**Measures for Administration of the Futures Company Members Entrusted by Overseas Intermediaries with Futures Trading Business of Specified Futures Products of** **Dalian Commodity Exchange**

**Chapter I General Provisions**

**Article 1** The Measures for Administration of the Futures Company Members Entrusted by Overseas Intermediaries with Futures Trading Business of Specified Futures Products (the "**Measures**") are formulated pursuant to the *Trading Rules of Dalian Commodity Exchange* and the *Measures for Membership Management of Dalian Commodity Exchange* for the purpose of strengthening management of the Futures Company Members entrusted by Overseas Intermediaries with futures trading business.

**Article 2** Overseas Intermediaries refer to the overseas brokers that do not directly trade on the Exchange but entrust Futures Company Members or Overseas brokers that directly trade on the Exchange to carry out trading and clearing.

**Article 3** Any Futures Company Member that accepts entrustment by an Overseas Intermediary to conduct the futures trading business of specified domestic futures products shall meet the conditions prescribed by the China Securities Regulatory Commission ("**CSRC**").

**Article 4** The Measures shall apply to the Futures Company Members, Overseas Intermediaries and their practitioners.

**Article 5** An Overseas Intermediary which entrusts a Futures Company Member with the futures trading business of specified domestic futures products shall meet the following conditions:

1. being a financial institution which may accept the clients' funds and trading orders and conduct the futures trading for the clients in its own name. In addition, it is legally incorporated overseas, and having been recognized by the futures regulatory authority of the country (or region) where it is located;
2. having operated continuously for more than one (1) year;
3. accepting the regulation by the futures regulatory authority of the country (or region) where it is located, and such regulatory authority having entered into a memorandum of understanding on regulatory cooperation with CSRC;
4. having a sound governance structure and a perfect internal control policy, as well as normalized business performance;
5. having the net capital of no less than CNY thirty million (30,000,000) or an equivalent amount in foreign currency;
6. having the business facilities and technical systems which meet the applicable technical norms and are in good operation condition; and
7. other conditions prescribed by Dalian Commodity Exchange (the "**Exchange**").

**Article 6** The Futures Company Member shall sign an entrustment agreement in written form with the Overseas Intermediary.

The entrustment agreement shall contain the following terms:

1. the scope of entrustment;
2. the minimum margin standard, and the processes and charging standards with respect to use of the relevant assets as the margins;
3. the mechanism, terms and operational procedures of risk management;
4. the account types, management patterns and clearing processes;
5. the standards of the commission;
6. the information licensing and confidentiality;
7. the matters, methods and deadlines of notification;
8. the safety and smoothness of the transmission of the trading data;
9. the coordination procedures and rules with respect to the trading, clearing and settlement, delivery, funds management, quotations and trading system configuration, client service, risk control and other matters;
10. the liability of recourse of the losses arising out of the forced position liquidation;
11. any circumstances under which any loss occurs due to a reason not attributable to both parties to the agreement, and the relevant handling methods;
12. the amendment and termination of the agreement;
13. the liability for breach of the agreement;
14. the dispute settlement methods and the place of jurisdiction;
15. the governing law; and
16. other matters prescribed by the Exchange.

The Overseas Intermediary shall undertake in the entrustment agreement that when it engages in domestic futures related business activities, it will comply with the laws, administrative regulations and department rules of the People's Republic of China (the "**PRC**"), and the business rules and any and all rules and decisions of the Exchange, and shall not harm any lawful rights or interests of any client or other market participants.

**Article 7** The Futures Company Member which has entered into an entrustment agreement with an Overseas Intermediary shall make filings with the Exchange prior to conducting the business.

The Futures Company Member shall submit the following materials when filing to the Exchange:

1. statement of the filing;
2. materials proving that the Overseas Intermediary satisfies the relevant conditions under Article 5 hereof, and the valid identity certifications, resumes, signature specimen card of the risk control person-in-charge of the futures business of the Overseas Intermediary;
3. materials of the relevant business policies, internal control policies and risk management policies related to the futures trading conducted by the Futures Company Member under the entrustment of others;
4. the entrustment agreement entered into with the Overseas Intermediary; and
5. other application materials prescribed by the Exchange.

