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Membership Management Provisional Measures of China Emissions Exchange (2017 Revision)

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Chapter One General Rules

1.1 These Rules are formulated in accordance with *the Interim Management Measures on Carbon Emissions Trading, the Interim Management Measures on Green House Gas Emissions Reduction Trading, the Tentative Management Measures for Carbon Emissions in Guangdong Province, the Carbon Allowances Trading Rules of China Emissions Exchange* as well as other relevant laws, rules and regulations for the purposes of regulating members' carbon emissions trading and relevant business activities in China Emissions Exchange (hereinafter referred to as "the Exchange") and protecting members' legitimate rights.

1.2 Membership management is applied to the Exchange. Members refer to institutions (hereinafter referred to as "institutional members") or natural persons (hereinafter referred to as "individual members) who have been approved by the Exchange according to relevant laws, rules and regulations and have the right to perform trading and other relevant businesses in the Exchange.

1.3 The Exchange implements membership qualification review system. The Exchange manages the acquisition, transfer, suspension, resumption and cancellation of the membership qualification as well as members' information alteration.

1.4 When conducting businesses regulated by the Exchange, members shall abide by the relevant laws, administrative regulations, rules, trading rules and relevant business guidance of the Exchange; members shall operate in an honest and creditworthy manner and in standardized procedure, and accept supervision and management from the Exchange.

Chapter Two Application for Membership Qualification and Business Qualifications

2.1 The institution that meets the following requirements can apply for institutional membership of the Exchange.

- (1) Be a legitimate corporate legal person or other organization;
- (2) Maintaining good commercial credit;
- (3) Meeting relevant regulations of competent department of carbon trading.

2.2 An individual that meets the following requirements may apply for individual membership of the Exchange.

- (1) Be an 18-year-old natural person with full capacity for civil conduct;
- (2) Meeting relevant regulations of competent department of carbon trading.

2.3 The application for membership qualification shall follow the procedures below:

- (1) The applicant submits membership qualification application materials to the Exchange;
- (2) The Exchange completes review and approval within five days after receiving materials above and informs the applicant of the review results;
- (3) The applicant shall sign relevant agreements with the Exchange after receiving the notice of passing membership qualification review;
- (4) The Exchange grants applicant membership qualification formally within five days after the applicant signs relevant agreements and issues membership certificates to institutional members.

2.4 Members may perform part of or all of businesses below with approval of the Exchange.

- (1) Self-operated business: employ self-owned funds and funds legally collected or self-owned carbon emissions as required by the Exchange in its own name to open trading account and participate in carbon emissions trading;
- (2) Brokerage business: Open accounts for trading carbon emissions for institutions

and individuals as required by the regulation of the Exchange;

(3) Entrusted business: Accept the entrustment from clients to hold or trade carbon emissions allowances as required by the regulation of the Exchange;

(4) Public welfare business: Purchase and write off carbon emissions voluntarily as required by the regulation of the Exchange.

(5) Other businesses recognized by the competent department of carbon trading and the Exchange.

2.5 The following requirements shall be met and documents shall be provided for application for self-operated business qualification:

(1) Possessing membership qualification of the Exchange;

(2) Institutional members shall be equipped with professional staffs with knowledge of carbon emissions trading and have relevant abilities to resist risks;

(3) Individual members shall have certain investing experience, industrial background knowledge and abilities to resist risks.

2.6 The following requirements shall be met and documents shall be provided for application for brokerage business qualification:

(1) Possessing institutional membership qualification of the Exchange;

(2) Possessing brokerage business channel and relevant business management experience.

2.7 The following requirements shall be met and documents shall be provided for application for entrustment business qualification:

(1) Possessing institutional membership qualification of the Exchange;

(2) Possessing business experience of carbon trading;

(3) Net assets are not less than 500 million RMB.

2.8 The following requirements shall be met and documents shall be provided for application for public welfare business qualification:

(1) Possessing membership qualification of the Exchange;

(2) Possessing willingness to write off carbon emissions voluntarily.

2.9 The application for membership business qualification shall follow the procedures

below:

- (1) The applicant submits relevant business qualification materials to the Exchange;
- (2) The Exchange completes review and approval within five days after receiving materials above and informs the applicant of the review results;
- (3) The applicant shall sign relevant agreements with the Exchange after receiving notice of passing membership qualification review and pays relevant fees as required;
- (4) The Exchange formally grants applicant relevant business qualification within five days after the applicant signs relevant agreements and pays fees successfully.

