Bylaws of Dalian Commodity Exchange

(Revised in the First Session of the Second Members’ Meeting on April 7, 2003; And enter into force as of February 1, 2004)

Chapter I General Provisions

Article 1 The Bylaws are formulated subject to the applicable laws, regulations and policies of the State for the purposes of promoting the development of the socialist market economy, fully performing its functions as a futures market, ensuring the normally carrying out of the futures trading and protecting the lawful rights and interests of the parties to the futures trading and the interests of the social public.

Article 2 Dalian Commodity Exchange (the “Exchange”) is a futures exchange approved by the China Securities Regulatory Commission (the “CSRC”) and registered at the State Administration of Industry and Commerce.

Article 3 The Exchange is under the supervision and management by the CSRC.

Article 4 The Exchange shall organize the futures trading under the principles of openness, fairness, impartiality and good faith.

Article 5 The Bylaws shall be applicable to any and all businesses and activities within the Exchange. The Exchange, its Members and their staff must comply with the Bylaws.

Chapter II Incorporation, Modification and Termination

Article 6 The name of the Exchange is “大连商品交易所” in Chinese and Dalian Commodity Exchange (abbreviated as “DCE”) in English.

Article 7 The domicile of the Exchange is 18 Huizhan Road, Shahekou District, Dalian City.

Article 8 The business term of the Exchange is fifty (50) years.

Article 9 The Exchange is incorporated subject to the Interim Regulation on the Administration of Futures Trading and the Measures for the Administration of Futures Exchange and performs the functions as described in the Interim Regulation on the Administration of Futures Trading and the Measures for the Administration of Futures Exchange. The Exchange is a self-disciplinary legal person under the Bylaws.

Article 10 The Chief Executive Officer (CEO) shall be the statutory person of the Exchange.

Article 11 The registered capital of the Exchange shall be CNY ninety-five million (95,000,000). The registered capital is divided into equal shares for subscription by the Members.

Article 12 Functions of the Exchange:
(i) To provide the space, facilities and appropriate services of the futures trading;
(ii) To formulate and implement the business rules of the Exchange;
(iii) To design the futures contracts and arrange for the listing of the futures contracts;
(iv) To organize, and supervise the futures trading, settlements and deliveries;
(v) To formulate and implement the risk management rules, and control the market risks;
(vi) To guarantee the performance of the futures contracts;
(vii) To release market information;
(viii) To supervise its Members’ futures business and have a member’s irregularity investigated and punished;
(ix) To designate delivery warehouses and supervise their futures business;
(x) To designate settlement banks and supervise their futures settlement business with the Exchange; and
(xi) Other functions as prescribed by the CSRC.

Article 13 Any modification of the name, registered capital, registered address or statutory representative shall be subject to the modification procedures under the applicable provisions.

Article 14 The Exchange shall terminate or be terminated in case of any of the following circumstances:
(i) No extension as decided by the Members’ Meeting in case of the expiry of the business term as described herein;
(ii) Dissolution as decided by the Members’ Meeting;
(iii) Dissolution due to merger, acquisition or division; or
(iv) Closure as decided by the CSRC.
Any Dissolution under Items (i), (ii) and (iii) above shall be approved by the CSRC.
Any termination of the Exchange shall require the set-up of a liquidation group and be subject to the liquidation.
The liquidation solution formulated by the liquidation group shall be approved by the CSRC.

Chapter III Members

Article 15 A Member shall refer to an enterprise legal person which is examined and approved by the Exchange and carries out the futures trading activities within the Exchange, subject to the applicable laws and regulations related to the futures trading and the Bylaws.

Article 16 The Members shall be classified to be futures brokerage company Members and non-futures brokerage company Members.

Article 17 Any application for being a Member of the Exchange must have the following conditions satisfied:
(i) Being an enterprise legal person registered within the People’s Republic of China;
(ii) Recognizing and complying with the Bylaws and business rules of the Exchange;
(iii) Having the registered capital and net assets of the amounts no less than the prescribed amounts;
(iv) Having a good reputation and operation history without, within the recent three (3) years, any record of a material violation or removal by a futures exchange;
(v) Having a complete institutional framework, financial management rules and perfect futures business management rules;
(vi) Having persons with futures practice qualifications, a fixed operation site and necessary facilities;
(vii) Having a Futures Brokerage Business License approved by the CSRC in case of application for being a futures brokerage company Member; and
(viii) Other conditions as prescribed by the CSRC and the Exchange.

