

Measures of China Financial Futures Exchange on the Management of Program Trading

Chapter 1 General Provisions

Article 1 These *Measures* 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 *Provisions on the Administration of Program Trading in the Futures Market (Trial)*, other applicable laws, regulations, normative documents, as well as the *Trading Rules of China Financial Future Exchange* (the “Exchange”) and other business rules of the Exchange, for the purpose of regulating program trading on the Exchange, ensuring compliant program trading activities, and maintaining orderly futures trading and market fairness.

Article 2 These *Measures* shall apply to program trading activities conducted on the Exchange.

For the purposes of these *Measures*, “program trading” refers to the act of trading futures on the Exchange through trading orders automatically generated or placed by a computer program.

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

- (i) A significant number or rapid frequency of order placements and cancellations within a short period;
- (ii) A significant number of order placements or cancellations within a trading day; and
- (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 *Measures*, “program traders” refer to non-futures-company members and clients who engage in program trading.

For the purposes of these *Measures*, “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, adhere to the principle of fairness and not compromise the security of the Exchange’s system 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 sanctions or other self-regulatory measures against violations, in order to safeguard the security of the Exchange's system and maintain normal trading order.

Chapter 2 Reporting Management

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

Article 7 Before accepting a program trading entrustment from a client, a futures-company member shall, in accordance with relevant regulations, enter into a program trading entrustment agreement with the client. The entrustment agreement shall stipulate the rights and obligations of both parties and specify requirements for reporting, risk control, and related matters.

Article 8 Before engaging in program trading, a client shall report relevant information to its carrying futures-company member.

The futures-company member shall verify the reported information. Upon successful verification, the futures-company member shall report the information to the Exchange 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 futures-company member shall confirm with the client. Only after receiving such confirmation may the client commence program trading.

Article 9 Before engaging in program trading, non-futures-company members 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-futures company members 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 futures-company member;
- (ii) Trading and software information, including the method of order execution, the name, basic functions, and developer of the software; and
- (iii) Any other information required by the Exchange.

In addition to the above, high-frequency traders shall also report the following: the type and main content of trading strategies, the maximum frequency of order placements and

cancellations, the maximum daily number of order placements and cancellations, server locations, technical system testing reports, contingency plans, risk control measures, and other relevant information.

Article 11 Any of the following changes in the aforementioned 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 placement or cancellation frequency, or the maximum daily number of order placements or cancellations;
- (iv) The cessation of program trading; or
- (v) Any other material changes as identified by the Exchange.

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

Article 12 Futures-company members shall verify the information reported by their program trading clients every six (6) months or as required by the Exchange. If its client fails to report information as stipulated, the futures-company member shall urge the client to rectify the non-compliance promptly. If the client fails to make rectification, the futures-company member 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, the maximum frequency of order placements and cancellations, and the maximum daily order placements and cancellations reported by high-frequency traders.

Article 14 Futures-company members shall maintain the confidentiality of information reported by clients, and shall not buy, sell, disclose, provide, or otherwise use such information by improper means, nor shall they disclose any known trade secrets.

Futures-company members shall properly retain client's reported information and verification records for 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 *Measures* 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 Futures-company members and program traders shall ensure that the technical systems used for program trading comply with applicable regulations of the CSRC and the business rules of the Exchange, adhere to the principles of compliance, prudence, and risk controllability, and shall not compromise the security of the Exchange's system or market fairness, nor infringe upon the legitimate rights and interests of other market participants. Futures-company members shall integrate external system access management into their compliance and risk control systems, and establish comprehensive mechanisms covering access testing, trading monitoring, abnormality handling, emergency response, and exit arrangements.

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

- (i) Be equipped with the function of effective abnormality monitoring to detect situations such as abnormal system connection status and abnormal numbers of order placements or cancellations;
- (ii) Be equipped with the function of effective threshold management, including setting thresholds based on risk control requirements and issuing timely alerts upon reaching the thresholds;
- (iii) Be equipped with the function of robust error prevention, executing corresponding strategies based on error types to prevent erroneous orders from causing significant disruption to the security of Exchange's system or market order;
- (iv) Be equipped with the function of reasonable and effective emergency response, ensuring the ability to suspend trading, cancel orders, and conduct other response measures, in the event of technical failures or other abnormalities;
- (v) Be equipped with the function of comprehensive record preservation to ensure business traceability; and
- (vi) Comply with other requirements prescribed by the CSRC and the Exchange.

