**Management Measures on Futures Trader Suitability of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Management Measures on Futures Trader Suitability of Dalian Commodity Exchange(the "**Measures**") are formulated pursuant to the *Regulation on the Administration of Futures Trading*, the *Interim Measures for Management of Trading Specified Domestic Futures Products by Overseas Traders and Brokers*, the *Measures for Management of Suitability of Securities and Futures Investor*s, and other laws and regulations and the rules of Dalian Commodity Exchange (the "**Exchange**") for the purposes of promoting the traders (hereinafter, the "**Traders**"; each, a "**Trader**") to rationally participate in futures trading, protecting the legitimate rights and interests of the Traders and securing the stable, standardized and healthy development of the futures market.
2. Trading of options contracts and specified domestic futures contracts on the Exchange shall be subject to the suitability rules.
3. A Trader herein means a natural person, a legal person or any other economic organization that engages in futures trading and bears the trading results.

The Traders shall perform comprehensive self-assessment of their knowledge on the market and the products, their risk control and tolerance capabilities, and their financial capabilities based on the suitability rules, and prudently decide whether to participate in futures trading accordingly.

1. Any Futures Company Member, Overseas Special Brokerage Participant or Overseas Intermediary (hereinafter as "**Account-opening Institution**") shall evaluate the Traders' knowledge and risk tolerance on futures trading based on the Measures, and provide proper products to proper clients accordingly.

Trading codes shall be subject to authority management. After opening a trading code for a client, the Account-opening Institution shall choose to grant trading authority with respect to the corresponding listed contracts.

**Chapter II Standards of Suitability Management**

1. When an Account-opening Institution applies for a trading code or trading authority for an institutional client to participate in trading of the listed contracts to which the suitability rules apply, the institutional client shall satisfy the following standards:
	1. its relevant business personnel having basic knowledge of futures trading and understanding the relevant rules of the Exchange;
	2. having records of no less than twenty (20) executed orders and of no less than ten (10) accumulative trading days of simulated futures trading or simulated options trading on any domestic trading venue; or having records of no less than ten (10) executed orders in futures trading, options trading or in trading of any other centrally cleared derivative on any domestic trading venue within the last three (3) years; or having records of no less than ten (10) executed orders in futures trading, options trading or in trading of other centrally cleared derivative within the last three (3) years on any of the overseas trading venues regulated by its competent futures regulatory authority which has entered into a memorandum of understanding on regulatory cooperation with the China Securities Regulatory Commission ("**CSRC**")(each such executed order on such overseas trading venue a "**Recognized Overseas Trading Record**");
	3. the daily available funds balance in the margins account being no less than CNY one hundred thousand (100,000) or equivalent foreign currency for the five (5) consecutive trading days preceding the application for the trading code or trading authority;
	4. having sound internal control policy, risk management policy and other futures trading management policies;
	5. having no material adverse credit records or the experience of being declared as the prohibited futures market accessor by any competent regulatory authority, and having not been prohibited or restricted to engage in the futures trading pursuant to the laws, administrative regulations or rules, or the rules of the Exchange; and
	6. other conditions prescribed by the Exchange.
2. When an Account-opening Institution applies for a trading code or trading authority for an individual client to participate in trading of the listed contracts to which the suitability rules apply, the individual client shall satisfy the following standards:
3. having full capacity for civil conduct;
4. having basic knowledge of futures trading and understanding the relevant business rules;
5. having records of no less than twenty (20) executed orders and of no less than ten (10) accumulative trading days of simulated futures trading or simulated options trading on any domestic trading venue; or having records of no less than ten (10) executed orders in futures trading, options trading or in trading of any other centrally cleared derivative on any domestic trading venue within the last three (3) years; or having no less than ten (10) Recognized Overseas Trading Records within the last three (3) years;
6. the daily available funds balance in the margins account being no less than CNY one hundred thousand (100,000) or equivalent foreign currency for the five (5) consecutive trading days preceding application for the trading code or trading authority;
7. having no material adverse credit records or the experience of being declared as the prohibited futures market accessor by any competent regulatory authority, and having not been prohibited or restricted to engage in the futures trading pursuant to the laws, administrative regulations or rules, or the rules of the Exchange; and
8. other conditions prescribed by the Exchange.
9. Where a client, who has obtained the authority to trade any other listed contract to which the suitability rules apply on any domestic trading venue, applies for a trading code or trading authority, the Account-opening Institution may choose not to conduct the assessment with respect to items (1) and (2) of Article 5, or items (2) and (3) of Article 6; where the margin requirements of the aforementioned listed products equal or exceed that specified in item (3) of Article 5 or item (4) of Article 6, the Account-opening Institution may choose not to assess the client's balance in the margin account.

