**Measures against Rule Violations of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures against Rule Violations of Dalian Commodity Exchange (the "**Measures**") are formulated in accordance with the *Bylaws of Dalian Commodity Exchange* (the "**Bylaws**") and the *Trading Rules of Dalian Commodity Exchange* (the "**Trading Rules**") for the purposes of enhancing the administrative management of futures market, regulating futures trading activities, and protecting lawful rights and interests of futures market participants.
2. A rule violation herein means the breach of the Bylaws, Trading Rules or any other applicable provisions of Dalian Commodity Exchange (the "**Exchange**"), which conducted by a Member, Overseas Special Participant (the "**OSP**"), an Overseas Intermediary, a market maker, a client, a designated delivery warehouse, a designated depository bank, a designated quality inspection agency, an information service provider or other futures market participants and their staff.
3. The Exchange shall investigate, identify and punish rule violations based on facts and the principles of fairness and integrity.

Any rule violation that constitutes a criminal offense shall be turned over by the Exchange to a judicial authority for criminal prosecution in accordance with applicable laws.

1. In case a Member, an OSP, an Overseas Intermediary, a market maker, a client, a designated delivery warehouse, or a futures market participant has been punished by the China Securities Regulatory Commission ("**CSRC**") in respect of a certain rule violation, the Exchange may exempt or mitigate the punishment in respect thereof when it determines the punishment.
2. The Measures shall apply to related business activities in futures trading on the Exchange.

**Chapter II Inspection**

1. The inspection means the supervision and examination conducted by the Exchange pursuant to any of the Exchange's rules and regulations for the business activities of a Member, an OSP, an Overseas Intermediary, a market maker, a client, a designated delivery warehouse, or other futures market participants.

The inspection shall include the routine examination and the filed investigation. The inspection methods include regulatory talk, document-based investigations, on-site examination and others.

1. The Exchange may conduct routine examination periodically or from time to time in accordance with its rules and regulations, over the business activities of its Members, OSPs, Overseas Intermediaries, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies, information service providers or other futures market participants.
2. The Exchange may exercise the following powers when it performs its regulatory duties:
3. accessing and copying the information, documents and materials related to the futures trading;
4. requiring the Members, OSPs, Overseas Intermediaries, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies or other futures market participants to provide the annual reports and the third-party audit reports, etc.;
5. conducting investigation, evidences collection and regulatory talk with, the Members, OSPs, Overseas Intermediaries, market makers, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies or other futures market participants;
6. requiring the Members, OSPs, Overseas Intermediaries, market makers, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies and any other institutions under investigation to report, represent, explain or clarify the relevant situation;
7. inquiring into the Members' futures margin accounts, as well as the bank accounts of the Members, OSPs, Overseas Intermediaries and clients related to their futures business;
8. accessing and examining the technical systems of trading, clearing, finance or otherwise of the Members, OSPs, Overseas Intermediaries and clients related to their futures business;
9. stopping, correcting and dealing with any rule violation;
10. any other powers as necessary to fulfill the regulatory duties performed by the Exchange.
11. The Members, OSPs, Overseas Intermediaries, market makers, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies and other futures market participants shall consciously accept the supervision and examination conducted by the Exchange, and cooperate with the Exchange to perform its supervision and management duties.
12. The Exchange shall establish a telephone hot line for complaints and whistleblowing. Complainants or whistleblowers shall indicate their true and clear identity, and the Exchange shall keep the identity confidential if the complainant or whistleblower is reluctant to disclose his or her identity.
13. In case the Exchange suspects the existence of a rule violation after reviewing the evidence discovered from its routine examination, provided by complainants or whistleblowers, referred by futures regulatory or judicial authority, or obtained from other sources, the Exchange shall file a case for investigation.
14. The Exchange shall authorize dedicated staffs to take charge of the investigation of suspected rule violation that have been placed on file. At least two (2) investigators shall participate in the investigation and evidence gathering activities. The investigators shall present their own working identities or other supporting documents issued by the Exchange to prove their authorization.
15. An investigator shall apply for recusal from the case if such person believes that he or she has a conflicting interest in the case concerned or other circumstances that may prejudice the fairness and impartiality of the investigation.

If a person under investigation believes that the investigator has a conflict of interest in the cases concerned or other circumstances that may prejudice the fairness and impartiality of the investigation, the person shall have the right to request the investigator to recuse from the investigation.

The Exchange shall order the investigator to recuse himself or herself from the investigation when it deems necessary.

The recusal of an investigator shall be determined by the head of the Exchange's supervision department. The recusal of the head of the Exchange's supervision department shall be determined by the Exchange's Chief Executive Officer ("**CEO**").

1. The evidence shall include all the materials that can prove the true facts of the case, which include the documentary evidences, physical evidences, statements of parties concerned, testimonies of witnesses, investigation transcripts, appraisal verdicts, audio-visual materials, electronic records, etc.

No evidence shall be used as the basis of the verdict unless the veracity of the evidence is confirmed.

