**Measures for Clearing Management of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures for Clearing Management of Dalian Commodity Exchange (the "**Measures**") are formulated pursuant to the *Trading Rules of Dalian Commodity Exchange* for the purposes of standardizing the futures clearing activities within Dalian Commodity Exchange (the "**Exchange**"), protecting the lawful rights and interests of the parties to the trading and the interests of the public, and preventing and mitigating the futures market risks.
2. The clearing means the business activities of calculation and transfer of the Members' trading margin, profit and loss, commission, delivery payment and any other relevant payments on the basis of the trading results and the applicable rules of the Exchange.
3. The Exchange implements the margin mechanism, the mark-to-market mechanism, the risk reserves mechanism and others.
4. The Exchange implements all-Member clearing, and conducts clearing with the Members only. The Futures Company Members shall conduct clearing with their clients, the Overseas Special Participants (the "**OSPs**") which engage it to conduct clearing and the Overseas Intermediaries which engage it to conduct trading and clearing (the clients, the OSPs and the Overseas Intermediaries are collectively referred to as the "**Principals for Clearing and Delivery**"). The Overseas Special Brokerage Participants (the "**OSBPs**") and the Overseas Intermediaries shall conduct clearing with their clients.
5. The Measures shall be applicable to any and all clearing and settlement matters within the Exchange. The Exchange, the Members, the OSPs, the Overseas Intermediaries, the clients and the futures margin depository banks designated by the Exchange (the "**Depository Banks**"; each, a "**Depository Bank**") and relevant staff shall comply with the Measures.

**Chapter II Clearing Agency and Its Duties**

1. The Exchange, as a central counterparty, shall conduct centralized clearing with respect to the futures trading, and be responsible for the margin management, the risk reserves management and the prevention of the clearing risks with respect to the futures trading.

The term "*central counterparty*" means a legal person who, upon the conclusion of a futures transaction, interposes itself between the counterparties to the futures transaction, becoming the buyer to every seller and the seller to every buyer, undertakes the clearing on a netting basis, and to provide centralized performance guarantee for such futures trading.

1. The Exchange shall have the following responsibilities with respect to the clearing business:
2. to produce the Members' clearing financial statements;
3. to handle the fund transfers;
4. to collect, register and report trading and clearing information;
5. to handle the payment disputes arising out of or in connection with the Members' trading;
6. to handle the delivery settlement business;
7. to control the clearing risks so as to guarantee the performance of the futures contracts;
8. to manage the margins and risk reserves pursuant to the applicable rules; and
9. to handle other clearing businesses subject to the applicable rules.
10. All contracts concluded within the Exchange's system must be centrally cleared throughout the Exchange.
11. The Members, OSPs, Overseas Intermediaries and clients shall cooperate in case the Exchange inspects and examines their relevant materials associated with futures trading, including the trading records, clearing and settlement information, financial statements and related vouchers and books in accordance with the relevant rules of the Exchange.
12. Each Member shall establish a clearing department. The clearing department of a Futures Company Member shall be responsible for the Member's clearing with the Exchange and the Principals for Clearing and Delivery. The clearing department of a Non-Futures Company Member shall be responsible for the clearing between the Member and the Exchange.

The clearing departments shall keep the trading records, clearing and settlement information, financial statements and related vouchers and books in proper manners for any possible inquiry and verification.

1. The Exchange shall ensure the entirety and safety of the clearing and settlement information, financial statements and related vouchers and books, the preservation period of which shall be no less than twenty (20) years.
2. The Clearing and Delivery Clerk shall be the person who is authorized by a Member to handle the clearing and delivery business on behalf of the Member. Each Member must appoint no less than two (2) Clearing and Delivery Clerks.

The Clearing and Delivery Clerk shall satisfy the applicable provisions of the China Securities Regulatory Commission ("**CSRC**") for the futures practitioner qualification, and obtain a Clearing and Delivery Clerk Training Compliance Certificate of Dalian Commodity Exchange after passing the training organized by the Exchange. Hereafter, the Clearing and Delivery Clerk will obtain a Clearing and Delivery Clerk Certificate of Dalian Commodity Exchange (the "**Clearing and Delivery Clerk Certificate**") after being duly authorized by the Member by which he or she is appointed.

1. The Clearing and Delivery Clerk shall have the following business duties:
2. to handle the Member's deposit and withdrawal of funds;
3. to acquire and timely verify the clearing data provided by the Exchange;
4. to handle the formalities with respect to the deposit and withdrawal of the assets which is taken as the margins;
5. to handle the physical delivery procedures; and
6. to handle other clearing and delivery business.
7. When handling the clearing and delivery business, each Clearing and Delivery Clerk must present his or her Clearing and Delivery Certificate, otherwise such business may be rejected by the Exchange.
8. The Clearing and Delivery Certificate can only be used by its holder and shall not be falsified, obliterated or lent. Each Member shall timely handle the relevant procedures related thereto at the Exchange when its Clearing and Delivery Clerk has been changed.
9. The Members shall strengthen the management of their Clearing and Delivery Clerks, strictly implement the operation norms, and especially, prevent any disclosure of confidential information due to the stolen of password.
10. The Depository Banks means the banks which are designated by the Exchange to assist the Exchange to handle the futures trading clearing business.

The Exchange shall have the right to supervise the Depository Banks' futures clearing business.

1. A banking financial institution shall apply for the qualification of the depository business of the Exchange's futures margins and engage in the depository business of the futures margins in compliance with the *Measures for Management of Designated Depository Banks of Dalian Commodity Exchange* and the other applicable rules of the Exchange.
2. The clearing related entities and their staffs shall keep the business secrets related to the clearing business confidential.
3. The Exchange shall, based on its business need, open the dedicated settlement accounts in different currencies in the Depository Banks for deposit of the Member's margins and relevant payments.
4. A Member shall open a dedicated margin account in a Depository Bank to deposit the margins and related funds, the account currency of which shall be related to its business. The dedicated margin account opened in the branches and sub-branches of the Depository Bank shall be the dedicated fund account of the Member.
5. The Member shall file an application to the Exchange and obtain the consent by the Exchange before open, change the name of, replace or deregister its dedicated fund account.
6. The clearing of transfers of the futures business funds between the Exchange and the Members shall be made through the Exchange's dedicated settlement account and the Member's dedicated fund account.
7. The Exchange shall conduct the account segregation management for the margins deposited by the Members into the Exchange's dedicated settlement account, establish an internal subsidiary ledger for each Member, register and calculate each Member's deposits and withdrawals (of funds), profits and losses, trading margins, commissions and otherwise chronologically on the daily basis.

Where a Member is engaged by an OSP to conduct clearing, the Exchange will provide the Member with a service of establishing an internal subsidiary ledger separately for the clearing entrustment, and will register and calculate each OSP's deposits and withdrawals (of funds), profits and losses, trading margins, commissions and otherwise chronologically on the daily basis for the Member.

