet the following requirements:

(i) System performance and capacity shall be aligned with business and market needs, ensuring safe, stable, and continuous operation;

(ii) Possess effective external access authentication mechanisms to identify and verify external systems and Clients, and to reject unauthorized access;

(iii) Possess effective capital and position verification capabilities, verifying traders’ account funds and positions in real time before transmitting trading instructions, to ensure their legality and validity;

(iv) Possess effective permission control functions to define trading permissions for different traders;

(v) Possess effective anomaly monitoring capabilities to monitor abnormal conditions such as erroneous order entries, repeated login attempts, and abnormal volumes or frequencies of order submissions and cancellations;

(vi) Possess effective threshold management functions that allow setting thresholds based on risk control requirements and issue alerts when thresholds are reached;

(vii) Possess effective error-handling capabilities to implement appropriate handling strategies based on error types, preventing system anomalies from significantly impacting the Exchange’s system security or market order;

(viii) Possess effective emergency response mechanisms to support batch order cancellations, suspension of order entry, etc., during system failures or other abnormal events;

(ix) Maintain complete and accurate logs to ensure traceability of business activities;

(x) Be developed and operated strictly in accordance with the Exchange’s technical specifications for member interfaces;

(xi) Comply with other requirements as stipulated by the CSRC and the Exchange.

Technical systems used by Overseas Intermediaries for program trading shall meet the requirements in (i), (ii), (iv) to (ix), and (xi) above.

**Article 19** Before a Client’s or an Overseas Intermediary’s program trading system connects to an FF Member or OSBP, such systems must be tested by the FF Member or OSBP. Testing may be conducted internally or by engaging a qualified third-party testing organization.

FF Members and OSBPs shall retain the test records required above for a period of no less than twenty (20) years.

**Article 20** Before providing futures brokerage services for program trading, FF Members and OSBPs must establish a simulated testing environment, separate from the production environment, to test their own trading information systems.

FF Members and OSBPs shall properly retain the testing records required in the preceding paragraph, and the retention period shall be no less than twenty (20) years.

**Article 21** FF Members and OSBPs shall not deploy their trading information systems on the same physical equipment as Client or Overseas Intermediary technical systems. They shall not grant system management access to Clients, Overseas Intermediaries, or IT service providers. They shall also not permit direct connection of Client or Overseas Intermediary systems to the Exchange’s trading system.

Program traders shall not use system interfaces to illegally conduct futures business, solicit Clients, or process trading instructions on behalf of third parties. They shall not transfer, lend, or provide their systems to third parties for external access.

**Chapter 4 Hosting and Seat Management**

**Article 22 The Exchange** shall implement a hosting information reporting system and a trading seat management system. Hosting services shall be provided and trading seats shall be allocated in accordance with the principles of security, fairness, and reasonableness.

**The Exchange** shall conduct semi-annual verifications of the utilization of hosting resources and trading seats.

**Article 23** Members shall report to the Exchange each time they apply for additional the Exchange hosting resources. The report submitted by FF Members shall include their relevant internal management systems and implementation status, trading software information and deployment status, and the status of Clients using the Exchange hosting resources. The report submitted by non-FF Members shall include their relevant internal management systems and implementation status, and trading software information and deployment status.

Where there are material changes to the reported information, members shall submit an updated report to the Exchange within five (5) trading days of the occurrence of such changes.

The specific content, format, and submission method for hosting information reporting shall be separately announced by the Exchange.

**Article 24** FF Members shall establish a hosting resource management system, utilize the Exchange’s hosting resources in a reasonable manner, ensure trading fairness, and report to the Exchange on the use of the Exchange’s hosting resources by program trading Clients.

**Article 25** FF Members shall not provide the Exchange’s hosting services to program trading Clients who frequently engage in abnormal trading activities, experience significant technical failures in their systems, or violate relevant the Exchange rules. Specific requirements shall be separately announced by the Exchange.

If a non-FF Member using the Exchange’s hosting resources falls under any of the above circumstances, the Exchange may terminate the provision of hosting services.

**Article 26** FF Members and OSBPs shall establish a trading seat management system, allocate trading seats fairly, and report to the Exchange on the use of trading seats by program trading Clients.

**Chapter 5 Trading Monitoring and Risk Management**

**Article 27** Program traders shall enhance compliance awareness and strengthen risk prevention and control.

Legal persons and unincorporated organizations engaged in program trading shall establish and effectively implement internal control, risk management, and compliance management systems.

**Article 28** FF Members, OSBPs, and Overseas Intermediaries shall establish and effectively implement internal control, risk management, and compliance management systems for program trading.

They shall strengthen the monitoring of their Clients’ program trading activities, review program trading entrustment instructions, promptly identify and manage abnormal trading behaviors, and cooperate with the Exchange in taking relevant measures.

**Article 29** The Exchange shall conduct real-time monitoring and surveillance of program trading, with a focus on the following abnormal program trading behaviors that may affect the its system security and normal trading order:

(i) A high number or frequency of order submissions and cancellations within a short period, or a high number within a trading day, reaching certain thresholds;

(ii) A high number of order submissions and cancellations and a high ratio of submissions/cancellations to executed trades within a short period or within a trading day, reaching certain thresholds;

(iii) Large, continuous, or dense order submissions within a short period, where executed trades reach certain thresholds, and where there are significant anomalies in futures prices or trading volume; and

(iv) Other circumstances deemed by the Exchange to require focused monitoring and surveillance.