1. Investigation transcripts shall be made when the investigator inquire the person(s) under investigation. The investigation transcripts shall be confirmed by the person(s) under investigation, and then signed by the investigator(s) and the person(s) under investigation. In case the person(s) under investigation refuses to sign, the investigator(s) shall specify the reasons.

Each time an investigator collects a piece of documentary and/or physical evidence, a note shall be made stating the time and the venue the evidence was collected. Such note shall be signed by the person(s) under investigation. If the person(s) under investigation refuses to or is unable to sign, the investigator(s) shall specify the reasons and have the witness(es) to sign on the note.

In case the audio-visual materials and electronic records are collected or produced, a note shall be made specifying when, where and how they were gathered or produced and by which means they were produced and stored. Such note shall be signed by the person(s) under investigation or the witness(es).

The appraisal verdicts must be made by a competent appraisal institution which is recognized by the Chinese Securities Regulatory Commission ("**CSRC**") or the Exchange, and shall be sealed and signed by the appraisal institution thereof and the appraiser respectively.

1. The investigator shall strictly comply with the confidentiality policy and shall not abuse their powers during the routine examination and filed investigation. The futures market participants shall strictly abide by the obligation of confidentiality in the process of routine examination or filed investigation by the Exchange. The Exchange shall take disciplinary actions against any violation of the provisions in the preceding paragraph depending on different circumstances.
2. In case a Member, an OSP, an Overseas Intermediary, a market maker, a client, a designated delivery warehouse, a designated depository bank, an information service provider or other futures market participants are suspected of committing material violation and are under the investigation filed by the Exchange, the Exchange may, before such suspected violation is confirmed, take the following restrictive actions against them for the purposes of preventing the further expansion of the violation results and ensuring the enforcement of the decision of dealing with the violation case:
   1. requesting explanation within a limited period;
   2. suspending the opening of new client codes;
   3. restricting the withdrawal of funds;
   4. restricting the delivery business of the designated delivery warehouse, depository business of the designated depository bank or the service business of the information service provider;
   5. reducing the position limit or the limits of standard warehouse receipt;
   6. increasing the margin percentage;
   7. suspending the opening positions for trading;
   8. ordering close-out within designated time limit; and
   9. implementing forced liquidation.

The actions to be taken under the items (5) to (9) shall be decided by the Board of Governors of the Exchange.

**Chapter III Handling of Violation**

1. For multiple rule violations conducted by the same party at one time, each rule violation shall be confirmed and sanctioned separately. For a recidivist, a heavier or aggravating penalty shall be imposed.
2. A Futures Company Member who commits any of the following acts in violation of the brokerage business qualification management rules shall be ordered to make rectification, indemnify any losses incurred thereby, and be subject to confiscation of any gains arising from the violation. Such punishments shall be imposed on the basis of the seriousness of the circumstance as warning, reprimand, public censure, forced liquidation, suspension from opening positions for one to six months or revocation of membership. In addition, a fine of CNY fifty thousand (50,000) to CNY two hundred and fifty thousand (250,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY fifty thousand (50,000); where the proceeds from the violation are greater than CNY fifty thousand (50,000), a fine of one time to five times the amount of the proceeds may be imposed:
   1. obtaining a futures brokerage business qualification by fraud;
   2. establishing a branch or affiliate to engage in the futures brokerage business without the approval from a competent authority;
   3. recruiting an employee to conduct the futures brokerage business who has not obtained the futures practitioner qualification or fails to pass the Exchange's training; or
   4. any other violation against the regulations and rules relating to the futures brokerage business qualification prescribed by CSRC and the Exchange.
3. A Futures Company Member who commits any of the following acts in violation of the brokerage business management rules shall be ordered to make rectification, indemnify any losses incurred thereby, and be subject to confiscation of any gains arising from the violation. Where the violation is minor, the futures company member shall be subject to warning, reprimand or public censure and a fine of CNY ten thousands (10,000) to CNY one hundred thousand (100,000) may be imposed additionally; in case of a serious violation, the futures company member shall be subject to forced position liquidation, suspension from opening new positions for one to six months, suspension of part of its futures business, revocation of membership and/or being declared as "prohibited market accessor". In addition, a fine of CNY one hundred thousand (100,000) to CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
   1. conducting futures trading for a client who fails to fulfill the account opening procedures or fails to meet the specified requirements for the account opening procedures as prescribed;
   2. violating the trading code management rules;
   3. opening an account for an ineligible client without performing its statutory duty of examination and verification;
   4. failing to perform the obligations of trader suitability management as prescribed, and violating the trader suitability rules;
   5. failing to explain the risk of futures trading to a client truthfully or failing to have the client to sign the risk disclosure statement;
   6. guaranteeing profits to the clients or entering into a private agreement with a client to share profits or losses;
   7. conducting trading for the Member itself or any third party by using the Client's account;
   8. failing to trade as instructed by the client, or intentionally curbing, delaying or changing the execution of the client's order, or inducing or forcing a client to conduct the trade according to broker's own will;
   9. conducting OTC trading or private hedging;
   10. failing to segregate the clients' funds from the Member's own funds;
   11. delaying the client's withdrawal of funds without justified reason;
   12. permitting a client without sufficient margin to opening positions for trading;
   13. misappropriating or allowing others to misappropriate the clients' funds or misusing funds from different Client accounts;
   14. intentionally fabricating or spreading false or misleading information to misguide others;
   15. disclosing the matters entrusted by the client or other trading secrets;
   16. the floor representative of the Futures Company Member taking trading orders from individuals or organizations other than the company he represents;
   17. failing to provide the clients with the relevant transaction results or fund settlement statement as prescribed by relevant rules; or
   18. any other acts in violation of the relevant regulations and rules related to brokerage business prescribed by CSRC or the Exchange.