In addition, technical systems used by non-futures-company members for program trading shall also meet the following requirements:

- (i) Be equipped with the function of real-time, effective capital and position verification before submitting trading orders, ensuring their legality and validity; and
- (ii) Access to the Exchange shall be designed, developed, and used in strict accordance with the Exchange's technical requirements for member interface.

Article 18 Trading information systems used by futures-company members 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) Be equipped with the function of effective external access authentication to identify and verify external systems and clients, and to reject unauthorized access;
- (iii) Be equipped with the function of real-time, effective capital and position verification before submitting trading orders, ensuring their legality and validity;
- (iv) Be equipped with the function of effective permission control to set trading permissions for different traders;
- (v) Be equipped with the function of effective abnormality monitoring to detect abnormal conditions such as erroneous orders, repeated login attempts, and abnormal number of order placements and cancellations;
- (vi) Be equipped with the function of effective threshold management, including setting thresholds based on risk control requirement and issuing timely alerts upon reaching the thresholds;
- (vii) Be equipped with the function of robust error handling, executing corresponding strategies based on error types to prevent abnormalities from causing significant disruption to the security of Exchange's system or market order;
- (viii) Be equipped with the function of reasonable and effective emergency response, ensuring the ability to suspend trading, cancel orders in batches, and conduct other response measures, in the event of technical failures or other abnormalities;
- (ix) Be equipped with the function of comprehensive record maintenance to ensure business traceability;
- (x) Access to the Exchange shall be designed, developed, and used in strict accordance with the Exchange's technical requirements for member interface; and
- (xi) Comply with other requirements prescribed by the CSRC and the Exchange.

Article 19 Before connecting to the trading system of a futures-company member, the technical system used by a client engaging in program trading shall be tested by the futures-company member itself or a third-party institution appointed by the futures-company member.

Futures-company members shall properly retain the testing records required in the preceding paragraph for no less than twenty (20) years.

Article 20 Before providing futures brokerage services for program trading, futures-company members shall establish a simulated testing environment, separate from the production environment, to test their own trading information systems.

Futures-company members shall properly retain the testing records required in the preceding paragraph for no less than twenty (20) years.

Article 21 Futures-company members shall not deploy their trading information systems and the clients' trading system on the same physical device. They shall not grant system management permissions to clients or IT service providers. They shall also not permit direct connection of the technical systems of clients to the Exchange's trading system.

Program traders shall not use system access to engage in illegal futures business, solicit clients, or process trading orders on behalf of third parties. They shall not transfer or lend their own technical systems, or provide external access to third parties.

Chapter 4 Colocation and Seat Management

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

The Exchange shall verify the utilization of colocation resources and trading seats every six (6) months.

Article 23 Futures-company members shall report to the Exchange each time they apply for additional colocation resources of the Exchange. The submitted report shall include their relevant internal management systems and implementation status, information and deployment status of trading software, and information about clients using the Exchange's colocation resources.

Where there are material changes to the reported information, futures-company members shall submit a change report to the Exchange within five (5) trading days of the occurrence of such changes.

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

Article 24 Futures-company members shall establish a colocation resource management system, utilize the Exchange's colocation resources in a reasonable manner, ensure trading fairness, and report to the Exchange on the use of the Exchange's colocation resources by program trading clients.

Article 25 Futures-company members shall not provide the Exchange's colocation services to program trading clients who frequently engage in abnormal trading activities, experience significant technical failures in their systems, or violate relevant rules of the Exchange. Specific requirements shall be separately announced by the Exchange.

Article 26 Futures-company members 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 engaging in program trading shall establish and effectively implement internal control, risk management, and compliance management systems for program trading.

