Attachment 1

**Measures for Market Maker Management of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures for Market Maker Management of Dalian Commodity Exchange (the "**Measures**") are formulated pursuant to the *Trading Rules of Dalian Commodity Exchange* for the purposes of standardizing the market maker management of Dalian Commodity Exchange (the "**Exchange**"), promoting the trading liquidity and fully playing the functions of the market.
2. The Market Maker herein means a legal person or non-legal-person organization approved by the Exchange to provide bilateral quotations and other services with respect to the futures and option contracts of the designated products.
3. The Measures shall apply to market making and related activities of the market makers in the Exchange. The Exchange, the Market Makers and the Members shall abide by the Measures.

**Chapter II Qualification Management**

1. The Exchange may introduce Market Makers for designated products and publicize to the market.
2. The Exchange may implement hierarchical management on Market Makers and adjust the number and structure of Market Makers based on market situation.
3. The Exchange shall manage the qualifications of the Market Makers based on products. Any applicant for the Market Maker qualification shall satisfy the following conditions:
4. having the net assets of no less than CNY fifty million (50,000,000);
5. having special institutions and personnel responsible for market making; and its market making personnel being familiar with relevant laws and regulations as well as the rules of the Exchange;
6. having the comprehensive market making implementation plan, internal control policies and risk management policies;
7. having no records of severe violation of laws or rules in the recent three (3) years;
8. having the stable and reliable technology systems for market making;
9. having experience recognized by the Exchange in trading, market making and/or simulated market making; and
10. other conditions required by the Exchange.

The Exchange may raise the minimum amount of net assets based on the quantities of products applied and market conditions.

1. An applicant for Market Maker qualification shall submit the following written materials to the Exchange:
	1. an application form for Market Maker qualification sealed by the applicant and signed by its legal representative;
	2. the photocopies of the business license affixed with the applicant's official seal;
	3. the original, or the photocopy affixed with the accounting firm's official seal, of the latest audited financial accounting report;
	4. the post settings and the duties of the market making department, as well as the roster and resumes of the persons in charge of market making and the relevant persons;
	5. the implementation plan, internal control policies and risk management policies with respect to market making;
	6. a letter of commitment on no records of any severe violation of laws or rules in the recent three (3) years;
	7. a statement with respect to the technology systems for market making;
	8. a statement with respect to status of trading, market making and/or simulated market making; and
	9. other materials required by the Exchange.
2. The applicant shall enter into a Market Maker Agreement (the "**Agreement**") with the Exchange within ten (10) trading days upon its receipt of the notice for approval from the Exchange. Thereafter, the applicant will be granted as a Market Maker of the correspondent products.
3. When any of the following circumstances occurs to a Market Maker on a certain product, the Exchange may revoke its Market Maker qualification for such product:
	1. failing to perform its quotation obligations for two (2) consecutive months or three (3) cumulative months within one (1) calendar year;
	2. no longer satisfying the conditions for Market Maker qualification prescribed in the above Article 6; or
	3. any other circumstance determined by the Exchange or provided for in the Agreement.
4. The Exchange may revoke the Market Maker's qualification for all products when any of the following circumstances occurs to the Market Maker:
	1. committing any severe violation of laws or rules;
	2. being prohibited from the securities or futures market;
	3. being subject to legitimate acquisition, merger, deregistration, dissolution or declaration for bankruptcy or insolvency;
	4. providing any false materials to the Exchange; or
	5. any other circumstance determined by the Exchange or provided in the Agreement.
5. A Market Maker which intends to waive its Market Maker qualification shall apply to the Exchange in writing at least one (1) month in advance.
6. In case the Market Maker qualification is waived or revoked, the relevant Agreement signed by it with the Exchange shall automatically terminate upon notification by the Exchange of the disqualification. The Exchange shall not accept its application for Market Maker qualification on the same product within one (1) year from such disqualification.

**Chapter III Market Making**

1. The Market Maker shall use the dedicated market making trading code to conduct market making and shall not use such trading code to conduct any other trading unrelated to market making.

A Market Maker which intends to change its trading code for market making shall file an application to the Exchange in advance, and the changed trading code for market making shall be effective as of the first trading day of the immediately following month.

1. When the Market Maker changes its market making trading code or loses its Market Maker qualification, the Exchange will limit the relevant position-opening authority of the original market making trading code from the date of effectiveness of such change or disqualification, and the Market Maker shall close out all the existing positions. The original market making trading code shall be timely deregistered if there is no other market making product linked to such trading code.
2. A Market Maker's bilateral quotations include the following types:
	1. *Continuous Quotation*: the continuous bilateral quotations spontaneously provided throughout the trading hour by the Market Maker in accordance with the Agreement.
	2. *Response Quotation*: the bilateral quotations provided throughout the trading hour by the Market Maker in accordance with Agreement in response to a quote request on a particular contract.
3. The contents of a Market Maker's quotation shall include the contract symbol, bid price, ask price and the quantities of bilateral quotation.
4. All trading orders from the Market Maker shall participate in market bidding.