The Exchange may impose against the liable person the punishment of reprimand, public censure, suspension of his/her futures business for a period no more than one month, or in case of a serious violation, suspension of his/her futures business for a period of one to six months or revocation of his/her qualification for conducting futures business.

1. An Overseas Special Brokerage Participant (the "**OSBP**") who commits any of the following acts in violation of the brokerage business regulations shall be required to make rectifications, indemnify any losses incurred thereby, and be subject to confiscation of any gains arising from the violation. Depending on the severity of the violation, it shall be subject to warning, reprimand, public censure, forced position liquidation, suspension of part of its futures business, suspension from opening new positions for one (1) to six (6) months, revocation of membership and/or being declared as "prohibited market accessor". In addition, a fine of CNY ten thousand (10,000) to CNY one hundred thousand (100,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one (1) time to five (5) times the amount of the proceeds may be imposed. Depending on the severity of the violation, the Exchange may impose against the directly liable person the punishment of reprimand, public censure, suspension of his/her futures business for no more than six (6) months, or revocation of his/her qualification for conducting futures business:

(1) conducting futures trading for a client who fails to fulfill the account opening procedures or fails to meet the specified requirements for the account opening procedures;

(2) violating the trading code regulations;

(3) opening an account for an ineligible client without performing its duty of examination and verification;

(4) having not truthfully explained to a client the risk of futures trading or having not had a client sign the risk disclosure statement;

(5) using the client's account to trade for the OSBP itself or a third party;

(6) failing to trade as instructed by the client, or intentionally curbing, delaying or changing the execution of the client's order, or inducing or forcing a client to trade according to OSBP’s own will;

(7) failing to send the client's trading orders to the Exchange for matching;

(8) failing to segregate the clients' funds from the OSBP’s own funds;

(9) intentionally fabricating or spreading false or misleading information to misguide others;

(10) disclosing the matters entrusted by the client or other confidential information in relation to trading;

(11) failing to provide the clients with the statement of transaction returns or fund settlement according to the relevant rules;

(12) violating other provisions of the trader suitability rules; or

(13) any other acts in violation of the regulations and rules related to brokerage business prescribed by CSRC and the Exchange.

1. A Member or OSP, who commits any of the following acts shall be ordered to make rectification or be subject to warning, reprimand, public censure, suspension of part of its futures business, or suspension of opening positions for trading for one to six months, or in case of a serious violation, revocation of corresponding qualification:
2. failing to perform the reporting obligations as required by the Exchange;
3. failing to submit the financial statements and other relevant materials to the Exchange within the required period;
4. failing to perform the reporting obligations in accordance with the large trader position report rules, or submitting the report with falsifying information or concealing the information intentionally;
5. failing to assist the Exchange in implementing restrictive actions against any of its clients which commits, or is suspected to commit, a violation;
6. failing to timely pay the annual membership fees or other related fees required by the Exchange;
7. failing to maintain and preserve the records of trading, clearing, financial or accounting data as prescribed;
8. forging, tampering with, or purchasing/selling varied certificates or approval documents;
9. a Non-Futures Company Member engaging in brokerage business, or a Futures Company Member engaging in proprietary trading business; or
10. committing such illegal activities as money laundering and malicious currency swap under the name of futures trading; or
11. failing to fulfill the obligation of filing of the Overseas Intermediaries as prescribed.
12. The Exchange shall revoke the corresponding qualification if any of the following circumstances occurs to the Member or OSP:
13. having been revoked of its futures brokerage business license by CSRC or declared as "prohibited market accessor" by CSRC;
14. transferring its membership in private, or commissioning others to manage its trading seat(s) or outsourcing its trading seat(s) or OSP qualification to others;
15. having materially insufficient funds, staffs or equipment, or failing to effectively deal with the disordered management;
16. refusing implementation of the resolution made by the Members' Meeting or the Board of Governors Meeting;
17. failing to conduct trading for three (3) consecutive months without any due reason; or
18. having any other violation of the laws, regulations or rules of the State or material violation of the Bylaws or other applicable provisions of the Exchange.
19. A Member or OSP which fails to implement forced liquidation without due reason within the prescribed period shall be subject to warning, reprimand, public censure, suspension of part of futures business, or suspension of opening positions for trading for a period no more than one month, and a fine of no more than CNY fifty thousand (50,000) may be imposed additionally.
20. A Member who commits any of the following acts in violation of the Exchange's clearing management rules shall be ordered to make rectification and may be imposed a warning; and in case of a serious violation, the Member shall be subject to reprimand, public censure, suspension of part of futures business, or suspension of opening positions for trading for a period no more than one month, and a fine of CNY ten thousand (10,000) to CNY two hundred thousand (200,000) may be imposed additionally:
21. failing to pay sufficient margin in time;
22. providing inaccurate and incomplete records in the daily clearing report, monthly trading statement or other clearing documents;
23. failing to manage the clients' margins in segregated accounts;
24. failing to conduct daily clearing for a client;
25. forging or fabricating the trading records, financial statements or accounting books;
26. issuing false invoices or other falsified bills or instruments; or
27. any other violation against the Exchange's clearing management provisions.
28. In case any of the following circumstances occurs to an Overseas Intermediary, the Exchange may take one or more of such regulatory actions as requiring reporting the situation, conversation alert, issuing warning letter, ordering to make rectification and cancelling the filing of the Overseas Intermediary. In case the Overseas Intermediary fails to rectify within the prescribed time limit and its act may endanger the stable operation of the futures market or harm the client's lawful rights or interests, the Futures Company Member or OSBP may be required to suspend or terminate the entrustment business with such Overseas Intermediary:
    1. refusing to cooperate with the Exchange to conduct investigation against the rule violation of a client;
    2. being suspected of violating any laws or regulations or having any significant risks; or
    3. violating the suitability management rules; or
    4. violating other provisions of the Exchange with respect to the Overseas Intermediaries.