1. Each Futures Company Member shall conduct the account segregation management for the margins of its clients, OSPs and Overseas Intermediaries, establish a subsidiary ledger for each client, OSP and Overseas Intermediary, register and calculate, the deposits and withdrawals (of funds), profits and losses, trading margins and commissions of each client, OSP and Overseas Intermediary chronologically on the daily basis. The transfer of funds related to futures business between a Futures Company Member and its clients/ OSPs/Overseas Intermediaries shall be executed between the dedicated margin account of the Member and the futures settlement account of its clients and overseas/OSPs/Overseas Intermediaries.

Each Futures Company Member may open an omnibus fund account internally in the name of an OSBP or an Overseas Intermediary, and permit the OSBP or the Overseas Intermediary to consolidate the funds of one or more overseas clients into the omnibus fund account. The Futures Company Member shall conduct the centralized clearing and risk control over the OSBP or the Overseas Intermediary through the omnibus fund account.

Each OSBP and each Overseas Intermediary shall conduct the account segregation management for the margins paid by each of its overseas client, establish a subsidiary ledger for each overseas client, register and calculate the deposits and withdrawals (of funds), profits and losses, trading margins and commissions of each overseas client chronologically on the daily basis.

1. When opening the dedicated fund account, a Member must submit the Mandate of Seals and other relevant materials to the Exchange.
2. The official seal, financial seal, legal representative's seal and/or the seal of his or her authorized person under the Mandate of Seals shall be the Member's effective seals and the Member shall be solely liable for any and all consequences arising out of or in connection with the use of any of such seals.
3. In case of any name change of a Member or transfer of membership, a Mandate of Seals shall be submitted to the Exchange and the procedures for changing the relevant dedicated fund account must be handled either.
4. The Exchange shall have the right to collect any and all receivable amount from the Member's dedicated fund account through the Depository Bank without any notice to the Member, and to inquiry the information of the funds in such account from time to time.

**Chapter III Routine Clearing**

1. The Exchange implements margin requirement. A Member shall pay certain amount of the funds used for clearing and guarantee of contract performance to the Exchange in accordance with the applicable rules.

The margins shall be divided into the clearing deposits and the trading margins.

Chinese Yuan (CNY) shall be taken as the clearing currency of the Exchange. The foreign currency funds, standard warehouse receipts, book-entry treasury bonds issued within China by the Ministry of Finance of the People's Republic of China and other assets (hereinafter, the "**Assets as Margins**") may be taken as the margins subject to approval by the Exchange.

1. The clearing deposits means the funds which are deposited by a Member in advance in the Exchange's dedicated settlement account for the purpose of trading and clearing, and it is the margin which is not occupied by the contract. The minimum balance of the clearing deposit shall be determined by the Exchange.
2. The minimum balance of clearing deposit shall be CNY two million (2,000,000) for a Futures Company Member or CNY five hundred thousand (500,000) for a Non-Futures Company Member.

Where a Member is engaged to conduct clearing by an OSP or is engaged to conduct trading and clearing by an Overseas Intermediary, the requirements for the minimum clearing deposit of the Member's corresponding internal subsidiary ledger for the clearing entrustment shall be notified by the Exchange separately.

The minimum balance of the clearing deposit of a Futures Company Member shall be paid in CNY with the Member's own funds.

1. The Exchange shall calculate the interest based on the portions of the monetary funds of the balance of the clearing deposits of the then-current day at a rate no less than the same-period bank current-deposit interest rate in the corresponding currency published by the People's Bank of China. The Exchange shall publicly announce the specific strike rate and shall pay the interest to the Member respectively within the monthly last third of March, June, September and December of each year. The specific interest rate shall be determined, adjusted and announced by the Exchange.
2. The trading margin means the funds deposited by the Members in the Exchange's dedicated settlement account which are used to guarantee the contractual performance, and it is the margin occupied by the contract. After the transaction is concluded between the seller and the buyer, the Exchange will collect the trading margin at a certain percentage of the open interest value.

After the standard warehouse receipts are delivered to the Exchange, the trading margins of the selling positions of the latest delivery month which is of the amount equal to such receipts will not be collected upon settlement. Where the detailed rules of No. 2 soybean, eggs or other futures products stipulate otherwise, such stipulation shall prevail.

1. The standards for collection of the trading margins of any and all product contracts shall be subject to the applicable provisions of the Exchange's trading margins rules.
2. The margins collected by the Futures Company Members from the Principals for Clearing and Delivery shall belong to the Principals for Clearing and Delivery. Such margin shall be deposited in the Member's dedicated margin account for payment of the margins and the relevant costs from time to time.

The Futures Company Members shall not use the margins for any purpose other than depositing of the margins to the Exchange and conducting of the trading clearing for the Principals for Clearing and Delivery pursuant to the rules of CSRC.

1. The margins which are collected by the Futures Company Members from the Principals for Clearing and Delivery and the clients shall be no less than the trading margins which are collected by the Exchange from the Members.
2. The Exchange will charge the trading commissions on the basis of the quantity, or amount, of the concluded contracts of the then-current day for the Members. The Exchange may formulate different standards of trading commissions in connection with the different products, contracts, trading types, trading volume and open interests.

The Exchange may collect the order fee and other fees based on the number of the order placements or cancellations.

The standards of trading commission, order fee and other fees shall be separately prescribed by the Exchange. The Exchange may adjust the methods and standards of collecting such fees based on the market situation.

The Exchange may reduce the trading commissions payable by the Members, the schemes of which shall be separately formulated and adjusted based on the market situation by the Exchange.

1. The Exchange implements mark-to-market mechanism.

Mark-to-market means that by the end of the daily trading, the Exchange shall settle the profits and losses, trading margins, commissions and other costs for all the contracts based on the settlement price of the then-current day and allocate the net amounts of the accounts receivable and payable so as to appropriately increase or decrease the Member's clearing deposits.

1. The then-current settlement price means, in respect of a certain futures contract, the weighted average price of the then-current trade price on the basis of the trading volume. In case of no trade price on the then-current day, the then-current settlement price of the contract shall be determined as per the following methods:
2. in case there exist quotations respectively on behalf of the seller and the buyer, the middle one of the highest bid price, the lowest offer price and the settlement price of the immediately previous trading day for such contract shall be the then-current settlement price of the contract;
3. in case of one-direction non-continuous quotations upon occurrence of price limits, the price of the price limits shall be the then-current settlement price of the contract; or
4. in case that there is no quotation on behalf of the seller and buyer, or there is one-direction quotation on behalf of the buyer or the seller but it is not one-direction non-continuous quotations upon occurrence of price limits, the then-current settlement price of the contract with no transaction shall be calculated with the immediately preceding concluded contract of the contract with no transaction of the then-current day as the benchmark contract:
5. in case the increase or decrease percentage of the then-current settlement price of the benchmark contract (%) is lower than or equal to the price limits of the then-current day of the contract with no transaction, the then-current settlement price of the contract with no transaction = the settlement price of the immediately previous trading day of the contract × (1 ± increase or decrease percentage of the settlement price of the benchmark contract);
6. in case the increase or decrease percentage of the then-current settlement price of the benchmark contract (%) is higher than the price limits of the then-current day of the contract with no transaction, the then-current settlement price of the contract with no transaction = the then-current settlement price of the immediately previous trading day of the contract × (1 ± percentage of the price limits of the then-current day of the contract); or
7. in case no benchmark contract can be found, the then-current settlement price of the contract with no transaction = the settlement price of the contract on the immediately previous trading day; or in case no benchmark contract can be found on the first listing day for a new contract, the then-current settlement price of the contract with no transaction = the listing price.

