**Measures for Administration of Abnormal Trading Behaviors of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures for Administration of Abnormal Trading Behaviors of Dalian Commodity Exchange (the "**Measures**") are formulated in accordance with the *Trading Rules of Dalian Commodity Exchange* in order to regulate futures trading practices, protect the lawful rights and interests of the parties to futures trading and maintain an orderly futures market.
2. Dalian Commodity Exchange (the "**Exchange**") will conduct self- regulatory supervision over the futures trading activities and may activate the procedures for handling abnormal trading behaviors, take appropriate self-regulatory measures against the relevant Members, the Overseas Special Participants (the "**OSPs**"), Overseas Intermediaries or clients in case of any abnormality in futures trading activities.
3. The Futures Company Members, Overseas Special Brokerage Participants (the "**OSBPs**") and the Overseas Intermediaries shall duly supervise the trading activities of their clients; discover, stop and report any abnormal trading behaviors of the clients in a timely manner; and shall not indulge, induce, encourage or support any client to engage in abnormal trading.
4. The Non-Futures Company Members, the Overseas Special Non-Brokerage Participants (the "**OSNBPs**"), clients engaging in futures trading shall comply with the laws, regulations, bylaws and the rules of the Exchange, accept self- regulatory supervision by the Exchange and consciously regulate their trading activities. The clients shall accept the administration of Futures Company Members, OSBPs and Overseas Intermediaries on lawful trading and compliance.

 **Chapter Ⅱ Identification of Abnormal Trading Behaviors**

**Article 5** Any of the following activities in futures trading shall be deemed as an abnormal trading behavior by the Exchange:

* 1. self-trade activities, namely, the trading activities between one's own accounts by acting as its own counterparty, or the trading activities within a group of accounts with actual control relationship as identified;

(2) frequent cancellation of orders, namely, the behaviors of frequent submission and cancellation of orders;

(3) cancellation of large-amount orders, namely, the behaviors of multiple submissions and cancellations of large-amount of orders;

(4) program trading disturbing the trading orders, namely, the behaviors of placing trading orders via program trading affecting or possibly affecting system security of the Exchange or disturbing the normal trading order; or

(5) other circumstances identified by the China Securities Regulatory Commission ("**CSRC**") or the Exchange.

**Article 6**  The client, the Non-Futures Company Member or the OSNBP involved in any of the following circumstances, shall be deemed as reaching the handling standards of abnormal trading behaviors prescribed by the Exchange, including the self-trade, frequent cancellation of orders or cancellation of large-amount of orders:

* 1. more than five (5) times of self-trades in the same contract on a single trading day;
	2. more than five hundred (500) times of order cancellations in the same contract on a single trading day; or
	3. more than fifty (50) times of order cancellations in the same contract on a single trading day, with the single cancelled order exceeding eighty percent (80%) of the maximum order quantity placed under this contract.
1. The self-trade, frequent cancellation of orders, cancellation of large-amount orders arising out of the market orders, stop-loss (profit) orders, spread orders, fill or kill ("**FOK**") orders and fill and kill ("**FAK**") orders of the Exchange will not be deemed as abnormal trading behaviors.

The frequent cancellation of orders arising out of the contracts with the implementation of order fees will not be deemed as abnormal trading behaviors.

The self-trade, frequent cancellation of orders and cancellation of large-amount orders arising out of the hedge trading will not be deemed as abnormal trading behaviors.

The frequent cancellation of orders arising out of market making will not be deemed as abnormal trading behaviors.

1. In case the self-trade, frequent cancellation of orders or the cancellation of large-amount of orders by the clients, the Non-Futures Company Members or the OSNBPs in multiple futures or option contracts on a single trading day has reached the handling standards prescribed by the Exchange, the same kind of abnormal trading behaviors in relation to all these futures contracts or all these option contracts will be deemed as a single occurrence of that abnormal trading behavior respectively.

The Exchange shall identify and handle the self-trade, frequent cancellation of orders, cancellation of large-amount orders in respect of the futures and those of option contracts separately.

1. The Exchange shall calculate the self-trade, frequent cancellation of orders, cancellation of large-amount orders and other abnormal trading behaviors of the accounts with actual control relationship on a consolidated basis, the handling standards for which are the same as those for the clients, the Non-Futures Company Members and the OSNBPs.
2. With respect to the self-trade, frequent cancellation of orders or the cancellation of large-amount of orders that does not reach the handling standards for the abnormal trading behaviors prescribed by the Exchange or is not deemed as the abnormal trading behaviors, if other violations are constituted, it shall be handled pursuant to relevant rules of the Exchange.

**Chapter Ⅲ Handling of the Abnormal Trading Behaviors**

1. If any of the activities deemed as abnormal trading behaviors listed in Article 5 of the Measures occurs, the Exchange may take following self-regulatory measures according to the severity of the circumstances:
2. delivering telephone alert;
3. requiring an explanatory report;
4. adding to the key supervision list;
5. notifying the Members or the OSBPs;
6. arranging for a talk;
7. restricting the opening of positions; or
8. other self-regulatory measures pursuant to the rules of the Exchange.

The clients, the Non-Futures Company Members or the OSNBPsrestricted from opening positions shall be published by the Exchange.