An Overseas Intermediary of which the entrustment agency business with the Futures Company Member or OSBP has been suspended or terminated shall not act on behalf of any new client or open any new position. If a client requests transfer of its position to another broker, such Overseas Intermediary shall cooperate to complete such transfer.

1. In case any of the following acts in violation of the Exchange's rules on management of accounts involving actual control relationship occurs to a Non-Futures Company Member, an Overseas Special Non-Brokerage Participant or client, and in case of a serious violation, the Non-Futures Company Member or the client shall be subject to warning, reprimand, and/or suspension of opening positions for trading for no more than three (3) months, and a fine of an amount between CNY ten thousand (10,000) and CNY two hundred thousand (200,000) may be imposed additionally:
2. having an actual control situation but failing to honestly report the information related thereto;
3. failing to honestly reply to the Exchange's inquiry, concealing the fact or truth or deliberately evading the reply thereof; or
4. any other conduct deemed by the Exchange to be failing to assist reporting or investigation.
5. In case a Futures Company Member or OSBP conducts any of the following acts in violation of the Exchange's rules on management of accounts involving actual control relationship, and in case of a serious violation, the Member or OSBP shall be subject to warning and/or reprimand, as the case may be, and a fine of an amount between CNY ten thousand (10,000) and CNY two hundred thousand (200,000) may be imposed additionally:
6. failing to timely, accurately or completely inform the clients of the Exchange's rules regarding the accounts involving actual control relationship;
7. failing to timely, accurately or completely complete the entry or update of the information related to the accounts involving actual control relationship;
8. indulging, inducing, encouraging or assisting the clients to make false reporting or conceal the fact or truth;
9. failing to properly preserve the materials related to the clients' accounts involving actual control relationship;
10. failing to assist, as required by the Exchange, to inquire the information related to the clients' accounts involving actual control relationship, or committing any deliberate delay, concealment or omission; or
11. any other rule violation as identified by the Exchange.
12. For any of the Members, OSPs, Overseas Intermediaries or clients that provides or assists to provide false documents during the hedging or arbitrage declaration and violates other rules of the Exchange on hedging management and arbitrage trading, the Exchange shall prohibit it from applying for hedging or arbitrage position quota, and may impose at its discretion a fine of no more than five percent (5%) of the notional value of the false hedging position or arbitrage trading position it holds. In addition, based on the severity of the violation, such party shall be subject to warning, reprimand, public censure, suspension of part of its futures business, forced position liquidation, confiscation of the illegal gains, cancellation of its corresponding qualification or being declared as "prohibited market accessor".
13. For any of the Members, OSPs, Overseas Intermediaries, clients or any other futures market participants who commits an intentional default in physical delivery, affects or attempts to affect the normal conducting of the physical delivery or obtains illegal profits during physical delivery process, shall be subject to warning, reprimand, public censure, or suspension of opening positions for trading for a period of one to six months. If there are proceeds from the violation, then such proceeds shall be confiscated, and a fine of ten to thirty percent (10%-30%) of the contract value of the default portions may be imposed additionally.
14. For any of the Members, OSPs, Overseas Intermediaries, market makers or clients who commits violation of the Exchange's position management rules shall be subject to rectification, warning, reprimand, public censure, forced liquidation, suspension of part of futures business, or suspension of opening positions for trading for a period no more than one month, and a fine of CNY ten thousand (10,000) to CNY two hundred thousand (200,000) may be imposed additionally.
15. For any Member or OSP who commits any of following acts in violation of the Exchange's management rules for information and computer communications or other equipment shall be ordered to make rectification and indemnify any loss incurred thereby. In case the violation is minor, the Member or OSP shall be subject to warning, or suspension of opening positions for trading for a period of no more than one (1) month, and a fine of CNY ten thousand (10,000) to fifty thousand (50,000) may be imposed additionally; or in case of a serious violation, the Member or OSP shall be subject to suspension of opening positions for trading for a period of one (1) to six (6) months, suspension of part of futures business or revocation of its corresponding qualification, and a fine of CNY fifty thousand (50,000) to CNY two hundred thousand (200,000) may be imposed additionally:
16. disclosing the Exchange's information without the Exchange's authorization;
17. using the computer or other communication equipment at another Member's trading seat without permission;
18. using its trading seats to steal the data concerning transactions and funds settlement and other business secrets of other Members illegally, or to damage the trading system;