In case there is no transaction for a newly listed contract for three (3) consecutive trading days, the Exchange may adjust the settlement price separately.

In case the Exchange adjusts the contracts and rules, for a listed contract that has no position currently and has no transaction for three (3) consecutive trading days, the Exchange may adjust the settlement price separately.

1. In respect of a futures contract, the then-current settlement price shall be the basis for calculating the profits or losses of the then-current day. The specific calculation formulas are set forth below:

The profits or losses of the then-current day = The profits or losses of the liquidation + The profits or losses of the position;

The profits or losses of the liquidation = the profits or losses of the liquidation of the positions of the past days + the profits or losses of the liquidation of the then-current day;

The profits or losses of the liquidation of the past days=Σ [(the selling liquidation price - the settlement price of the immediately previous trading day) × the selling liquidation quantity] + Σ [(the settlement price of the immediately previous trading day - the purchasing liquidation price) × the purchasing liquidation quantity];

The profits or losses of the liquidation of the then-current day = Σ [(the selling liquidation price of the then-current day - the purchasing position-opening price of the then-current day) × the selling liquidation quantity] + Σ [(the selling position-opening price of the then-current day - the purchasing liquidation price of the then-current day) × the purchasing liquidation quantity];

The profits or losses of the position = the profits or losses of the position of the past days + the profits or losses of the position-opening and position of the then-current day;

The profits or losses of the position of the past days = Σ [(the settlement price of the immediately previous day - the settlement price of the then-current day) × the selling quantity of the position of the past days] + Σ [(the then-current settlement price - the settlement price of the immediately previous day) × the purchasing quantity of the position of the past days];

The profits or losses of the position-opening and position of the then-current day = Σ [(the selling position-opening price - the then-current settlement price) × the selling position-opening quantity] + Σ [(the then-current settlement price - the purchasing position-opening price) × the purchasing position-opening quantity].

1. In case that the portions of the trading margins upon settlement on the then-current day exceed the trading margins upon settlement yesterday, such portions shall be deducted from the Member's clearing deposits. In case that the portions of the trading margins upon settlement on the then-current day are below the trading margins upon settlement yesterday, such portions shall be transferred into the Member's clearing deposits. The then-current day profits shall be transferred into the Member's clearing deposits, the then-current day loss shall be deducted from the Member's clearing deposits.

The commissions and other fees as well as the delivery payments shall be deducted from the Member's clearing deposit. The profits and losses, fees, payments, taxes, premiums of options and other amounts shall be paid in CNY.

1. The balance of the clearing deposits shall be calculated below:

The balance of the clearing deposit of the then-current day = the balance of the clearing deposit of the immediately preceding trading day + the trading margins of the immediately preceding trading day - the trading margins of the then-current day + the actually available amount of the assets as the margins of the then-current day - the actually available amount of the assets as the margins of the immediately preceding trading day + the profits and losses of the then-current day + the revenue and expenditure of the then-current day option premium + the deposits - the withdrawals - The commissions and other fees.

The detailed methods for calculation of the actually available amount of the assets as the margins are specified in the applicable provisions of Chapter V of the Measures.

1. The Exchange may, based on the market risks and margins changes, issue the margin call during the trading period, and the Member shall top up the margins within the time prescribed in the margin call. If the Member fails to top up the margins on time, the Exchange may take risk control measures such as the restrictions on position opening or forced liquidation.
2. In case the clearing deposits of any internal subsidiary ledger of a Member are lower than the minimum balance after the completion of the clearing, such calculation result shall be deemed to be the margin call issued by the Exchange to the Member.

After issuing the margin call, the Exchange may deduct the amount of required margin from the dedicated fund account of the Member through the Depository Bank. If the Exchange fails to make full deduction, the Member shall deposit enough amount to reach the requirement of the minimum balance of the clearing deposit before the market-open of the immediately following trading day. In case the clearing deposit is not enough, it shall be handled according to the following methods:

1. if the balance of the clearing deposit of any internal subsidiary ledger of a Member on the Exchange is greater than or equal to zero, the Member or OSP corresponding to the ledger is prohibited from opening a new position; or
2. if the balance of the clearing deposit of any internal subsidiary ledger of a Member on the Exchange is less than zero, the Exchange will implement forced position liquidation against such Member in accordance with relevant rules.

In case the CNY funds in the clearing deposit of any internal subsidiary ledger of a Member on the Exchange is less than the minimum balance of the clearing deposit, the Exchange shall issue a CNY funds call to the Member. After issuing the CNY funds call, the Exchange may deduct the amount of corresponding CNY funds from the dedicated fund account of the Member through the Depository Bank. If the Exchange fails to make full deduction, the Member shall deposit enough CNY funds to reach the requirement of the minimum balance of the clearing deposit before the market opening of the immediately following trading day. If no such deposits are made, the Exchange can exchange such Member's foreign currency funds in the dedicated settlement account or the foreign currency funds in such Member's dedicated funds account into CNY fund without the permission of the Member after the market close of the second session of the immediately following trading day.

1. The Exchange shall handle the deposit and withdrawal (of funds) business under the principles of accuracy and speediness. Under normal circumstances, deposits applied in writing, electronic form or otherwise before the market close shall be handled by the Exchange before the market close on the then-current day; deposits applied after the market close shall be handled by the Exchange before the market opening on the immediately following trading day. The Member shall file a withdrawal application in writing, electronic form or otherwise before 15:10 of each trading day, and the Exchange, after its examination thereof, shall handle the Member's withdrawal transfers in a centralized manner after 15:10 of the then-current day. Under special circumstances, the time for the Exchange's handling the deposit and withdrawal (of funds) business will be appropriately postponed.

During the night trading sessions, the Exchange shall not accept any application for withdrawals or handle any business of withdrawals.

1. The Member's withdrawal of funds must comply with the Exchange's provisions. The standards for the Member's withdrawal shall be:
2. if the actually available amount of the negotiable securities taken as the margins is greater than or equal to eighty percent (80%) of the trading margins,

the withdrawable amount = the actually owned monetary funds - The trading margins×20% - The minimum balance of the clearing deposit; or

1. if the actually available amount of the negotiable securities taken as the margins is less than eighty percent (80%) of the trading margins,

the withdrawable amount = the actually owned monetary funds - (The trading margins - the actually available amount of the negotiable securities taken as the margins) - the minimum balance of the clearing deposit.

