Introduction to DCE Policy for Suitability of Traders of Specified Domestic Futures Product and Account Opening Business

Dalian Commodity Exchange (DCE)
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1. Trader Suitability Policy

(1) Scope of application
(2) Access requirements
Policy Basis

Measures for Management of Suitability of Traders of Specified Domestic Futures Products of Dalian Commodity Exchange

• Access requirements
• Implementation requirements

Business Guide for Suitability of Traders of Specified Domestic Futures Products of Dalian Commodity Exchange
(1) Scope of Application

- Applied to overseas and domestic clients with accounts opened after the release and implementation of the Measures.

Overseas Client

Suitability review is required.

Domestic Client

Directly participating in trading of specified domestic futures products is allowed.

- Client newly opening account
- Client already with an account
(2) Access Requirements -- Available Funds

◆ On each day of the **five** trading days before application,
◆ the balance of the available funds shall not be lower than CNY **100,000** or the equivalent of foreign currency.

- Conversion formula: The foreign currency amount $\times$ The then-current day central parity rate of CNY against foreign currency published by China Foreign Exchange Trading System (CFETS) $\times$ The foreign exchange offset discount rate.
(2) Access Requirements -- Knowledge Test

◆ Pass the online test on China Futures Association’s examination platform

◆ The test score shall not be less than 80 points.

- Question types: true or false (10 questions), multiple choice (20 questions)
- Knowledge scope: trading, clearing, delivery, risk control, law and other basic knowledge
- Language: Chinese / English
- No requirement for audio and video
(2) Access Requirements -- Trading Experiences

◆ With domestic or overseas futures trading records in recent three years

- No requirement for the number of transactions, no requirement for mock trading
- Domestic trading: the futures trading settlement bills issued by the futures company
- Overseas trading: the record particulars, settlement bills and documents or other certificates with respect to the futures trading
(2) Access Requirements -- Compliance and Honesty

◆ The account-opening institution shall carry out comprehensive assessment over the client's honesty conditions.

- The account-opening institution may require the client to issue the relevant written undertakings.
- The account-opening institution may inquire the client's honest information through relevant platforms.
2. Account Opening Business Process and Materials Required

(1) Account opening by overseas client

(2) Account opening by domestic client and application for trading authority
(1) Account Opening by Overseas Client

◆ Mode 1: Direct Account Opening

◆ Mode 2: Account Opening via Sub-delegation

- In the mode of sub-delegation, the futures company should conduct some management, but cannot view the personal information of the overseas trader.
(1) Account Opening by Overseas Client

**Direct Opening**

1. **Overseas Client** Submit application
2. **Futures Company** Review and account opening
3. **Monitoring Center** Inspection
4. **DCE** Check and feed back trading code

**Sub-delegation Opening**

1. **Overseas Client** Submit application
2. **Overseas Broker** Review and account opening
3. **Monitoring Center** Inspection
4. **Futures Company** Review
5. **DCE** Check and feed back trading code
(1) Account Opening by Overseas Client

◆ Direct account opening by overseas client VS. Account opening by domestic client
  • The account opening process is exactly the same.
  • The requirements for ID materials and trading authority settings are different.

◆ Direct account opening by overseas client VS. Account opening by sub-delegation
  • The requirements for account opening process and suitability review are different.
## (1) Account Opening by Overseas Client

<table>
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<tr>
<th>Category</th>
<th>Materials to be Submitted or Retained</th>
<th>Note</th>
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<tbody>
<tr>
<td><strong>Materials to be Submitted by the account-opening institutions to the Monitoring Center for Opening Accounts for Corporate Clients</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of Business Registration Certificate</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of Tax Payment Certificate</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td><strong>Document Proving the Client Meets the Requirements for Trader Suitability for Specified Domestic Futures Products</strong></td>
<td>Required in the Sub-delegation Mode, Pdf Format</td>
<td></td>
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<tr>
<td>Chinese Translation Version of the Form of Application for Trading Code</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of the Letter of Authorization Issued by the Company</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Full-faced Photo of the Agent for Account Opening</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of the Identity Document of the Agent for Account Opening</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Full-faced Photo of the Executive Director or the Legal Representative</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of the Effective Identity Document of the Executive Director or the Legal Representative</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td>Scanning Copy of the Reference Identity Document of the Executive Director or the Legal Representative</td>
<td>Pdf Format</td>
<td></td>
</tr>
<tr>
<td><strong>Materials to be Retained by the Account-opening Institutions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original Copy of the Form of Application for Trading Code and the Copies of All Above-mentioned Materials</td>
<td></td>
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<tr>
<td>The Client’s Knowledge Test Report</td>
<td></td>
<td></td>
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<tr>
<td>Document Proving the Client’s Trading Experiences</td>
<td></td>
<td></td>
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<tr>
<td>Document Demonstrating the Balance of the Available Funds in the Client’s Margin Account</td>
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</table>
An overseas client shall not conduct the futures trading in two channels through one futures company.
Account opening:
• The process and the materials required remain unchanged.
• The futures company needs to close its trading authority for specified domestic futures products first.