The Exchange may impose against the liable person the punishment of suspending his/her engagement in futures business for a period no more than one month, or in case of a serious violation, suspending his/her futures business for a period of one (1) to six (6) months or revoking his/her qualification for conducting the futures business.

1. For any of the Members, OSPs, Overseas Intermediaries or clients who commits the violation of the Exchange's rules when engaging in the standard warehouse receipt trading, it shall be ordered to make rectification, and the Exchange shall impose warning, reprimand, public censure, a fine of CNY ten thousand (10,000) to CNY one hundred thousand (100,000), suspension of its engagement in standard warehouse receipt trading, or cancellation of its corresponding qualification.
2. In case any of the following acts conducted by the futures market participant, it shall be ordered to make rectification, indemnify any losses incurred thereby and shall be subject to confiscation of any gains arising from the violation; or in case the violation is minor, the futures market participant will be subject to warning, forced liquidation, or suspension of opening for trading for no more than one (1) month. In addition, a fine of CNY fifty thousand (50,000) to CNY two hundred thousand (200,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY fifty thousand (50,000); where the proceeds from the violation are greater than CNY fifty thousand (50,000), a fine of one time to three times the amount of the proceeds may be imposed. In case the violation is serious, the futures market participant will be subject to reprimand, public censure, forced liquidation, suspension of part of futures business, suspension of opening for trading for one (1) to six (6) months, cancellation of its corresponding qualification or being declared as "prohibited market accessor". In addition, a fine of CNY one hundred thousand (100,000) to CNY one million (1,000,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of three time to five times the amount of the proceeds may be imposed:
3. providing any false account-opening materials or trading with multiple trading codes;
4. stealing a trading password from any other person to conduct the futures trading;
5. publishing or disseminating the Exchange's information without the Exchange's permission;
6. stealing the business secret of any other futures market participants illegally such as the information of transaction, clearing funds and the warehouse receipts, or damaging the trading clearing system, standard warehouse receipt management system or any other system;
7. failing to comply with the applicable provisions under the risk warning rules or the rectification requirements of the Exchange;
8. failing to use the Exchange's standard warehouse receipt management system in accordance with the applicable requirements, which affecting the normal operation of the system;
9. any other act that is in violation of the rules of the Exchange related to trading management, information management or computer communication or other equipment management; or
10. failing to properly manage the trading code in accordance with the Exchange's provisions, resulting that the trading code is abused by any other person to conduct any violation.
11. Any of the futures market participant who commits any of the following acts in violation of the trading management rules shall be ordered to make rectification, indemnify any losses incurred thereby and shall be subject to confiscation of any gains arising from the violation. Where the violation is minor, the futures market participant will be subject to warning, forced liquidation, suspension of opening positions for trading for a period no more than one (1) month. In addition, a fine of CNY fifty thousand (50,000) to CNY two hundred thousand (200,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY fifty thousand (50,000); where the proceeds from the violation are greater than CNY fifty thousand (50,000), a fine of one time to three times the amount of the proceeds may be imposed. In case of a serious violation, the futures market participant will be subject to reprimand, public censure, forced liquidation, suspension of part of futures business, suspension of opening positions for trading for one to six months, cancellation of its corresponding qualification, or being declared as "prohibited market accessor". In addition, a fine of CNY one hundred thousand (100,000) to CNY one million (1,000,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY fifty thousand (50,000), a fine of three time to five times the amount of the proceeds may be imposed:
12. using an advantage in capital, position or information, alone or in conspiracy, to continuously or jointly purchase or sell contracts in order to maliciously affects, or attempt to affect, the futures trading price or volume thereof;
13. using methods of transferring or splitting positions between accounts, or conducting pre-arranged trade to evade the Exchange's position limits and hold over-limit positions, thereby controlling or attempting to control the market prices, and therefore exerting a negative impact on the market order;
14. using methods of transferring or splitting position between accounts, or conducting pre-arranged trade, self-trade to affect the market price, or to transfer funds between accounts or seek illegal profits;
15. placing orders maliciously or consecutively, with no intention to complete such orders or under the awareness that no trade can be concluded with the orders so-entered, thereby affecting or attempting to affect the futures price, disturbing the market order or transferring funds between accounts;
16. conducting wash trades by buying and selling consecutively, self-trade, or deliberating collusion, trading in mutually-agreed manners or at pre-negotiated price with each other or for each other, for purpose of creating false market quotation, thereby affecting or attempting to affect market prices or open interests;
17. trading upon insider information or national secrets, or divulging insider information to influence futures trading;
18. monopolizing, stockpiling the underlying products as well as concentrating open positions improperly, to control significant amounts of standard warehouse receipts of designated delivery warehouses, thereby attempting to affect or seriously affecting the futures market prices or physical deliveries;
19. for purpose of manipulating the market, directly or indirectly manipulating or disturbing trading orders, interfering with or damaging fair trading, and impairing the interests of the State and the public;
20. conducting exchange of futures for physicals ("EFPs") without good will, thereby affecting market order; or
21. any other act that is in violation the applicable trading management rules of the CSRC and the Exchange, affecting the futures trading price or quantity, or disturbing the futures market order.