Chapter Three Rights and Obligations of Members

3.1 Members of the Exchange have the following rights:

- (1) Perform businesses approved by the Exchange;
- (2) Publish and acquire relevant information on cooperative affairs through the information network of the Exchange; the usage of specific information is implemented according to relevant rules of the Exchange;
- (3) Access to relevant facilities, market information and relevant services provided by the Exchange;
- (4) Participate in all kinds of member trainings and relevant business communication events organized by the Exchange;
- (5) Supervise and give suggestions to the work of the Exchange;
- (6) Other rights granted to members.

3.2 Members of the Exchange shall fulfill the following obligations:

- (1) Perform relevant businesses legally and abide by relevant management systems of the Exchange;
- (2) Accept supervision and management from the Exchange and actively cooperate with regular or random inspection from the Exchange;
- (3) Reflect trading related information in a timely manner, especially the information

may affect or is affecting the normal trading;

(4) Designate contact person to handle all kinds of businesses between members and the Exchange;

(5) Report significant information change in a timely manner;

(6) Accept relevant business training organized by the Exchange;

(7) Keep commercial secrets of the Exchange and other stakeholders confidential;

(8) Pay annual fees or other fees as required by the Exchange;

(9) Other obligations specified by the Exchange.

3.3 Members shall submit written report within ten working days upon the following circumstances occur:

(1) A change of the legal representative and major responsible person;

(2) A change of the registered capital or shareholding structure;

(3) A change of the name, business premise, business scope, account representatives and contact;

(4) A significant change in operating conditions;

(5) Involved in significant lawsuits or economic disputes;

(6) Being suspected of breach of laws and regulations, being investigated or punished by regulatory authorities, or punished by other exchanges;

(7) Other situations the Exchange requires to report;

The Exchange will make a public announcement of information alteration on official website as needed after completing members' information alteration.

Chapter Four Supervision and Management

4.1 The Exchange can suspend members membership or business qualifications and requires rectification within a prescribed time limit when one of the following circumstances occur (expect that members take the initiative to apply for suspension):

(1) Fail to abide by business rules of the Exchange, disrupt and manipulate the

market;

- (2) Fail to pay relevant fees required by the Exchange;
- (3) Violate principles of credibility and integrity when performing daily businesses;
- (4) Being punished by government sectors;
- (5) Fail to complete training as required by the Exchange;
- (6) Take the initiative to apply for suspending membership or business qualifications to the Exchange;
- (7) Other cases affirmed by the Exchange;

The Exchange will determine whether to resume members' membership or business qualifications according to members' applications after the suspension is cancelled. The Exchange will make a public announcement of suspension or resumption on official website.

4.2 The Exchange can cancel members membership or business qualifications when one of the following circumstances occur:

- (1) Being suspended membership or business qualifications twice in one year;
- (2) Fail to rectify as required by the Exchange after being suspended membership or business qualifications;
- (3) Fail to abide by relevant business rules of the Exchange and cause severe losses therefrom;
- (4) Violate principles of credibility and integrity when performing daily businesses and cause severe losses therefrom;
- (5) Being punished by government sectors;
- (6) Fail to meet application requirements of membership or business qualifications;
- (7) Take the initiative to apply for giving up membership or business qualifications to the Exchange;
- (8) Other cases affirmed by the Exchange;

The Exchange will make a public announcement on official website after cancellation of members' membership or business qualifications

Chapter Five Transfer of Membership Qualification and Business Qualifications

5.1 Institutional members (except for major emissions companies covered in carbon emissions trading) can transfer their membership and business qualifications with approval of the Exchange. Individual members' membership and business qualifications must not be transferred. Membership and business qualifications must not be transferred in any way such as contract, mortgage or rent without permission.

5.2 Membership and business qualifications must not be transferred when one of the following circumstances occur:

- (1) During the period when members have economic disputes or when members are being investigated and handled by relevant state departments;
- (2) Being suspected of violating rules and during the period when members are being investigated and handled by the Exchange;
- (3) Membership or relevant business qualifications having been cancelled by the Exchange;
- (4) Other cases affirmed by the Exchange;

5.3 The transferor shall submit application forms of membership or business qualifications to the Exchange when transferring membership or business qualifications; the transferee shall submit application materials of membership or business qualifications to the Exchange with approval of the Exchange.

The Exchange will not return any relevant fees submitted by the members previously after transferring membership or business qualifications.

5.4 Members shall handle the following procedures after membership or relevant business qualifications being cancelled:

- (1) Terminate or implement all relevant contracts;
- (2) Return relevant certificates or other various relevant materials;
- (3) Sell or transfer all carbon emissions from registration system and remove all funds

if members have trading accounts;

(4) Other procedures required by the Exchange.

Chapter Six Supplementary Rules

6.1 The Exchange reserves the right to interpret and revise the Rules.

6.2 The measure shall come into force from the date of publication. The membership management measures published previously shall be abolished.

China Emissions Exchange

February 7th, 2017