In case of the abnormal trading behaviors with suspected violations, the Exchange shall also handle the case pursuant to the *Measures against Rule Violations of Dalian Commodity Exchange*; in case of the suspected violations of laws, regulations or bylaws, the Exchange shall submit the cases to CSRC for investigation.

1. Where the self-trade, frequent cancellation of orders or cancellation of large-amount orders conducted by a client reaches the handling standards of the Exchange, the Exchange shall perform handling procedures as follows:
2. for the first time of reaching the handling standards, the Exchange will alert the client's Futures Company Member or the OSBP on the very day on which the client reaches the handling standards, and require them to forward the Exchange's alerts to the client timely, educate, guide, dissuade and stop the client with abnormal trading behaviors;
3. for the second time of reaching the handling standards, the Exchange will add the client to the key supervision list and notify its Futures Company Member or OSBP; and
4. for the third time of reaching the handling standards, the Exchange will, after market close on that very day, take self-regulatory measures of restricting the client from opening positions for one (1) month.
5. Where the self-trade, frequent cancellation of orders or cancellation of large-amount orders conducted by a Non-Futures Company Member or an OSNBP reaches the handling standards, the Exchange shall perform handling procedures as follows:
6. for the first time of reaching the handling standards, the Exchange will alert the designated contact person of the Non-Futures Company Member or the OSNBP;
7. for the second time of reaching the handling standards, the Exchange will arrange talks with senior managers of the Non-Futures Company Member or the OSNBP; and
8. for the third time of reaching the handling standards, the Exchange will take self-regulatory measures of restricting the Non-Futures Company Member or the OSNBP from opening positions for three (3) months.
9. In case the self-trade, frequent cancellation of orders or cancellation of large-amount orders occurred in a group of accounts with actual control relationship only containing clients meets the handling standards, the Exchange shall handle such case pursuant to Article 12 of the Measures.

In case the self-trade, frequent cancellation of orders or cancellation of large-amount orders occurred in a group of accounts with actual control relationship containing a Non-Futures Company Member or an OSNBP meets the handling standards, the Exchange shall handle such case pursuant to Article 13 of the Measures.

1. In case a client's self-trade, frequent cancellation of orders or cancellation of large-amount orders takes place through more than two Futures Company Members or OSBPs, the Exchange will, on the basis of classification of the abnormal trading behaviors, make alerts to the Futures Company Members or OSBPs separately through which the highest number of each such type of abnormal trading behaviors takes place.

**Chapter IV Supervision Responsibilities**

**Article 16** The Futures Company Members, OSBPs and Overseas Intermediaries shall closely monitor the trading activities of the clients, proactively prevent their clients from conducting any abnormal trading activity in futures trading, and guide them to conduct futures trading in a rational and compliant manner.

If any Futures Company Member, OSBP or Overseas Intermediary discovers any abnormal trading behavior listed in Article 5 of the Measures conducted by a client during futures trading, it shall alert, dissuade and stop the client and promptly report to the Exchange.

1. The clients, Non-Futures Company Members and OSNBPs shall report to the Exchange for filing before the program trading when adopting the program trading.

In case the Exchange discovers that the clients, Non-Futures Company Members or OSNBPs might engage in the program trading, the Exchange may require them to file for records, and relevant requirements shall be published by the Exchange separately.

**Article 18**  In case the Exchange makes the self-regulatory measures against a client who is found to have abnormal trading behaviors, the Futures Company Member, OSBP or Overseas Intermediary shall notify the client promptly, retain related evidence and take effective measures to regulate the client's trading activities.

**Article 19** If a Futures Company Member, an OSBP or an Overseas Intermediary has any one of the following behaviors, the Exchange may demand rectification and take self-regulatory measures, including delivering phone alert, arranging for a talk, issuing a regulatory warning letter and issuing a regulatory opinion letter:

* + 1. failing to notify and forward the Exchange's self-regulatory measures to the client in a timely and accurate manner;
		2. failing to take effective measures to stop abnormal trading behaviors of its clients;
		3. failing to assist in the investigation of suspected violation of laws or regulations as required by the Exchange, or intentionally delay process, conceal or omit facts;
		4. indulging, inducing, encouraging or supporting the customer's abnormal trading activities; or
		5. other circumstances identified by the Exchange.
1. In case a Futures Company Member, an OSBP or an Overseas Intermediary fails to perform the relevant obligations and the Exchange has issued regulatory warning letters twice, the Exchange will issue the regulatory opinion letter to the Futures Company Member, the OSBP or the Overseas Intermediary for the third time.

Those suspected of violations shall be handled in accordance with the *Measures against Rule Violations of Dalian Commodity Exchange.*

**Chapter IV Supplementary Provisions**

1. The futures trading referred to in the Measures shall include the trading activities with futures contracts and option contracts as trading objects.
2. The term "more than" referred to in the Measures shall include the given figure.
3. The times of abnormal trading activities and times of self-regulatory measures as prescribed in the Measures shall be calculated on a calendar year basis.
4. The order fee as prescribed in the Measures shall be subject to the *Measures for Clearing Management of Dalian Commodity Exchange.*

**Article 25** The Exchange reserves the right to interpret the Measures.

**Article 26** The Measures shall come into force on the date of promulgation.

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