**Measures for Arbitrage Trading Management of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures for Arbitrage Trading Management of Dalian Commodity Exchange (the "**Measures**") are formulated pursuant to the *Trading Rules of Dalian Commodity Exchange* and other regulations for the purposes of standardizing the arbitrage trading management and promoting the development of the futures market.
2. Based on different contract months, the arbitrage trading may be divided into the arbitrage trading of the general months (counting from the listing date of the contract to the last trading day of the first month preceding the delivery month) and that of the delivery months.
3. Dalian Commodity Exchange (the "**Exchange**") shall publish the products, contracts and portfolio applicable to arbitrage trading in a timely manner.
4. The Exchange, Members, Overseas Special Participants (the "**OSPs**"), Overseas Intermediaries and clients engaging in the arbitrage trading at the Exchange shall comply with these Measures.

**Chapter II Arbitrage Position**

1. The total of the arbitrage positions and speculative positions of Non-Futures Company Members, Overseas Special Non-Brokerage Participants (the "**OSNBPs**") and clients shall not exceed the speculative position limit prescribed by the Exchange. Non-Futures Company Members, OSNBPs and clients may apply for increase in the arbitrage position limit. Clients having obtained the hedge trading qualifications shall not apply for arbitrage position limit increase of the same products.
2. When submitting the application for increase of the arbitrage position limit, the client who entrusts the Futures Company Member to engage in futures trading shall entrust the Futures Company Member with its application; the client who entrusts the Overseas Special Brokerage Participant (the "**OSBP**") to engage in futures trading shall entrust the OSBP with its application; the client who entrusts the Overseas Intermediary to engage in futures trading shall entrust the Overseas Intermediary with its application, and the Overseas Intermediary shall then entrust the Futures Company Member or the OSBP with such application. The Non-Futures Company Members and OSNBPs may directly submit their applications to the Exchange.
3. The Non-Futures Company Members, OSNBPs or clients applying for increase of the arbitrage position limit of the general months shall submit the following materials to the Exchange:

(1) the application form for arbitrage position limit increase, which mainly includes the applicant's basic information, products and quantities applied, the arbitrage strategy and other information required by the Exchange; and

(2) other materials required by the Exchange.

The arbitrage position limit increase of the general months granted to the Non-Futures Company Member, OSNBP or client is applicable to all the contracts of the general months with respect to the products applied.

1. The Non-Futures Company Members, OSNBPs or clients applying to increase the arbitrage position limit of the delivery months shall submit the following materials to the Exchange:

(1) the application form for arbitrage position limit increase, which mainly includes the applicant's basic information, products, contracts and quantities applied, the arbitrage strategy, and other information required by the Exchange;

(2) the analysis of the price deviation status of the contracts applied; and

(3) other materials required by the Exchange.

The arbitrage position limit increase of the delivery months granted to the Non-Futures Company Member, OSNBP or client is only applicable to the contracts applied.

1. The closing date for application for arbitrage position limit increase of the delivery months shall be the last trading day of the first month preceding the delivery month of the nearby month contract of the arbitrage positions. Overdue applications with respect to such contract will not be accepted by the Exchange.
2. With respect to the application for arbitrage position limit increase of the general months, the Exchange shall determine the increase amount based on the applicant's credit standing, historical operating status, use of arbitrage positions and other relevant factors.

With respect to the application for arbitrage position limit increase of the delivery months, the Exchange shall determine increase amount based on the applicant's credit standing, historical operating status, contract position status, quantities of deliverables, price deviation status of the contract applied and other relevant factors.

1. For application to increase arbitrage position limit of the general months, the Exchange shall examine the materials and reply within five (5) working days upon receipt of the complete application materials. For application to increase arbitrage position limit of the delivery months, after receipt of the complete application materials, the Exchange shall conduct examination as of the first trading day of the first month preceding the delivery month of the nearby month contract of the arbitrage positions, and reply within five (5) trading days.
2. Non-Futures Company Members, OSNBPs and clients shall timely file an application for limit adjustment with the Exchange where they need to adjust the arbitrage position limit.
3. The Exchange may adjust the arbitrage position limit increase of Non-Futures Company Members, OSNBPs and clients based on the market situations.

**Chapter III Arbitrage Profit and Loss and Commission Charges**

1. The calculation of the profit and loss with respect to the arbitrage position and liquidation shall be made pursuant to the *Measures for Clearing Management of Dalian Commodity Exchange* and other relevant provisions.
2. The Exchange may take preferential measures for commission charges of arbitrage trading.

**Chapter IV Supervision and Management**

1. The Exchange may conduct supervision and investigation, from time to time, with respect to the credit standing and the futures market trading of the Non-Futures Company Members, OSNBPs and clients. The Non-Futures Company Members, OSNBPs, Overseas Intermediaries and clients shall provide assistance and cooperation with such supervision and investigation.
2. In case the total of arbitrage positions and speculative positions of Non-Futures Company Members, OSNBPs and clients exceed the limit prescribed by the Exchange, they shall adjust their positions prior to the ending of the second session trading of the immediately following trading day. If they fail to make such adjustment in due course or fail to meet relevant requirements even after the adjustment, the Exchange may implement forced position liquidation.
3. In case any Non-Futures Company Members, OSNBPs or clients adversely affect or attempt to affect the market price by way of arbitrage trading, the Exchange may arrange for regulatory talk, issue written warning, adjust or cancel its arbitrage position quota increase, suspend position opening, order to close-out within designated time limit, implement forced liquidation, etc. The Exchange shall also take actions against the wrongdoing party in accordance with the *Measures against Rule Violation of Dalian Commodity Exchange*.
4. In case any fraudulence or other violations of the Exchange's rules are found during the process of any Non-futures company Member, OSNBP or client's application for arbitrage position limit increase or during its arbitrage trading, the Exchange may reject its application to increase arbitrage position limit, adjust or cancel the approved arbitrage position increase amount, suspend position opening, order to close-out within designated time limit, implement forced liquidation, etc. The Exchange shall also take actions against the wrongdoing party in accordance with the *Measures against Rule Violation of Dalian Commodity Exchange*.

**Chapter V Supplementary Provisions**

1. For matters not covered in the Measures, the relevant rules of the Exchange shall apply.
2. The Exchange reverses the right to interpret the Measures.
3. The Measures shall come into force on the date of promulgation.

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