Any futures market participant that commits any of the above acts but proactively makes rectification without any adverse impacts upon the futures market order, may be mitigated or exempted from punishment.

Any market maker that violates the applicable provisions for the trading code management shall be subject to the corresponding disciplinary punishment as per the immediately preceding paragraph.

1. In case a floor trader has committed any of the following acts, the Exchange shall issue a warning to him/her. For a serious violation, the Exchange shall suspend his/her trading privilege in the trading hall for up to one month, or revoke his qualification of Floor Trader, and a fine between CNY one thousand (1,000) and CNY ten thousand (10,000) may be imposed as penalty additionally:
2. violating the regulations of the Exchange related to the management of the trading hall;
3. failing to observe the operating procedures and damaging the trading system;
4. disassembling or moving equipment(s) in the trading hall without authorization, or installing a telephone line or other equipment without permission;
5. falsifying, deceiving or using other dishonest means to obtain the qualification of floor trader;
6. forging, tampering with or borrowing floor trader certifications;

In case the floor trader conducts the acts under items (2) or (3) in the preceding paragraph which cause damages, the Member which appoints such floor trader shall be responsible for compensation.

1. In case any of the following acts conducted by the futures market participant, the Exchange may adjust the then-current day settlement price and the delivery settlement price:
2. trading the futures contracts between its own account or accounts with actual control relationship, which significantly affects the delivery settlement price; or
3. any other violation that results in abnormal fluctuation of the futures trading price or instant and significant deviation from the market price, which significantly affects the delivery settlement price.
4. In case the Exchange discovers through filed investigation that any of the futures market participants commits any of the following acts, it shall timely report to CSRC and request filing for inspection, and may concurrently suspend position opening for trading or take other restrictive actions:
5. manipulating the market or committing any other illegal acts;
6. engaging in self-trade or pre-arranged trade, which severely affects the delivery settlement price, and such violation is serious;
7. stealing a trading password from any other person to conduct futures trading;
8. any other act that is suspected to have constituted a criminal offense.
9. Any of the clearing and delivery clerk who commits the following acts shall be subject to warning, reprimand, public censure, or in case of a serious violation, suspension of the qualification as a clearing and delivery clerk for a period of no more than one (1) month or revocation of the qualification, and a fine of CNY one thousand (1,000) to CNY ten thousand (10,000) may be imposed additionally:
10. obtaining the clearing delivery clerk qualification through false, fraudulent or improper means; or
11. forging, tampering or borrowing a clearing delivery clerk certificate.

The institution where the clearing and delivery clerk works shall bear the corresponding liabilities if it is found to be at fault.