The actually owned monetary funds mean the sum of the actually owned CNY funds and the CNY amount of the foreign currency funds to be calculated as per the discount rate. The discount method of the foreign currency funds is provided in the provisions of Chapter V of the Measures.

The CNY funds calculated from the foreign currency funds shall not be withdrawn in CNY. The withdrawal amount of the foreign currency shall be limited to the deposited foreign currency funds.

The Exchange may appropriately adjust a Member's withdrawal standard on the basis of the market risk conditions and the types of the foreign currency permitted to be used.

1. In case any of the following circumstances occurs to any Member, OSP, Overseas Intermediary or client, the Exchange may limit the Member's withdrawal, require the Member to limit the withdrawal of funds by the client, the OSP or the Overseas Intermediary, and require the Member, the OSBP or the Overseas Intermediary to cooperate in limiting the client's withdrawal of funds:
2. being investigated by the Exchange due to its being suspected of any material irregularity;
3. being formally investigated by any of the judicial organs, the Exchange or any other authority due to any complaint, reporting, trading dispute or otherwise and being in the period of the investigation;
4. the Member failing to deposit enough CNY funds to reach the requirement of the minimum balance of the clearing deposit within the prescribed period, or failing to cooperate with the Exchange in carrying out the clearing and purchase of the foreign currency for the client, the OSBP or the Overseas Intermediary;
5. the Exchange determining that there is a significant risk occurs to the market; or
6. any other necessary circumstances as determined by the Exchange.
7. After the completion of the trading of the then-current day, the Exchange shall settle the profits and losses, trading commissions, trading margins and other amounts for the Members. The Exchange will provide to the Member the clearing data of the then-current day by issuing the clearing documents or through electronic transmission or otherwise, which includes the Member's Deal Concluded Contracts List of the Then-current Day of Dalian Commodity Exchange, the Member's Liquidation Profits and Losses List of the Then-current Day of Dalian Commodity Exchange, the Member's Open Interests List of the Then-current Day of Dalian Commodity Exchange, the Member's Funds Clearing List of Dalian Commodity Exchange and other data.
8. In case the Exchange cannot timely provide the clearing data due to any irregular circumstances, the Exchange shall separately notify the time for providing the clearing data to the Members.
9. The Members shall obtain clearing data provided by the Exchange on daily and timely basis, and shall verify and properly preserve such data. The data shall be preserved for at least twenty (20) years, however, if there is a dispute related to a certain futures trading, the data related to such dispute shall be preserved until the settlement of the dispute.
10. The Member which has an objection to the clearing data shall notify the Exchange in writing at least thirty (30) minutes before the market opening of the immediately following trading day, or in writing within two (2) hours after the market opening of the second trading day under a special circumstance. If the Member fails to rise an objection to the clearing data within the prescribed period, it shall be deemed that the Member has acknowledged the accuracy of the clearing data.
11. The Exchange shall provide to the Member the Funds Clearing Check List of Dalian Commodity Exchange (As the Receipt) (sealed by the clearing special seal) of the immediately preceding month on the monthly first trading day as the basis for the Member to check the records of the trading books.
12. If a Member is under any of the following circumstances, the Member and its Principals for Clearing and Delivery may file an application for position transfer, which can be processed after being approved by the Exchange:
13. the merger or, consolidation, separation, bankruptcy or insolvency of the Member;
14. the Member failing to conduct the futures brokerage business due to some reasons;
15. changes to the clearing entrustment relationship; or
16. any other position-transfer circumstances as recognized by the Exchange.

The Exchange may request one or more application materials for position transfer, including the declaration letter that the Members providing the position transfer-in and position transfer-out agree to make the position transfer, the declaration letter that the client agrees to make the position transfer, the declaration letter of changing the clearing entrustment relationship and the detailed list of the client's positions.

Under the special circumstance that the Futures Company Member does not file an application when it suffers from significant operation crisis such as insolvency, the Exchange may initiate the emergency pre-plan and handle client position transfer to protect the clients' rights and interests.

1. After the application for position-transfer is approved, the Exchange will negotiate with the Futures Company Member to determine which trading day within one (1) week will be the client's position-transfer clearing date.
2. After the completion of the then-current day settlement on the agreed date, the Exchange will conduct the position transfer for the Futures Company Member and provide the lists of the positions (before and after the position transfer) of the clients to the Futures Company Member for confirmation.
3. The contents of the position transfer solely include the positions and corresponding trading margins of the client, and does not include the then-current day profit and loss, trading commissions, clearing deposit and other payments.
4. The Futures Company Member shall verify the information of the position transfer with respect to the clients before and after the position transfer carefully, and such information shall not be changed after being confirmed by the Member.
5. No position transfer shall be processed in case the balance of the Member's then-current day clearing deposit is below zero or the negotiable securities are taken as the margins.

**Chapter IV Physical Delivery Settlement**

1. The Member who conducted the physical delivery shall pay the delivery commissions to the Exchange subject to the applicable rules. The specific standards thereof shall be separately published by the Exchange.

The delivery commissions shall be deducted from the Member's clearing deposit.

1. The delivery settlement price shall be the benchmark price for the delivery settlement of the futures contract. The delivery settlement price of the rolling delivery shall be the then-current day settlement price of the rolling delivery matching day of the futures contract. The delivery settlement price of the one-off delivery shall be the weighted average price of all the trade prices from the first trading day of the delivery month through the last trading day thereof with respect to the futures contract. Where the detailed rules of eggs, ethylene glycol, ethenylbenzene, liquefied petroleum gas, live hog or other futures products stipulate otherwise in respect of the delivery settlement price of one-off delivery, such stipulation shall prevail. The delivery settlement price of the exchange for physical ("**EFP**") delivery shall be the price agreed by the buyer and the seller. The delivery settlement price of the bill of lading delivery shall be the then-current day settlement price of the bill of lading delivery matching day of the futures contract. The delivery settlement price of the daily selective delivery shall be the then-current day settlement price of the daily selective delivery matching day of the futures contract.

The delivery settlement price of bonded delivery is specified in the applicable provisions of the *Measures for Delivery Management of Dalian Commodity Exchange* and the detailed rules of relevant futures products adopting bonded delivery.

1. The delivery payments shall be settled as per the delivery settlement price plus premiums or discounts in respect of the benchmark delivery warehouses and non-benchmark delivery warehouses. Where the Exchange has other provisions, such provisions shall apply.
2. Any delivery default shall be enforced in accordance with the relevant provisions of the *Measures for Delivery Management of Dalian Commodity Exchange*.
3. The invoices and other receipts acceptable by the Exchange shall be issued by the seller of delivery to the corresponding buyer. Such invoices or receipts shall be forwarded, obtained, and verified by the Members on behalf of the buyer and seller. The Exchange shall fully settle the remaining payments according to the result confirmed by the Members of the parties. Where the detailed rules of iron ore or other futures products stipulate otherwise in respect of the method of invoice issuance, such stipulation shall prevail.