Article 28 Futures-company members shall establish and effectively implement internal control, risk management, and compliance management systems for program trading.

Futures-company members shall strengthen the monitoring of their clients' program trading activities, review program trading entrustment orders, 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 its system security and normal trading order:

- (i) The number and frequency of order placements or cancellations within a short period reaches a certain threshold, or the number of order placements and cancellations within a trading day reaches a certain threshold;
- (ii) The number of order placements or cancellations and the ratio of order placements and cancellations to executed trades within a short period or within a trading day reaches a certain threshold;
- (iii) The execution of large, consecutive, or concentrated order placements within a short period reaches a certain threshold, and significant abnormalities occur in futures prices or trading volumes; and
- (iv) Other circumstances identified by the Exchange that require close monitoring and surveillance.

The identification and handling of abnormal program trading behaviors shall be separately specified by the Exchange.

Article 30 The Exchange shall strengthen management over high-frequency trading.

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

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

Article 31 If a program trader encounters emergency events, including force majeure, accidents, significant technical failures, or significant human errors, that may cause significant abnormal fluctuations in futures prices or the market, the trader shall immediately take measures such as suspending trading or cancelling the entrustment.

In such cases, clients shall promptly report to their carrying futures-company members. Non-futures-company members shall report directly to the Exchange promptly.

Article 32 If a futures-company member identifies that a client is experiencing a situation described in Paragraph 1 of Article 31, the member 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.

If the futures-company member identifies that their clients are in the aforementioned situation, the member shall also report to the regional office of the CSRC at the location of the company's domicile.

Article 33 If any situation as described in Paragraph 1 of Article 31 occurs and affects the security of the Exchange's system or normal trading order, the Exchange may take measures such as suspending trading, adjusting the market 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 futures-company members and program traders as needed for self-regulatory purposes to assess their compliance with these *Measures*. 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 require the trader to make rectification and may take measures such as issuing telephone reminders, requiring reporting, conducting cautionary interviews, or restricting the opening of positions:

- (i) Failure to fulfill reporting obligations or the obligations to report changes as required, or frequently engaging in program trading inconsistent with the reported information;
- (ii) Non-futures-company members 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 transfer or lend technical systems or providing external access to third parties;

- (v) Failure to use colocation resources or trading seats in accordance with regulations;
- (vi) Failure to establish or effectively implement internal control, risk management, or compliance systems for program trading;
- (vii) Failure to take appropriate measures in response to emergencies, or report in a timely manner;
- (viii) Failure to cooperate with the Exchange in conducting on-site or off-site inspections;
- (ix) Compromising the security of the Exchange's system or normal trading order; or
- (x) Other circumstances specified by the Exchange.

Article 36 If a futures-company member falls under any of the following circumstances, the Exchange shall order the member to make rectification and may take measures such as issuing verbal reminders, issuing written admonishments, or conducting cautionary interviews:

- (i) Failure to verify the reported information of its clients for program trading, urge the clients to rectify as required, or reject new orders from clients who still fail to comply after being urged;
- (ii) Use of non-compliant trading information systems or program trading technical systems, or failure to conduct testing as required;
- (iii) Deploying the trading information systems and client's technical systems on the same physical device, granting system management access to clients or IT service providers, or directly connecting clients' technical systems to the Exchange's trading system;
- (iv) Failure to establish or properly implement colocation resource management or trading seat management systems, or improper use of colocation 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 that a client encounters an emergency;
- (viii) Failure to properly retain program trading information reported by clients, verification records, or system testing records;

- (ix) Failure to cooperate with the Exchange in conducting on-site or off-site inspections;
- (x) Compromising the security of the Exchange's system or normal trading order; or
- (xi) Other circumstances specified by the Exchange.

Chapter 7 Ancillary Provisions

Article 37 Any serious violation of these *Measures* shall be handled by the Exchange in accordance with *Measures of China Financial Futures Exchange on Dealing with Violations and Breaches*.

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

Article 39 The Exchange reserves the right to interpret these *Measures*.

Article 40 These *Measures* shall come into effect on October 9, 2025.