The Market Maker may apply bilateral quotations order. Bilateral quotations order refers to a limit order under which the bid and offer declarations are simultaneously made for the same contract. After issuance of new bilateral quotations order for the same contract, the declaration without transactions concluded under the original bilateral quotations order will be withdrawn automatically.

1. The Market Maker may apply for position limit increase in order to perform its market making obligations.

**Chapter IV Rights and Obligations**

1. The Exchange may grant a Market Maker a reduction, exemption of trading commissions or incentives subject to the provisions in the Agreement and its market making performance.

The Exchange shall, according to the operation of market making products, set the standards for the reduction, exemption of trading commissions or incentives, and stipulate the standards in the Agreement with Market Makers.

1. The Market Maker shall perform all or part of the following obligations in accordance with the rules of the Exchange and the Agreement:
	1. continuous quotation;
	2. response quotation; and
	3. other obligations provided in the rules of the Exchange and the Agreement.
2. Market Makers of futures contracts shall be exempted from the obligations of quotation as prescribed below:
	1. during the futures contract's call auction, the Market Maker shall be exempted from the obligations of quotation with respect to all the market making contracts;
	2. when the main contract under the Agreement reaches the limit price, the Market Maker's obligations of quotation shall be exempted with respect to all the market making contracts of such product;
	3. when the market making contract reaches the limit price, the Market Maker's obligations of quotation shall be exempted with respect to such market making contract. In case such market making contract is the main contract under the Agreement, item 2 of this Article shall be applied; or
	4. when there exist other circumstances determined by the Exchange or prescribed in the Agreement, the Exchange may exempt the Market Maker from corresponding quotation obligations.

When the circumstances specified in the preceding paragraph dispelled, the Market Maker shall continue to perform its corresponding quotation obligation.

1. Market Makers of option contracts shall be exempted from the obligations of quotation as prescribed below:
	1. during the option contract's call auction, the Market Maker shall be exempted from the obligations of quotation with respect to all the market making contracts;
	2. when the underlying futures contract reaches the limit price, the Market Maker's obligations of quotation shall be exempted with respect to all the option contracts of which the underlying trading subject is such futures contract;
	3. when the option contract reaches the limit price, the Market Maker's obligations of quotation shall be exempted with respect to such option contract;
	4. when the Market Maker's offer quotation is less than that stipulated in the Agreement regarding a certain option contract, the Market Maker's obligation of bid quotation regarding such option contract shall be exempted; or
	5. when there exist other circumstances determined by the Exchange or prescribed in the Agreement, the Exchange may exempt the Market Maker from corresponding quotation obligations.

When the circumstances specified in the preceding paragraph dispelled, the Market Maker shall continue to perform its corresponding quotation obligation.

1. The Market Makers are entitled to their rights under the Agreement only after they have completed the obligations under the Agreement within the prescribed period.

**Chapter V Supervision and Management**

1. The Exchange shall supervise and manage the Market Makers pursuant to the Measures and the relevant rules. The Market Makers and the Members with which the Market Makers are affiliated shall provide assistance to the Exchange for conducting the supervision and management.
2. The Market Makers shall make reasonable quotations on the basis of the market situation, and shall provide real and effective liquidity for the market. The Market Makers shall not abuse the Market Maker qualification to frequently place and cancel trading orders.
3. The Market Makers shall not abuse their Market Maker qualifications to engage in insider trading, market manipulation, fraud or any other violation of laws or rules, or seek any other illegitimate interests.
4. The Market Makers shall establish a comprehensive information technology management policy and emergency handling mechanism; report to the Exchange on the changes to its development, testing, connection and upgrade of the market making technological system on a quarterly basis; and participate in the relevant system test and emergency exercise as required by the Exchange.
5. The Exchange shall appraise and rank the market making performance of the Market Makers, and may publicize the relevant results to the market.
6. Any change to the controlling shareholders (partners), operating premises, legal representatives, persons-in-charge of the market making business or contact information of the Market Makers, or any major change to its financial situation or technical systems, etc. shall be reported to the Exchange in writing within three (3) trading days upon such change.
7. The Market Makers shall report its market making activities as required by the Exchange and properly keep the relevant trading and risk control records for any possible inspection.
8. The Exchange may supervise and inspect the Market Makers' risk management, trading activities, system operations, business operations and credit standing, and the Market Makers shall grant assistance and cooperation to the Exchange.

**Chapter VI Supplementary Provisions**

1. Any violation of the Measures shall be handled by the Exchange subject to the applicable provisions of the *Measures against Rule Violations of Dalian Commodity Exchange*.
2. The Exchange reserves the right to interpret the Measures.
3. The Measures shall come into force on the date of its promulgation.