With respect to each product, the types of invoices and other receipts acceptable by the Exchange to be issued are specified in the relevant detailed rules of such futures product.

1. In case the seller Member fails to provide the dedicated (common) VAT invoices within the prescribed time, from the second (2) day on which the dedicated (common) VAT invoice supposed to be provided, the Exchange shall charge the overdue fee against the seller Member at the rate of zero point five thousandth (0.5‰) of the amount of the payments, and such fee will be paid to the buyer Member as compensation. In case the seller Member fails to provide the dedicated (common) VAT invoices within thirty (30) calendar days, it shall be deemed that it fails to provide the dedicated (common) VAT invoice, and the Exchange shall charge the compensation as per the VAT amount calculated pursuant to the national taxation policies, and such compensation will be paid to the buyer Member together with the overdue fee as total compensation. The foregoing fee and amounts shall be deducted from the amount of the delivery payment reserved at the Exchange by the seller Member, and the remaining payments shall belong to the seller Member. In case there are different agreements between the buyer and the seller, such agreement shall prevail. Where the detailed rules of iron ore or other futures products stipulate otherwise, such stipulation shall prevail.
2. The clearing of the one-off delivery shall be handled as per the following rules:
3. after the market close on the last trading day, the buyer Member's trading margins of buying positions in the delivery month shall be transformed to be the delivery advance payment, and the seller Member's trading margins of selling positions in the delivery month shall be transformed to be the delivery margins; and the Exchange will refund the seller Member's delivery margins after the seller Member timely delivers the standard warehouse receipts to the Exchange; where the detailed rules of No. 2 soybean, eggs or other futures products stipulate otherwise in respect of the refund of delivery margins, such stipulation shall prevail;
4. upon settlement on the last trading day, the Exchange shall settle the Member's positions in such delivery month at the delivery settlement price, the profits or losses arising out of which shall be calculated into the liquidation profits or losses of the then-current day;
5. upon settlement on the last trading day, the Exchange shall deduct the delivery commissions from the Member's clearing deposits;
6. before the market close of the first trading day following the last trading day, the seller Member shall submit all the standard warehouse receipts corresponding to its selling positions of the delivery month to the Exchange;
7. before the market close on the last delivery day, the buyer Member shall transfer the balance between the payments corresponding to its buying positions of the delivery month and the delivery advance payment to the Exchange's dedicated settlement account;
8. in case the seller Member fails to deliver the prescribed quantity of the standard warehouse receipts or the buyer Member fails to pay the prescribed amount of the payments within the prescribed time, it shall constitute a delivery default;
9. after the market close of the last delivery day, the Exchange shall provide the standard warehouse receipts submitted by the seller Member to the buyer Member, and pay eighty percent (80%) of the payments to the seller Member, and the remaining payments shall be paid after the seller Member submits the invoice. Where the detailed rules of No. 2 soybean, iron ore, eggs or other futures products stipulate otherwise in respect of the payments, such stipulation shall prevail;
10. within one (1) trading day following the matching day, the buyer Member shall, pursuant to the provisions of the tax authority, notify to the seller Member the detailed information for issuing the invoice, including the name and address of the purchasing entity, amount and the taxpayer registration number, except for the bonded iron ore as the handover subject matter; and
11. the seller Member shall provide the invoice to the buyer Member within seven (7) trading days following the matching day. Where the detailed rules of No. 2 soybean, iron ore, eggs or other futures products stipulate otherwise in respect of the invoice delivery, such stipulation shall prevail.
12. The clearing of the rolling delivery shall be handled pursuant to the following rules:
13. after the market close of the matching day, the buyer Member's trading margins which match the buying position shall be transformed to be the delivery advance payment;
14. upon settlement on the matching day, the Exchange shall carry out settlement against the Member's positions of the delivery month as per the delivery settlement price, the profits or losses arising out of which shall be calculated into the then-current day liquidation profits or losses;
15. upon settlement on the matching day, the Exchange will deduct the delivery commissions from the Member's clearing deposit;
16. before the market close on the handover day, the buyer Member must transfer the balance between the payments corresponding to its buying positions of the delivery and the delivery advance payment to the Exchange's dedicated settlement account;
17. upon the market close on the handover day, in case the buyer Member fails to pay the prescribed amount of the payments, it shall constitute a delivery default;
18. after the market close on the handover day, the Exchange shall deliver the standard warehouse receipts submitted by the seller Member to the buyer Member and pay to the seller Member eighty percent (80%) of the payment, and the remaining payments shall be paid after the seller Member provides dedicated VAT invoices;
19. within one (1) trading day following the matching day, the buyer Member shall, pursuant to the provisions of the tax authority, notify to the seller Member the detailed information for issuing the dedicated VAT invoice, including the name and address of the purchasing entity, the taxpayer registration number and amount; and
20. within seven (7) trading days following the matching day, the seller Member shall provide the dedicated VAT invoice to the buyer Member.

Where the detailed rules of iron ore or other futures products stipulate otherwise in respect of the payments, invoice issuance and delivery of the rolling delivery of bonded standard warehouse receipt, such stipulation shall prevail.