1. Any of the designated delivery warehouse which commits any of the following acts shall be subject to rectification and confiscation of any gains arising from the violation. In case the violation is minor, the designated delivery warehouse shall be subject to warning, reprimand or public censure, and a fine of CNY ten thousand (10,000) to CNY one hundred thousand (100,000) may be imposed additionally. In case of a serious violation, the designated delivery warehouse shall be subject to suspension of delivery business, disqualification as a designated warehouse or being declared as "prohibited market accessor". In addition, a fine of CNY one hundred thousand (100,000) to CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation are less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
2. participating in futures trading in violation of the applicable rules of the State;
3. issuing falsified warehouse receipt;
4. stealing and selling the stolen delivery commodities;
5. divulging any futures warehousing information which should be kept confidential, or disseminating false information which may mislead the market participant;
6. manipulating or attempting to manipulate the futures market prices jointly with the futures market participants;
7. failing to ensure the brand name, trademark, specification, or quality of the commodities listed in the standard warehouse receipt is consistent with the commodity represented by the warehouse receipt;
8. delivering a commodity that is not consistent with the description on the receipt or any other certificate;
9. absence or shortage of the required supporting documents for delivering the commodities;
10. inconformity of the packaging, storage and other specifications to the Exchange's requirements;
11. issuing a warehouse receipt without completion of the required inspections;
12. receiving or delivering wrong commodities;
13. improper storage or preservation causing the commodity to deteriorate in quality or diminish in size;
14. damaging the packing of commodities or commodities per se during the processes of transporting, loading and unloading or stocking, or other operations;
15. overcharging unreasonable fees for delivering the commodities;
16. intentionally interfering with the buyer or the seller so as to cause a buyer or seller to commit defaults;
17. violating the delivery rules, restricting or intentionally deferring transportations of delivered commodities in or out of the warehouse;
18. refusing to cooperate with or impeding the Exchange to exercise its supervisory and inspection duties;
19. failing to timely deliver the goods, or refusing to cooperate with the designated quality inspection agency to make inspection, without justified reason;
20. any other act that is in violation of the applicable rules of CSRC and the Exchange related to the management of the designated delivery warehouses; or
21. any other act in violation of CSRC or the Exchange's provisions.
22. In case any designated quality inspection agency conducts any of the following acts, it shall be subject to rectification and confiscation of any gains arising from the violation, and based upon the seriousness of the violation, it shall be subject to warning, reprimand, public censure, suspension of the designated examination business or cancellation of its qualification of being the designated quality inspection agency. In addition, a fine of no more than CNY five hundred thousand (500,000) may be imposed if there are no proceeds from the violation or the proceeds from the violation is less than CNY one hundred thousand (100,000); where the proceeds from the violation are greater than CNY one hundred thousand (100,000), a fine of one time to five times the amount of the proceeds may be imposed:
23. conducting the measurement or inspections in violation of the applicable rules;
24. issuing, or assisting in issuing falsified inspection report;
25. refusing to cooperate with the designated delivery warehouse or owner of the commodities to conduct timely inspection without justified reason, and thus affecting the normal operation of loading or unloading in the warehouse; or
26. any other act that is in violation of the Exchange's rules related to the management of the designated quality inspection agencies.
27. In case a designated depository bank fails to perform any obligation, it shall be ordered to make rectification, and based upon the seriousness of the violation, it shall be subject to warning, reprimand, suspension of part of depository business or cancellation of its qualification of being the designated depository bank.
28. Any of the Members, OSPs, Overseas Intermediaries, market makers, clients or any other futures market participant which disturbs the trading management order through varied means shall be subject to warning, reprimand, suspension of part of futures business, suspension of opening positions for trading for a period no less than one month, with the directly liable person being punished by suspending engagement in the Exchange's futures business for a period of no more than one (1) month. In case of a serious violation, such punishments shall be imposed as reprimand, public censure, suspension of part of futures business, suspension of opening positions for trading for a period of one to six months, cancellation of its corresponding qualification, or being declared as "prohibited market accessor". The directly liable person shall be subject to suspension from engaging in the Exchange's futures business for a period of one (1) to six (6) month or being declared as "prohibited market accessor".
29. Whoever has been declared as "prohibited market accessor" by the Exchange shall close out its open interests, wind up its trading business, and settle all credits and debts within twenty (20) business days after the effective date is announced.

Whoever has been declared as "prohibited market accessor" by CSRC or other futures exchange(s) must not conduct any futures business on the Exchange during the time period when the prohibition stays effective.

1. In case a Member, OSP, Overseas Intermediary, market maker, client or any other futures market participant conducts any of the following acts, it shall be ordered to make rectification, and be subject to reprimand, public censure, suspension of part of futures business or suspension of opening positions for trading for no more than one (1) month, and a fine of the amount between CNY ten thousand (10,000) and CNY two hundred thousand (200,000) may be imposed additionally:
2. refusing to cooperate in any routine examination or filed investigation by the Exchange, or violating its confidentiality obligation;
3. refusing to implement the Exchange's ruling decision;
4. making any report, representation, explanation or statement which is fraudulent, misleading or contains material omission; or
5. refusing to implement the restrictive actions or any other supervisory or administrative actions taken by the Exchange.
6. In case a staff of the Exchange violates the relevant rules, the violation shall be handled according to the national laws, regulations, and the Exchange's personnel management policy as well as the rules regarding clean and honest administration.

**Chapter IV Verdict and Enforcement**

1. The Board of Governors shall determine the revocation of membership or OSP qualification and declaration of "prohibited market accessor" by the Exchange.
2. After the Exchange investigates and verifies the suspected violations, if the facts are clear and the evidence is firm, the Exchange shall make a decision in accordance with the Bylaws, the Trading Rules and the Measures.
3. The Exchange shall issue a written notice of ruling decision.

The written notice of ruling decision shall mainly contain the following contents:

1. the name or designation, domicile of the party involved;
2. facts and supporting evidence of the violation;
3. the category and basis of the ruling decision of the violation;
4. the enforcement method and effective period of the ruling decision;
5. the methods and period of lodging an appeal; and
6. the date when the ruling decision is made.
7. The Exchange shall send the written notice of ruling decision to the party concerned. If the party concerned therein is a Member, it shall be deemed delivered when sent to its trading seat; and if the party concerned therein is not a Member, the notice may be sent by post and it shall be deemed delivered on the fifth (5th) working days of dispatch in the People's Republic of China ("PRC") and the tenth (10th) working day of dispatch outside the PRC. Copies of the ruling decision notice shall be respectively sent to the appropriate departments which assist in enforcement of the decision simultaneously.

If required in CSRC's regulations, the information of handling of the violation shall be copied and reported to CSRC.

1. The Exchange's ruling decision shall come into effect on the date the notice is deemed delivered.

The party concerned may appeal the decision in writing to the Exchange one time only within ten (10) days from the effective date of the written ruling decision. The enforcement of the ruling decision shall not be suspended during the period of appeal.