Article 18 Any admission of a Member by the Exchange shall be pre-examined by the Members’ Qualification Examination Committee, approved by the Board of Governors and reported to the CSRC for filing, with a Membership Certificate being concurrently issued, and shall be publicly
announced.

**Article 19** A Member shall have the following rights:
(i) To attend the Members’ Meeting and exercise the right to elect, the right to be elected and the right of voting;
(ii) To carry out the trading of futures products as prescribed within the Exchange;
(iii) To use the trading facilities within the Exchange and acquire the information and services related to the futures trading;
(iv) To transfer the membership subject to applicable provisions;
(v) To jointly propose to hold a temporary Members’ Meeting;
(iv) To exercise the right of appeal subject to the Bylaws and the trading rules; and
(vii) Other rights as prescribed by the Bylaws.

**Article 20** A Member shall perform the following obligations:
(i) To comply with the applicable laws, regulations, rules and policies;
(ii) To comply with the Bylaws, business rules and applicable decisions of the Exchange;
(iii) To pay all the charges as required;
(iv) To attend the Members’ Meeting and implement the resolutions made by the Members’ Meeting and the Board of Governors;
(v) To accept the supervision and management by the Exchange; and
(vi) Other obligations as prescribed by the Bylaws.

**Article 21** The number of the total Members of the Exchange shall be subject to a maximum number which shall be determined by the Board of Governors and approved by the Members’ Meeting.

**Article 22** Each Member shall contribute CNY five hundred thousand (500,000) to the Exchange to acquire its membership and concurrently acquire a floor trading seat. A Member may increase its trading seats due to its business necessity. Any increase of a trading seat shall be subject to the procedures under applicable provisions.

**Article 23** Any membership transfer shall be subject to the conditions and procedures as prescribed by the Exchange; and the transferor must submit the relevant report to the Exchange in advance and the transferee shall satisfy the provisions of Article 17 of the Bylaws above. The transferee shall submit to the Exchange an Admission Application and submit the relevant documents and materials, and the transfer procedures shall be performed after the examination and approval by the Board of Governors of the Exchange.

**Article 24** Any cancellation of the membership of a Member shall be subject to the procedures under applicable provisions.

**Article 25** Any legal person which has merged or acquired a Member, or is newly incorporated after merger or acquisition with a Member, and needs to inherit the membership must submit an application to the Exchange and may inherit the membership after being examined and approved by the Board of Governors of the Exchange. Any legal person which has merged or acquired a Member or is newly incorporated after merger or acquisition with a Member shall have the priority to acquire the membership.

**Article 26** Any cancellation of, or change to, the membership of a Member of the Exchange shall be reported to the CSRC for filing.

**Article 27** The Exchange shall formulate the members’ management rules for management of the Members.
**Article 28** The Exchange may set up special Members based on its needs in trading and settlement business. The types, conditions to membership and rights and obligations of a special Member will be separately provided for.

**Chapter IV Members’ Meeting**

**Article 29** The Members’ Meeting is the power organ of the Exchange and is composed of all the members.

The Members’ Meeting shall have the following powers:
(i) Deliberating and approving the Bylaws and trading rules of the Exchange and their draft amendments;
(ii) Electing and changing a Member governor of the Board of Governors;
(iii) Deliberating and approving the working reports of the Board of Governors and the CEO;
(iv) Deliberating and approving the financial budget programs and accounting reports of the Exchange;
(v) Deliberating the use of the risk reserves of the Exchange;
(vi) Deciding increase or decrease of the registered capital of the Exchange;
(vii) Deciding the matters of merger, acquisition, division, dissolution and liquidation of the Exchange;
(viii) Deciding other material matters submitted by the Board of Governors of the Exchange; and
(ix) Other powers prescribed by the Bylaws.

**Article 30** The Members’ Meeting shall be held by the Board of Governors and generally, once a year.

A temporary Members’ Meeting shall be held in case of any of the following circumstances:
(i) The number of the Member governors of the Board of Governors is less than two thirds of the number as prescribed by the Bylaws;
(ii) Jointly proposed by no less than one third of the Members; or
(iii) When deemed to be necessary by the Board of Governors.