1. The EFP clearing shall be subject to the following rules:
2. the Exchange shall be responsible for the due delivery and payment in connection with the EFP of the standard warehouse receipts;
3. the handover of the goods and the receipt and payment of the price of goods with respect to the non-standard warehouse receipts EFP shall be negotiated and determined by the trading parties themselves; if the Exchange is entrusted with the receipt and payment of the price of goods, it shall receive and make the payments on behalf of the related parties, however, the Exchange shall not take any responsibility for handover of the non-standard warehouse receipts;
4. upon settlement on the EFP approval day, the Exchange shall settle the EFP positions of the trading parties at the agreed price, the profits or losses arising out of which shall be calculated into the liquidation profits or losses of the then-current day;
5. upon settlement on the EFP approval day, the Exchange shall deduct the EFP commissions from the Member's clearing deposits; the EFP commissions in respect of the standard warehouse receipts shall be collected following the commission standards for delivery of such product delivery, and the EFP commissions in respect of the non-standard warehouse receipts shall be collected following the commission standards for trading of such product. Where the detailed rules of No. 2 soybean or other futures products stipulate otherwise in respect of commissions, such stipulation shall prevail;
6. before 11:30 a.m. on the EFP approval day, the buyer Member shall transfer all of the payments into the Exchange's dedicated settlement account, and the seller Member for EFP of the standard warehouse receipts shall deliver the corresponding quantity of the standard warehouse receipts to the Exchange;
7. after the market close on the EFP approval day, the Exchange shall pay to the seller Member eighty percent (80%) of the payments, and the remaining payment shall be made after the seller Member provides the invoice. Where the detailed rules of iron ore or other futures products stipulate otherwise in respect of bonded EFP payments, such stipulation shall prevail. With respect to the standard warehouse receipts EFP, the Exchange shall also deliver the standard warehouse receipts submitted by the seller Member to the buyer Member; and
8. within seven (7) trading days following the EFP approval day, the seller Member shall provide the invoice to the buyer Member; where the detailed rules of iron ore or other futures products stipulate otherwise in respect of delivery of bonded EFP invoices, such stipulation shall prevail.
9. The receipt and payment for the price of goods of the transfer of standard warehouse receipts shall be handled as per the following rules:
10. the receipt and payment of the price of goods with respect to the transfer of standard warehouse receipts shall be negotiated and determined by the trading parties themselves, or the trading parties can entrust the Exchange to handle the business for them. If the Exchange is entrusted to handle the business, the trading parties shall submit an entrustment application to the Exchange through a Member;
11. if the Exchange is entrusted to handle the receipt and payment of price of goods, the trading parties shall submit the entrustment application in the application procedure for transfer of the standard warehouse receipts; if the entrustment application is submitted before the market close, the receipt and payment of the price of goods will be processed on the then-current day; if the entrustment application is submitted after the market close, the receipt and payment of the price of goods will be processed on the following trading day;
12. before the market close on the processing day, the buyer Member shall transfer all of the payments into the Exchange's dedicated settlement account, and the seller Member shall deliver the corresponding quantity of the standard warehouse receipts to the Exchange;
13. at the market close on the processing day, in case the seller Member fails to deliver the prescribed quantity of the standard warehouse receipts or the buyer Member fails to pay the prescribed amount of the payments, it shall be deemed as a waiver of the application for the transfer of standard warehouse receipts;
14. after the market close on the processing day, the Exchange shall deliver the standard warehouse receipts to the buyer Member, and pay eighty percent (80%) of the payment to the seller Member, and the remaining payments shall be fully paid after the seller Member provides the dedicated VAT invoice; and
15. within seven (7) trading days following the processing day for transfer of the standard warehouse receipts, the seller Member shall provide the dedicated VAT invoice to the buyer Member.

The payment for the price of goods of the transfer of bonded standard warehouse receipts shall be handled in accordance with the applicable provisions in relevant detailed rules of iron ore or other futures products.

With respect to two or more than two applications for transfer of standard warehouse receipts, where the trading parties are mutually responsible for transferring the standard warehouse receipts, based on the agreement and confirmation of the trading parties, the Exchange may handle the business of warehouse receipts transfer and the receipt and payment of the balance payments before the market close on the processing day.

1. The clearing of the bill of lading delivery shall be subject to the following rules:
2. after the market close on the matching date, the buyer Member's trading margins of the matched buying positions shall be transformed to be the delivery advance payment; and the seller Member's trading margins of the matched selling positions shall be transformed to be the delivery margins;
3. upon settlement on the matching date, the Exchange shall settle at the delivery settlement price the Member's positions applied for delivery, the profits or losses arising out of which shall be calculated into the liquidation profits or losses of the then-current day;
4. upon settlement on the matching date, the Exchange shall deduct the delivery commissions from the Member's clearing deposits;
5. before the market close on the third natural day after the notification date (or the immediately following trading day in case the third natural day is not a trading day), the buyer Member and seller Member shall deposit enough amount to make the buyer Member's delivery advance payment and the seller Member's delivery margins be equal to twenty percent (20%) of the value of the matched contracts. After the market close, such amount shall be deducted by the Exchange from the relevant Member's clearing deposits.

Before the market close on the third natural day after the notification date (or the immediately following trading day in case the third natural day is not a trading day), the buyer Member and seller Member which participate in the bill of lading delivery shall deposit enough amount to make the buyer Member's the delivery advance payment and the seller Member's delivery margins equal to twenty percent (20%) of the value of the matched contracts. After the market close, such amount shall be deducted by the Exchange from the relevant Member's clearing deposits;

1. before the market close on the handover day, the buyer Member shall transfer the balance between the payments corresponding to the delivery buying positions (inclusive of the excess or shortage, and the premiums and discounts) and the delivery advance payment to the Exchange's dedicated settlement account;
2. after the market close on the handover day, the Exchange shall release the seller Member's delivery margin, and in case the subject matters to be handed over are duty paid commodities, the Exchange shall pay eighty percent (80%) of the payments to the seller Member, and the remaining payments shall be fully paid after the seller Member provides the dedicated VAT invoice. In case the subject matters to be handed over are bonded commodities, the Exchange shall transfer the bonded delivery payments to the seller Member;
3. on the handover day, the buyer Member shall, pursuant to the provisions of the tax authority, notify to the seller Member the detailed information for issuing the invoice or documents, including the name and address of the purchasing entity, amount, and taxpayer registration number necessary for issuing the dedicated VAT invoice, except for the bonded iron ore as the handover subject matter; and
4. in case the handover subject matters are duty paid commodities, within seven (7) trading days following the handover day, the seller Member shall provide the dedicated VAT to the buyer Member. In case the handover subject matters are bonded commodities, the seller Member shall provide the common VAT invoice to the Exchange before the market close on the handover day.
5. The clearing business of the daily selective delivery shall be handled pursuant to the following rules:
6. after the market close of the matching day, the buyer Member's trading margins which match the buying position shall be transformed to be the delivery advance payment; and the seller Member's trading margins which match the selling position shall be handled in accordance with the provisions of the detailed rules of the relevant futures products;
7. upon settlement on the matching day, the Exchange shall carry out settlement against the Member's positions of the delivery month as per the delivery settlement price, the profits or losses arising out of which shall be calculated into the then-current day liquidation profits or losses;
8. upon settlement on the matching day, the Exchange shall deduct the delivery commissions from the Member's clearing deposit;
9. before the market close on the handover day, the buyer Member shall transfer the balance between the corresponding delivery payments of its buying positions delivery and the delivery advance payment to the Exchange's dedicated settlement account;
10. upon market close on the handover day, in case the buyer Member fails to pay the prescribed amount of the payments, it shall constitute a delivery default;
11. after the close of market on the handover day, the Exchange shall deliver the standard warehouse receipts submitted by the seller Member to the buyer Member; provisions for the payment to sell Members by the Exchange are specified in the relevant detailed rules of specific futures products;
12. within one (1) trading day following the matching day, the buyer Member shall, pursuant to the provisions of the tax authority, notify to the seller Member the detailed information for issuing the common VAT invoice, including the name and address of the purchasing entity, the taxpayer registration number and amount; and
13. the specific provisions on the delivery of common VAT invoice by the seller Member to the buyer Member are provided in the detailed rules of the relevant futures products.