The account-opening Institutions shall make full use of the known information and the existing assessment results. A client who has obtained the trading authority of a contract listed on the Exchange through suitability assessment may automatically obtain the trading authority of other contracts listed on the Exchange at the same Account-opening Institution, and the Account-opening Institution may choose not to conduct re-assessment against such client in accordance with Article 5 or Article 6 of the Measures.

1. Unless otherwise required by applicable laws, administrative regulations or rules or CSRC, the Account-opening Institution may choose not to apply items (1) to (3) of Article 5, or items (2) to (4) of Article 6 when applying for a trading code or trading authority of the listed contracts to which the suitability rules apply on behalf of any of the following clients:
2. professional investor as defined in the *Measures for Management of Suitability of Securities and Futures Investor*s;
3. client who has obtained the trading authority of any listed contract to which the suitability rules apply, and is applying for trading authority of the same contract through a different Account-opening Institution;
4. client having records of executed orders of futures trading, options trading or in trading of any other centrally cleared derivative on any domestic trading venue, or having Recognized Overseas Trading Records for no less than fifty (50) accumulative trading days during the last year; or
5. market maker, special institutional investor or any other Trader recognized by the Exchange.
6. The Exchange may adjust the Trader suitability standards on the basis of market situation.

**Chapter III Implementation of Suitability Management**

1. The Account-opening Institutions shall, subject to the applicable rules of CSRC and the Measures, establish and develop detailed implementing scheme on client suitability, improve internal work distribution and operational procedures to make comprehensive assessment against the clients based on their basic profile, investment experience, financial status and credit standing, and shall file with the Exchange the relevant trading code and any change thereof within three (3) trading days from the opening or closing of the trading authority.
2. The Account-opening Institutions shall establish and duly implement an accountability mechanism for client development to clarify the responsibility of the relevant personnel.
3. The Account-opening Institutions shall fully disclose the futures trading risks to the clients, introduce the futures laws and regulations, the rules, relevant provisions and decisions of the Exchange and product features to the clients from an objective perspective, learn about the clients' level of basic knowledge on futures trading, strictly verify the funds, experience in real and simulated futures trading of the clients, prudently evaluate the credit standing and risk tolerance of the clients, and carefully review the clients' account-opening application files for trading codes or trading authority.
4. The Account-opening Institutions shall provide guidance to the clients, urge the clients to comply with the relevant laws, administrative regulations and rules with respect to futures trading as well as the rules, relevant provisions and decisions of the Exchange, and shall conduct ongoing education on risk management and strengthen the compliance of laws and regulations by clients in their trading activities.
5. The Account-opening Institutions shall establish data archives for the clients, properly preserve the relevant files of the clients and strictly keep them confidential for the clients.
6. The Account-opening Institutions shall provide reasonable complaint channels to the clients, inform them of the complaining methods and related procedures, settle the disputes in proper manners and guide the clients to protect their rights and interests legitimately.
7. The Traders shall submit true and accurate application files for trading codes or trading authority, and shall not evade the requirements under the Trader suitability rules by submitting fraudulent materials or information or by other methods.
8. The Traders shall comply with the principle of "taking sole responsibility for one's deeds of purchase or sale" and undertake the obligations with respect to the futures trading. The Traders shall not refuse to perform their obligations with respect to the futures trading on account of failure to meet the suitability standards.
9. The Traders shall, in accordance with relevant laws and regulations, protect their legitimate rights and interests with appropriate means, and shall not harm the legitimate rights or interests of the State, the society, or the community or any other person, or disturb the social public order or the working order of the Exchange or other relevant entities.
10. In case a Futures Company Member or an Overseas Special Brokerage Participant has an entrustment agreement with an Overseas Intermediary, the Member shall establish the business connection mechanism with such overseas broker and duly implement the relevant requirements under the Trader suitability rules.
11. In case a Futures Company Member entrusts a company qualified for intermediary business introduction to assist in application formalities for trading codes or trading authority, the Member shall establish the business connection mechanism with such company and duly implement the requirements under the Trader suitability rules, and shall re-examine the relevant business of such company.
12. The Exchange may conduct inspection on implementation of the Trader suitability rules by the Account-opening Institutions. The Account-opening Institutions shall cooperate with the Exchange for such inspections and provide true and accurate account-opening files such as the clients' applications files for trading codes or trading authority or materials related to the status of funds or accounts, and shall not conceal any information, or obstruct or refuse the inspections.

**Chapter IV Supplementary Provisions**

1. Any violation of any provision of the Measures shall be handled by the Exchange subject to the applicable provisions of the *Measures against Rule Violations of Dalian Commodity Exchange*.
2. The Exchange reserves the right to interpret the Measures.
3. The Measures shall come into effect on May 31, 2019.

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