**Article 31** The Members’ Meeting shall be presided over by the Chairman of the Board of Governors or in case the Chairman cannot perform his/her powers due to a special reason, a Vice Chairman or a governor, as designated by the Chairman. For a Members’ Meeting, the items to be deliberated by the Members’ Meeting shall be notified to the Members ten (10) days prior to the holding of the Members’ Meeting. A temporary Members’ Meeting cannot make any resolution for any item not listed in the notice.

**Article 32** The Member’s Meeting shall be effective if no less than two thirds of the Members have attended such Members’ Meeting. Each Member shall have one (1) voting.

A resolution by the Members’ Meeting for the merger, acquisition, division, dissolution or liquidation of the Exchange or the increase or decrease of the registered capital of the Exchange shall be adopted by no less than two thirds of all the Members; and the other resolutions by the Members’ Meeting must be adopted by no less than one half of all the Members.

**Article 33** A Member which attends the Members’ Meeting shall be represented by its statutory representative. In case its statutory representative cannot attend the Members’ Meeting due to a certain reason, such Member may authorize an agent to attend the Members’ Meeting; and the agent shall submit such Member’s power of attorney to the Exchange and shall exercise the right of voting within the authorized powers.

**Article 34** The Members’ Meeting shall make a meeting summary for the voted items and the
summary shall be signed by the governors who attend the Meeting. The Exchange shall submit, within ten (10) days after the ending of the Members’ Meeting, all the documents of the Members’ Meeting to the CSRC for filing.

**Chapter V Board of Governors**

**Article 35** The Board of Governors is the standing organ of the Members’ Meeting and is liable to the Members’ Meeting. The Board of Governors shall have the following powers:

(i) Holding the Members’ Meeting and report work to the Members’ Meeting;
(ii) Electing the Chairman and the Vice Chairman of the Board of Governors;
(iii) Adopting, and submitting to the relevant agency for deliberation and approval, the non-confidence motion against a member of the Board of Governors;
(iv) Drafting, and submitting to the Members’ Meeting for adoption, the Bylaws and the trading rules of the Exchange and their draft amendments;
(v) Deliberating, submitting to the Members’ Meeting for adoption, the financial budget programs and accounting reports proposed by the CEO;
(vi) Deliberating, submitting to the Members’ Meeting for adoption, the solutions of merger, acquisition, division, dissolution and liquidation;
(vii) Deciding the structuring of the special committees;
(viii) Deciding the admission of a Member;
(ix) Deciding the punishment against a member of irregularity;
(x) Deciding the modification matters of the Exchange;
(xi) Examining and determining the detailed rules and provisions formulated on the basis of the trading rules;
(xii) Examining and determining the provisions for use and management of the risk reserves;
(xiii) Examining and determining the development plan and annual work plan of the Exchange proposed by the CEO;
(xiv) Supervising the CEO’s organization and implementation of resolutions made by the Members’ Meeting and the Board of Governors;
(xv) Supervising the compliance by the Exchange’s senior managers and other staff members with the applicable laws, regulations, rules and policies of the State and the Bylaws and business rules of the Exchange;
(xvi) Organizing the auditing of the Exchange’s annual financial accounting report and deciding the retention and change of an accounting firm; and
(xvii) Other powers prescribed by the Bylaws and granted by the Members’ Meeting.

The Board of Governors may authorize a special committee or the CEO to exercise the relevant powers in the preceding paragraph.

**Article 36** The Board of Governors is composed of thirteen (13) governors consisting nine (9) Member governors and four (4) non-Member governors. Each term of office for a governor shall be three (3) years and each governor may hold office for no more than two (2) terms. A Member governor shall be elected through multi-candidate election by the Members’ Meeting after nomination by the Board of Governors or joint nomination by the no less than one fifth of the Members. A non-Member governor shall be appointed by the CSRC. The CEO of the Exchange shall naturally be a governor.

**Article 37** The Board of Governors shall have one (1) Chairman and one (1) to two (2) Vice Chairmen. The Chairman and the Vice Chairman shall be nominated by the CSRC and elected by the Board of Governors. The Chairman cannot concurrently hold office as the CEO.

**Article 38** The Chairman of the Board of Governors shall have the following powers:
(i) Presiding over the Members’ Meetings, the meetings of the Board of Governors and the routine work of the Board of Governors;
(ii) Organizing and coordinating the work of the special committees; and
(iii) Inspecting, and reporting to the Board of Governors, the implementation of the resolutions made by the Board of Governors.