Application for trading authority:
• The process is the same as that for the options.

Step 1
The client submits the written application.

Step 2
The futures company examines the client’s identity information and suitability condition.

Step 3
Opening trading authority for the client; filing at the member service system.
(二) 境内客户开户和申请权限

**Clients who have already opened trading authority of specified futures product via futures company A**

- apply for trading authority in futures company B
- no need to reassess the suitability
- should provide relevant proving materials

**Clients with trading experience in INE**

- Apply for trading authority
- Regarded as having met the requirements of knowledge test/trading experience and internal regulation.
- Should provide relevant proving materials
3. Filing & Registration Process for Overseas Brokers

(1) Filing Process

(2) Registration Process
Measures for Management of Futures Company Members Entrusted by Overseas Brokers with Trading of Specified Domestic Futures Products

- Access conditions
- Filing & registration process
- Materials required
(1) Filing Process

Step 1
The futures company and the overseas broker sign the entrustment agreement.

Step 2
The futures company submits the written materials to the Exchange.

Step 3 (Within 15 trading days)
After examination and approval, the Exchange sends the letter of filing confirmation to the futures company.

Step 4
The futures company fills in the application on the member service system, and the Exchange conducts the examination and approval.
(2) Registration Process

Step 1
The futures company submits the registration form through the monitoring center.

Step 2
The monitoring center carries out examination and provides feedback.

Step 3
The futures company transfers the relevant information to the overseas broker.
### Materials Required for Filing by Overseas Broker

<table>
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<tr>
<th>Materials Required</th>
<th>Note</th>
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<tbody>
<tr>
<td>1. The filing statement signed by the signing party, and the application form for filing by overseas broker</td>
<td></td>
</tr>
<tr>
<td>2. The copies of the passports or other effective identity documents recognized by DCE, the resumes and the signature cards of the persons in charge of the futures business and the persons in charge of the risk control for the futures business at the overseas broker</td>
<td></td>
</tr>
<tr>
<td>3. The notarized and legally certified materials on the legitimate establishment of the overseas broker</td>
<td></td>
</tr>
<tr>
<td>4. The documents proving the qualification of the overseas broker for the brokerage business in the country (region) where it locates</td>
<td>(With the initial filing completed, it is not necessary for the futures company to provide the materials again.)</td>
</tr>
<tr>
<td>5. The materials on the entrustment business system, the internal control system and the risk management system of the futures company member</td>
<td></td>
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<tr>
<td>6. The commitment letter</td>
<td></td>
</tr>
<tr>
<td>7. The documents proving that the net capital of the overseas broker is not less than RMB30 million or equivalent in a foreign currency; the document proving the continuing operation of 1 years and more</td>
<td></td>
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<tr>
<td>8. The entrustment business agreement signed by the overseas broker and the futures company member</td>
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<tr>
<td>9. The letter of authorization in the case of signing by entrustment authorization signatory</td>
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<tr>
<td>10. Other materials required by DCE or the applicant</td>
<td></td>
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<tr>
<td>11. The filing application materials with equal effect</td>
<td></td>
</tr>
<tr>
<td>12. The electronic CD for the application materials, including the above-mentioned written application materials in the electronic and paper forms</td>
<td>If there is any discrepancy between the paper application materials and the electronic documents, the paper application materials will prevail at DCE.</td>
</tr>
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Thank you!

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