**Chapter V Clearing Entrustment**

1. If an Overseas Intermediary engages an OSBP to conduct trading and clearing, or an OSP engages a Futures Company Member to conduct clearing, it shall sign an entrustment agreement with the other party, and shall file with the Exchange for record before conducting the business.
2. An OSP shall and can only engage one Member to conduct clearing.
3. The Member and the OSP which engages it to conduct clearing shall sign an entrustment agreement containing the following items:
4. the minimum balance of the clearing deposit and the standards for collecting trading margins;
5. the handling of the assets used as the margins and the fee standards;
6. risk management measures, conditions and procedures;
7. account type, management mode and clearing processes, including the time and method of the collection, inquiry and confirmation of clearing data;
8. commission standards;
9. the matters, methods and time limit of notice;
10. circumstances in which the losses incurred by the parties to the agreement are not attributable to either party and the handling methods;
11. amendment and termination of the agreement;
12. liability for breach of contract;
13. dispute resolution; and
14. other matters.
15. In any of the following circumstances, the Exchange may handle the procedures for changing the clearing entrustment relationship for the Member and the OSP which engages it to conduct clearing:
16. the clearing entrustment agreement is not renewed after its expiration;
17. the clearing entrustment agreement is terminated in advance;
18. the Member is unable to conduct clearing with the OSP for some reasons; or
19. other circumstances as identified by the Exchange.
20. In the case of item (1) of Article 75, the OSP and the Members of the transfer-in clearing entrustment and transfer-out clearing entrustment shall, within ten (10) trading days before the expiration of the agreement, submit the following materials to the Exchange for changing the clearing entrustment relationship:
21. the application letter for changing the clearing entrustment relationship;
22. the clearing entrustment agreement that the OSP signs with the Member of the transfer-in clearing entrustment; and
23. other materials as stipulated by the Exchange.

The Exchange shall review the application materials within ten (10) trading days after receiving the complete materials. If an application is approved, the Exchange shall notify the agreed settlement date of changing the clearing entrustment relationship.

1. In the case of items (2) and (3) of Article 75, in addition to submitting the materials specified in Article 76, the OSP and the Members of the transfer-in clearing entrustment and transfer-out clearing entrustment shall also submit an agreement on termination of the original clearing entrustment relationship. The Exchange shall review the application materials within ten (10) trading days after receiving the complete materials. If an application is approved, the Exchange shall notify the agreed settlement date of changing the clearing entrustment relationship.
2. The Exchange shall handle the change of the clearing entrustment relationship after the clearing on the agreed settlement date, transfer positions and other funds including margins in the corresponding subsidiary ledger, and provide a transfer list. The Members of the transfer-in entrustment and transfer-out entrustment shall check and confirm the transfer list, and the OSP shall entrust such Members to confirm.

After the clearing on the agreed settlement date, if there are major risks in the market or other circumstances identified by the Exchange, the Exchange may suspend the procedures for changing the clearing entrustment relationship.

The OSP and the Members of the transfer-in clearing entrustment and transfer-out clearing entrustment shall cooperate in the procedures for changing the clearing entrustment relationship. Prior to the completion of the change of the clearing entrustment relationship, the Member of the transfer-out clearing entrustment shall continue to perform its obligation on the positions which it is entrusted for clearing.

**Chapter VI Assets as the Margins**

1. The following assets may be taken as the margins after being approved by the Exchange:
2. the standard warehouse receipts other than the product of egg and No. 2 soybean;
3. the book-entry treasury bonds issued within China by the Ministry of Finance of the People's Republic of China;
4. foreign currency funds (the currency category, conversion method and scope of application shall be separately announced by the Exchange); and
5. other assets recognized by the Exchange.

The Assets as Margins shall be determined by the Exchange and disclosed to the market.

1. In case the standard warehouse receipts are taken as the margins, the single sum of amount taken as the margins shall not be less than CNY one hundred thousand (100,000).

In case the treasury bonds are taken as the margins, the par value of the treasury bonds submitted each time shall not be less than CNY one million (1,000,000).

1. The market value of the Assets as Margins shall be calculated as follows:
2. In case the standard warehouse receipt is taken as the margins, at the time of daily settlement, the Exchange shall calculate its market value on the basis of the benchmark price set as the settlement price of the then-current day of the futures contract in the latest delivery month in respect of the product under such standard warehouse receipt. Before the market close of the then-current day, the market value of the standard warehouse receipt shall be calculated based on the benchmark price set as the settlement price on the previous trading day of the futures contract of the latest delivery month in respect of the product under such standard warehouse receipt.
3. In case the treasury bond is taken as the margins, the benchmark price of the treasury bond shall be the smaller value of the custodian valuation data, and the Exchange shall determine the market value of the treasury bond by utilizing the net price of such benchmark price of the treasury bond on the previous trading day at the time of daily settlement.
4. The benchmark price used to calculate the market value for other assets as the margins shall be determined by the Exchange.

With respect to the detailed rules for the futures products adopting bonded delivery, where there is any other stipulation in the benchmark price for bonded standard warehouse receipt taken as the margins, such stipulation shall prevail.

1. The amount of the market value of the Assets as Margins calculated pursuant to the discount rate shall be referred to as the amount after discount. The specific discount rate shall be determined, adjusted and issued by the Exchange. The amount after discount of the standard warehouse receipts, treasury bonds and other negotiable securities shall not be higher than 80% of their market value.

The Exchange shall adjust the market value and the amount after discount of the Assets as Margins pursuant to the prescribed benchmark price upon the daily settlement.

1. The Exchange shall determine the maximum matching amount of the Member's negotiable securities as the margins in accordance with four times (matching multiplier) the Member's actually owned monetary funds in the corresponding internal subsidiary ledger or the internal subsidiary ledger for clearing entrustment of the Exchange. The Exchange shall take the lower of the amount after discount and the maximum matching amount of the negotiable securities as the actually available amount of the Member's negotiable securities as the margins.

After the Member has properly completed the deposit formalities of the negotiable securities used as the margins, the Exchange shall calculate the actually available amount of such negotiable securities into the Member's clearing deposit.

The Exchange shall, at the time of daily settlement, automatically adjust the actually available amount of the Member's negotiable securities as the margins based on the above principles.

1. The Exchange shall have the right to adjust the benchmark price, discount rate and matching multiplier of the assets as the margins according to market conditions, which shall be notified by the Exchange separately.
2. In case a client, OSP or Overseas Intermediary provides the assets as the margins, it shall be deemed to agree to have the futures company Member submit its assets to the Exchange as the margins.

In case a client, OSP, Overseas Intermediary or Member provides the assets as the margins, it shall be deemed that the Exchange has been authorized to transfer or pledge the corresponding assets.

1. The formalities for taking the negotiable securities as the margins shall be:
2. Application

A client, OSP or Overseas Intermediary shall handle the business of taking the negotiable securities as the margins through the Member. Upon handling the business of taking the negotiable securities as the margins, the Member shall file an application to the Exchange. The specific handling time shall be notified by the Exchange separately.

Upon handling the business of taking the client's or the Overseas Special Non-Brokerage Participant’s (the "**OSNBP**") standard warehouse receipts as the margins, the Member shall submit the Special Power of Attorney signed and sealed by the client or the OSNBP concurrently and sign the relevant agreement with the Exchange.