The Exchange shall decide whether to approve the filing within fifteen (15) trading days following the receipt of all the filing documents as prescribed. The Exchange shall issue a filing number and inform the Futures Company Member in writing upon decision on approval for filing, and shall explain the reasons in writing upon decision on disapproval for filing.

**Article 8** In case of any modification to the entrustment agreement, the Futures Company Member shall submit the materials to the Exchange within five (5) trading days prior to the modification of the agreement and apply for modification of the relevant filings. The Exchange shall confirm the filings status in writing with the Futures Company Member within ten (10) trading days upon receipt of the relevant documents.

**Article 9** In case of termination of the entrustment agreement, the Futures Company Member shall submit the relevant materials to the Exchange within five (5) trading days after the termination thereof and apply for deregistration of the relevant filings. The Exchange shall confirm the deregistration status in writing with the Futures Company Member within ten (10) trading days following the receipt of the relevant documents.

**Article 10** The Futures Company Member may open an omnibus fund account for the Overseas Intermediary to be used for the futures clearing, delivery and other matters of the overseas clients of the Overseas Intermediary. The Futures Company Member shall collect margins as per the omnibus fund account until registration of the subsidiary ledger to (the omnibus fund account of) the Overseas Intermediary.

**Article 11** Any Overseas Intermediary shall comply with the Exchange's risk control rules and other related requirements and shall coordinate the futures company to strictly control the risks.

**Article 12** The Overseas Intermediary shall conduct the real-name verification of the clients that have been commissioned to it, preserve the account-opening materials and audio/visual files of the clients, and shall apply for the trading codes pursuant to the business rules of the China Futures Market Monitoring Center Co., Ltd. ("**CFMMC**"). The Overseas Intermediary shall cooperate with the Futures Company Member to perform the corresponding risk management responsibilities.

The Futures Company Member shall assist the Overseas Intermediary to open a trading account for the overseas clients and to obtain the trading codes pursuant to the business rules of CFMMC.

**Article 13** The transfer of the futures business funds between the Overseas Intermediary and the Futures Company Member shall be handled through the futures settlement account of the Overseas Intermediary and the dedicated margin account of the Member.

**Article 14** The Overseas Intermediary shall provide to the clients the quotation information and the trading channels of the Exchange, maintain good operation of the equipment and keep the information exchange and trading channels smooth.

**Article 15** The Overseas Intermediary shall directly transmit the clients' trading orders to the Futures Company Member and shall not conduct the hedging or other trading in private.

**Article 16** Following the market close of each trading day, the Futures Company Member shall conduct clearing with the Overseas Intermediary and shall notify the clearing results to the Overseas Intermediary promptly in the way as agreed.

**Article 17** If the Overseas Intermediary's client participates in the business of physical delivery, such business shall be handled by a Futures Company Member entrusted by the Overseas Intermediary.

**Article 18** The Overseas Intermediaries shall establish the backup policy with respect to trading, clearing and financial data. The client data archives with respect to the account opening, modification and account cancellation, as well as trading orders records, trading clearing records, erred trading records, client complaint archives and other business records shall be preserved for at least twenty (20) years as of the date of termination of the futures brokerage contract.

**Article 19** The Futures Company Member shall be responsible for the funds examination and risk control with respect to the futures trading of the Overseas Intermediary in the Exchange.

**Article 20** In case any client terminates its business relationship with an Overseas Intermediary, the relevant Member shall assist the Overseas Intermediary to handle the deregistration formalities promptly.

**Chapter III Supplementary Provisions**

**Article 21** Any violation of the Measures will be processed by the Exchange pursuant to the applicable provisions of the *Measures against Rule Violations of Dalian Commodity Exchange*.

**Article 22** Dalian Commodity Exchange reserves the right to interpret the Measures.

**Article 23** The Measures shall come into force on the date of promulgation.

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