The Vice Chairman shall assist the Chairman to carry out work. In case the Chairman cannot temporarily perform his/her powers due to a certain reason, a Vice Chairman or a governor, as designated by the Chairman, shall perform his/her powers on his/her behalf.

**Article 39** The meeting of the Board of Governors shall be held at least once half a year. Each meeting shall be notified to all the governors ten (10) days prior to holding of the meeting. A temporary meeting of the Board of Governors shall be held in case of any of the following circumstances:
(i) Proposed by the CSRC; or
(ii) Jointly proposed by no less than one third of the governors.

For a meeting of the Board of Governors to be held subject to Item (i) of Paragraph 2 of this Article, the period of notification of the meeting shall not be limited by Paragraph 1 of this Article.

**Article 40** The meeting of the Board of Governors shall be effective if no less than two thirds of the governors have attended such meeting; and its resolution must be adopted by no less than one half of all the governors.

The Board of Governors shall submit, within ten (10) days after the ending of the meeting of the Board of Governors, the resolutions and other documents of the meeting to the CSRC for filing.

**Article 41** The governor shall personally attend the meeting of the Board of Governors. In case the governor cannot attend the meeting due to a certain reason, he/she shall authorize in writing another governor to attend the meeting, and the power of attorney shall clearly describe the authorized powers. Each governor may only accept the authorization by one (1) governor. In case a Member governor cannot perform his/her duties as a Member governor due to the change to his/her employment, the Board of Governors shall recommend an appropriate candidate to be made public to all Members after being approval by the Board of Governors. The Board of Governors shall make minutes for the voted items, and the minutes shall be signed by the governors who attend the Meeting and the recorder.

**Article 42** The Board of Governors shall be affiliated with the special committees of surveillance, trading, delivery, member qualification, arbitration, finance, IT applications and otherwise. The special committees shall be the deliberative organs and assist the Board of Governors to carry out work. The special committees shall be liable to the Board of Governors. The duties of the special committees shall be provided for by the Board of Governors.

**Article 43** Each of the special committees shall be composed of the Members of the Exchange, the staff members of the Exchange and social celebrities, who are appointed by the Board of Governors, with each term of office for them of three (3) years.

**Article 44** Each of the special committees shall have one (1) Director and more than one (1) Vice Directors. The Director shall be from the Members and one (1) Vice Director shall be from the staff members of the Exchange, responsible for dealing with the routine work. The Director and the Vice Directors shall be elected by the special committees and appointed by the Board of Governors. The CEO, the Vice CEO or any member of the Board of Governors shall not concurrently hold office as the Director or the Vice Director of each special committee. The Director and the Vice Directors may attend, without any voting right, the meeting of the Board of Governors.
Chapter VI CEO

**Article 45** The Exchange shall have one (1) CEO and more than one (1) Vice CEOs. The CEO and the Vice CEOs shall be appointed and removed by the CSRC. The term for the CEO shall be three (3) years and may be extended for one more term.

**Article 46** The CEO shall have the following powers:
(i) Organizing implementation of the rules and resolutions adopted by the Members’ Meeting and the Board of Governors;
(ii) Presiding over the routine work of the Exchange;
(iii) Drafting the relevant detailed rules and provisions subject to the Bylaws and the trading rules;
(iv) Drafting and implementing the approved development plan and the annual work plan of the Exchange;
(v) Drafting the financial budget programs and accounting reports of the Exchange;
(vi) Drafting the solutions of merger, acquisition, division, dissolution and liquidation of the Exchange;
(vii) Drafting the change solutions of the Exchange;
(viii) Deciding the institutional structuring of the Exchange and recruiting and removing staff members;
(ix) Deciding the salaries, rewards and punishments of the employees of the Exchange; and
(x) Other powers under the Bylaws or granted by the Board of Governors.
In case the CEO cannot temporarily perform his/her duties for a certain reason, a Vice CEO as designated by the CEO shall perform his/her duties on his/her behalf.

**Article 47** The auditing of the economic liability during the CEO’s office term shall be subject to the applicable provisions of the CSRC.

Chapter VII Business Management

**Article 48** The futures trading must be carried out through the Exchange subject to the applicable provisions. The futures trading shall be subject to the brokered execution principle of price priority and time priority.

**Article 49** The Exchange shall execute the rules of margin, risk reserves, mark to market, price limits, physical delivery, hedging position approval, information disclosure, investor trading code, speculative position limit, large position report, forced liquidation, prohibited market access, and et cetera, so as to manage, and control the risks of, the futures trading.