1. Verification and Deposit
2. The Member shall submit the standard warehouse receipts to the Exchange for deposit formalities, and upon approval by the Exchange, complete the deposit business of taking the standard warehouse receipts as the margins.
3. In case the treasury bonds are taken as the margins, the client, the OSNBP and Non-Futures Company Member shall ensure that the treasury bonds in the custody account are sufficient and free from other defects of right. The Exchange will engage the custodian to conduct the transfer or pledge registration of the treasury bonds according to the Member's application, and the formalities shall be deemed to have been completed after conclusion of the transfer or pledge registration of the treasury bonds by the custodian.
4. The verification and deposit of other negotiable securities shall comply with the provisions of the Exchange.
5. In case any payment of interest occurs during the period when treasury bonds are taken as the margins, the interest shall belong to the owner of the treasury bonds, and shall be handled pursuant to the applicable provisions of the custodian.
6. In case the negotiable securities are taken as the margins, the period shall not exceed the validity period of such negotiable securities.

In case the treasury bonds are taken as the margins, the Exchange will not calculate the treasury bonds into the actually available amount from the first trading day of the last month prior to the maturity date of the treasury bonds. The Member shall, handle the withdrawal or removal of pledge formalities before the maturity date of the treasury bonds.

1. In case a Member withdraws or releases the pledge on the relevant assets, it shall bridge the difference caused in margins. The specific handling time shall be notified by the Exchange separately.
2. For any of the following circumstances, the Exchange may cancel the relevant Member's amount of assets as the margins:
3. a significant risk occurred to the withdrawal and use of funds by the Member, the OSP or the Overseas Intermediary which may endanger the legitimate rights or interests of the Exchange;
4. a defect or material risk occurred with respect to the assets used as the margins; or
5. any other circumstance deemed necessary by the Exchange.

After the Exchange cancels the Member's amount of assets as the margins, the Member shall make up the difference caused in its margins, if the Member's margins are insufficient.

1. With respect to the handling of the assets as the margins, the Member shall pay the commissions to the Exchange. The commissions shall be calculated and collected by the Exchange at the rate not higher than the interest rate in the same period announced by the People's Bank of China. The charging amounts and commissions standards shall be determined, adjusted and issued by the Exchange.

The warehousing costs and other expenses for the assets incurred during the period when the assets are taken as the margins shall be paid in accordance with applicable provisions.

The relevant costs and expenses charged by the custodian in the business of taking the negotiable securities as the margins shall be implemented in accordance with the applicable provisions of the custodian.

1. When the Member fails to perform or is incapable to fully perform the obligation for paying the debts of trading margins, the Exchange shall have the right to dispose of the Assets as Margins, and to preferentially compensate the margins debts and related debts from the proceeds it received from such conversion. The Member shall bear any and all losses and costs arising out of the disposition of such Assets as Margins.
2. During the night trading sessions, the Exchange shall not accept any application for any business related to the taking of the negotiable securities as the margins or handle any business related thereto. In special circumstances, the Exchange may extend the time to accept the application for relevant businesses of taking negotiable securities and other assets as the margins.
3. Any transactions concluded in accordance with the rules of the Exchange shall have legal effect, and shall not be invalidated, changed or revoked due to any defects in the capacity of the trader, untrue declaration of intention or disputes over the ownership of the sources of the margins. Any losses arising from such transactions shall be borne by the trader.

**Chapter VII Risks and Liabilities**

1. The Members shall perform the applicable obligations and responsibilities under the contracts concluded in the Exchange and shall bear the corresponding risks.

The Exchange organizes futures trading. Any concluded trading orders, closed futures transaction positions, margins received, and assets transferred or pledged as margins, matched standard warehouse receipts and other transactions, clearing and delivery or legal attributes of property, and measures taken for breach of contract shall not be revoked or invalidated due to any entry of any Members into bankruptcy proceedings.

When a Member enters into bankruptcy proceedings, the Exchange may still carry out netting in respect of any outstanding contracts of such Member in accordance with the trading rules and its detailed rules for the implementation thereof.

1. In the event that any bankruptcy or other disputes over claims and debts occurs on the designated Depository Bank, the margins deposited in the bank shall not be treated as its bankrupt's estate. In addition, the margins shall not fall within the scope of the frozen or transferred property.
2. In the event that any bankruptcy or other disputes over claims and debts occurs on the designated delivery warehouse, all futures commodities stored by futures market participants do not belong to the designated delivery warehouse, and shall not be treated as its bankrupt's estate of the designated delivery warehouse and fall within the scope of the sealed or distrained property.
3. The risk prevention implements the hierarchical responsibility system. The Exchange shall prevent the risks arising out of or in connection with the Members, the Members shall prevent the risks arising out of or in connection with its Principals for Clearing and Delivery, and the OSBPs and the Overseas Intermediaries shall prevent the risks arising out of or in connection with its clients.
4. The Exchange shall have the right to take any of the following protective actions against the Member which fails to perform its contractual obligations and responsibilities:
5. to utilize the Member's clearing deposits;
6. to suspend opening for trading;
7. to conduct forced liquidation pursuant to the applicable rules until the margins released after the liquidation are sufficient to perform the contractual obligations or liabilities; and
8. to convert the deposited Assets as Margins into cash, so as to use the proceeds from such conversion to perform the contractual obligations or liabilities.
9. The Exchange shall take the following actions to perform the contractual obligations or liabilities in case the Member is still in debt after the actions in the preceding Article have been taken:
10. to revoke the Member's membership and use its membership fee for compensation;
11. to utilize the risk reserves to provide compensation for the contractual performance; and/or
12. to utilize the Exchange's own assets to provide compensation for the contractual performance.

After the Exchange performs the applicable obligations or responsibilities under the applicable contracts, it may claim against the relevant Members through legal procedures.

1. The Exchange implements risk reserves requirement. The risk reserves mean the funds established by the Exchange which are used to maintain the normal operation of the futures market, provide the financial security and recover the losses arising out of or in connection with the Exchange's unpredictable risks.
2. The sources of the risk reserves shall be:
3. twenty percent (20%) of the commissions collected by the Exchange from the Members, and such amount shall be withdrawn from the management fees; and
4. other revenues subject to the national financial policies.
5. The risk reserves shall be accounted independently, deposited in a dedicated account, and shall not be used for any purpose other than covering the risk loss.
6. The utilization of any risk reserves must be approved by the Board of Governors of the Exchange and processed in accordance with prescribed purposes and procedures after being reported to CSRC.

**Chapter VII Supplementary Provisions**

1. The time stipulated in the Measures shall refer to Beijing time, and the "day" herein shall refer to the trading day unless otherwise explicitly provided herein.
2. Any violation of the Measures shall be punished by the Exchange subject to the applicable provisions of the *Measures against Rule Violations of Dalian Commodity Exchange*.
3. Where the Exchange has other provisions regarding the options trading or the detailed rules of the specific futures products have other provisions, such provisions shall prevail.
4. The Exchange reserves the right to interpret the Measures.
5. The Measures shall come into force on the date of its promulgation.

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