1. The Exchange shall make a decision on the appeal within one (1) month from the date on which it receives the appeal application. The decision on the appeal shall be final and binding.
2. If any Member, OSP, Overseas Intermediary, client, designated delivery warehouse, designated depository bank, information service provider, designated quality inspection agency, or any other futures market participant refuses to perform its obligation under the ruling decision, the Exchange may enforce its performance.

The relevant futures market participants shall cooperate with the Exchange to enforce the relevant violation ruling decision.

1. If a fine or confiscation is included in a violation ruling decision, the parties concerned shall pay the amount of the fine or confiscation to the account designated by the Exchange within five (5) days as of the effective date of the ruling decision. If the parties concerned fails to pay the fine or confiscation within the prescribed time period, the Exchange may deduct the amount of such payment from the Member's dedicated fund account. The fine or confiscation imposed against an employee of the Member shall be paid by the Member on behalf of the employee.

The Members, OSPs, and the Overseas Intermediaries shall cooperate with the Exchange in the enforcement of the ruling decision against their clients and help to deduct the funds of the relevant client from its deposit at its Member.

1. If a fine or confiscation is included in a violation ruling decision, the designated delivery warehouse which the ruling is against shall pay the amount of the fine or confiscation to the account designated by the Exchange within five (5) days as of the effective date of the ruling decision. The fine or confiscation imposed against an employee of the designated delivery warehouse shall be paid by the designated delivery warehouse on behalf of the employee. If the designated delivery warehouse fails to pay the fine or confiscation within the prescribed time period, the Exchange shall deduct the amount from the designated delivery warehouse's risk margin.

**Chapter V Dispute and Mediation**

1. Any disputes in futures trading between the Members, OSPs, Overseas Intermediaries, market makers, clients, designated delivery warehouses, designated depository banks, designated quality inspection agencies, information service providers and any other futures market participants may be settled through their own negotiations or submitted to the Exchange for mediation. If the mediator is unable to resolve the dispute, the disputing parties may submit the dispute to an arbitral institution for arbitration, or to the court for litigation.
2. The Exchange's mediation organ shall be the Mediation Committee under the Board of Governors of the Exchange.
3. The mediation shall be conducted on the basis of clear facts and definite responsibilities pursuant to the national laws and regulations related to futures trading and the Exchange's regulations and policies.
4. The party concerned shall apply to the Mediation Committee for mediation within 30 days after the date when it becomes aware or should be aware that its lawful rights and interest has been infringed.
5. An application for mediation shall satisfy the following conditions:
6. having a written mediation application;
7. having specific facts, reason(s) and intended claim for mediation;
8. the dispute matter being within the mediation scope of the Mediation Committee.
9. The party concerned must submit a written application along with supporting documents while applying to the Mediation Committee for mediation.

The written mediation application shall be filled with the following items:

1. the name, gender, age, occupation, employment and domicile of the party concerned, or the name, resident address and the name and title of the legal representative or person-in-charge of the organization;
2. specific facts, reasons and intended claim for mediation;
3. relevant evidence.
4. The parties concerned shall bear the burden of proof pursuant to the relevant provisions. The Mediation Committee may investigate and gather evidence by itself when it deems necessary.
5. The Mediation Committee shall conduct the mediation on the basis of ascertaining the facts, distinguishing right from wrong and voluntariness of the parties concerned, and promote the mutual understanding of the parties and push the parties to reach an agreement.
6. Any agreement reached through mediation shall be filed on record and documented in a written mediation statement. A written mediation statement shall not take effect until it has been signed by both concerned parties and the mediator and sealed by the Mediation Committee.
7. A written mediation statement shall include the following contents clearly:
8. the name, domicile, and the name and title of the legal representatives or head of the two parties concerned;
9. the dispute issues and intended claim of the dispute;
10. the results of the mediation agreement.
11. The Mediation Committee shall complete the mediation within thirty (30) days upon acceptance of the application for mediation. If the mediation is not settled in due time, the Mediation Committee shall furnish the parties concerned with an explanation. If both parties concerned wish to continue the mediation, the Mediation Committee shall keep moving on the mediation. If one of the parties concerned intends to terminate the mediation, the mediation shall be terminated thereof.
12. In case the mediation fails to reach an agreement, the parties concerned may submit the dispute to an arbitral institution for arbitration, or to the court for litigation, within the territory of the PRC.

**Chapter VI Supplementary Provisions**

1. The Exchange reverses the right to interpret the Measures.
2. The terms "no less than" and "no more than" herein shall include the number immediately following them.
3. The currency unit herein shall be CNY. In case of foreign currency funds, the CNY amounts shall be determined as per the then-current exchange rate when such behavior takes place.
4. The Measures shall come into force as of the date of promulgation.

***Disclaimer****: This English translation may be used for reference only. In cases there is any discrepancy between the English version and the original Chinese version, the original Chinese version shall prevail. Dalian Commodity Exchange may change or update this English translation without any prior notice and shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, misunderstanding, or change with regard to this English translation*.