The identification and handling of abnormal program trading behaviors shall follow the relevant provisions of the *Administration of Abnormal Trading Behaviors Rules of Shanghai International Energy Exchange.*

**Article 30** The Exchange shall implement key management measures for high-frequency trading.

It shall apply systems such as order submission/cancellation fees and trading limits, and may adjust the applicable standards as appropriate. Specific standards shall be separately announced by the Exchange.

The Exchange may implement differentiated fee management for high-frequency trading.

**Article 31** If a program trader encounters an emergency event—such as force majeure, an unexpected event, a major technical failure, or a significant human error—that may cause significant abnormal fluctuations in futures prices or the market, the trader shall immediately take measures such as suspending trading or cancelling orders.

In such cases, Clients shall promptly report to their carrying FF Member, OSBP, or Overseas Intermediary. Non-FF Members and OSNBPs shall report directly to the Exchange.

**Article 32** If an FF Member, OSBP, or Overseas Intermediary discovers that a Client is experiencing a situation described in Paragraph 1 of Article 31, such entity shall, in accordance with the entrustment agreement, immediately take measures such as suspending order acceptance or cancelling relevant orders, and report to the Exchange without delay. An OSBP or Overseas Intermediary may report to the Exchange directly or through an FF Member.

If the Client is a customer of an FF Member, the member shall also report to the local office of the CSRC at the location of the company’s registered address.

**Article 33** If a situation as described in Paragraph 1 of Article 31 occurs and affects the Exchange’s system security or normal trading order, the Exchange may take measures such as suspending trading, adjusting the opening or closing time, or canceling trades, and shall promptly report to the CSRC.

**Chapter 6 Supervision and Management**

**Article 34** The Exchange may conduct on-site or off-site inspections of FF Members, OSBPs, Overseas Intermediaries, and program traders as needed for self-regulatory purposes to assess their compliance with these *Program Trading Rules*. Relevant organizations and individuals shall cooperate and provide relevant materials truthfully, accurately, completely, and in a timely manner.

**Article 35** If a program trader falls under any of the following circumstances, the Exchange shall order rectification and may take measures such as issuing reminders, requiring written reports, conducting interviews, or imposing suspensions on opening new positions:

(i) Failure to fulfill reporting or change-reporting obligations as required, or frequent inconsistencies between trading activity and reported information;

(ii) Non-FF Members or OSNBPs engaging in high-frequency trading in violation of regulations;

(iii) Use of non-compliant technical systems for program trading;

(iv) Engaging in illegal futures business operations, soliciting traders, processing third-party orders via system interfaces, or transferring/lending technical systems or providing third parties with external access;

(v) Improper use of hosted resources or trading seats in violation of regulations;

(vi) Failure to establish or effectively implement internal control, risk management, or compliance systems for program trading;

(vii) Failure to take appropriate measures or report in a timely manner in response to emergency events during program trading;

(viii) Failure to cooperate with on-site or off-site inspections by the Exchange;

(ix) Engaging in program trading that compromises the Exchange’s system security or disrupts normal trading order; or

(x) Other circumstances specified by the Exchange.

**Article 36** If an FF Member, OSBP, or Overseas Intermediary falls under any of the following circumstances, the Exchange shall order rectification and may take measures such as issuing reminders, conducting interviews, issuing warning letters, or issuing opinion letters:

(i) Failure to verify Client-reported information for program trading, to urge Clients to rectify as required, or to reject new orders from Clients who fail to comply after being urged;

(ii) Use of non-compliant trading information systems or program trading systems, or failure to conduct testing as required;

(iii) Deployment of trading information systems on the same physical equipment as Clients’ or Overseas Intermediaries’ systems, granting system management access to Clients, Overseas Intermediaries, or IT service providers, or directly connecting Client or intermediary systems to the Exchange’s trading system;

(iv) Failure to establish or properly implement hosting resource management or trading seat management systems, or improper use of hosting resources or trading seats;

(v) Failure to establish or effectively implement internal control, risk management, or compliance systems for program trading;

(vi) Failure to manage Client program trading activities properly or to cooperate with the Exchange in taking relevant measures;

(vii) Failure to take appropriate actions or report in a timely manner upon discovering a Client emergency event;

(viii) Failure to properly retain Client-reported program trading information, verification records, or system testing records;

(ix) Failure to cooperate with on-site or off-site inspections by the Exchange;

(x) Engaging in program trading that compromises the Exchange’s system security or disrupts normal trading order; or

(xi) Other circumstances specified by the Exchange.

**Chapter 7 Supplementary Provisions**

**Article 37** In the event of a serious violation of these *Program Trading Rules*, the Exchange shall handle the matter in accordance with the *Enforcement Rules of the Shanghai International Energy Exchange*.

**Article 38** The provisions related to high-frequency trading in these *Program Trading Rules* shall not apply to market makers when engaging in market-making activities through program trading.

**Article 39** The Exchange reserves the right to interpret these *Program Trading Rules*.

**Article 40** These *Program Trading Rules* shall come into effect on October 9, 2025.