Chapter VIII Financial Management

**Article 50** The finance of the Exchange shall be subject to the independent accounting and self-financing and shall be managed pursuant to the applicable provisions of the financial rules of the State.

**Article 51** The Exchange shall submit to the CSRC and the relevant departments, within three (3) months after ending of each year and subject to the relevant provisions of the State, the financial reports audited by the accounting firm which has the business qualifications related to the securities and futures.

**Article 52** The Exchange shall formulate the internal auditing rules subject to the provisions of the State.
Article 53 The Exchange shall collect the annual dues from the Members subject to the applicable provisions. The annual dues shall be CNY twenty thousand (20,000) for each futures brokerage company Member and CNY ten thousand (10,000) for each non-futures brokerage company Member.

Article 54 Subject to the approval by the Board of Governors, the Exchange may offset all the costs and expenses with its incomes, and the realized after-tax net profit may be used, subject to the applicable financial provisions, as the surplus accumulation fund to be used to offset the loss of the following years.

Article 55 Subject to the approval by the Board of Governors, the Exchange may withdraw, subject to the applicable provisions, a certain amount of the public welfare fund from the annual net profit to be used as the expenses for the purchase or construction of the employees’ collective welfare facilities.

Article 56 The Exchange shall withdraw the risk reserves so as to ensure the normal operation of the Exchange. The reserves shall be managed and used subject to the applicable provisions of the State.

Chapter IX Punishments and Dispute Settlement

Article 57 The Exchange may handle the irregularities or breaches of contract by the futures market participants subject to the Bylaws and the business rules of the Exchange.

Article 58 The Exchange may impose, based on the seriousness of the circumstance and the severity of the results, one or more of such punishments against the Member which commits an irregularity as warning, public criticism, suspension of opening for trading, forced liquidation, suspension of futures business, fine, confiscation of irregularity gains, cancelation of the membership, prohibited market access or otherwise.

Article 59 The Exchange may impose, based on the seriousness of the circumstance and the severity of the results, one or more of such punishments against the Member which commits a breach of contract as warning, public criticism, payment of liquidated damages, payment of compensation, cancellation of the membership, prohibited market access or otherwise.

Article 60 The Exchange or any of its staff members shall not participate in the futures trading. No staff members of the Exchange may work part time in any form with any Member entity or other profit-making entity related to futures trading. Any staff member of the Exchange who violates the Bylaws or the business rules will be imposed the disciplinary sanction.

Article 61 No spouse or immediate relative of a staff member of the Exchange may participate in the futures trading of the Exchange. In case the spouse or immediate relative of the staff member of the Exchange violates the Bylaws or the business rules, the staff member will be imposed the disciplinary sanction.

Article 62 No designated delivery warehouses or its staff members may participate in the futures trading of the Exchange. The Exchange may impose, based on the seriousness of the circumstance and the severity of the results, one or more of such punishments against the designated delivery warehouse which violates the Bylaws or the business rules as warning, public criticism, suspension of delivery business, fine, confiscation of irregularity gains, cancellation of its qualification as the designated delivery warehouse, prohibited market access or otherwise.
In case a staff member of a designated delivery warehouse violates the Bylaws or the business rules, the Exchange shall order the designated delivery warehouse to impose disciplinary sanction against such member.

**Article 63** Any dispute between or among the Member(s), the investor(s), the designated delivery warehouse(s) and/or the designated settlement bank(s) shall be submitted to conciliation by the Exchange or directly, arbitration or litigation, if such dispute cannot be settled through negotiations. Any dispute between or among the Member(s) and the Exchange may be directly submitted to arbitration or litigation if such dispute cannot be settled through negotiations.

**Article 64** The Exchange shall formulate, and submit to the CSRC for approval, the investigation and handling provisions for the conducts against the business rules of the Exchange.

**Chapter X Supplementary Provisions**

**Article 65** The Exchange may formulate the relevant business rules and detailed rules for implementation subject to the Bylaws.

**Article 66** The terms “no less than” and “no more than” herein shall include the number immediately after them.

**Article 67** The Bylaws shall be interpreted by the Board of Governors of Dalian Commodity Exchange.

**Article 68** The formulation and modification of the Bylaws shall be adopted by the Members’ Meeting and approved by the CSRC.

**Article 69** The Bylaws shall enter into force as of February 1, 2004.