Attachment 1

**Measures for Risk Management of Dalian Commodity Exchange**

**Chapter I General Provisions**

1. The Measures for Risk Management of Dalian Commodity Exchange (the "**Measures**") are formulated in accordance with the *Trading Rules of Dalian Commodity Exchange* for the purposes of strengthening the management of futures trading risks, protecting the lawful rights and interests of the parties to the futures trading and ensuring the normal operation of the futures trading of Dalian Commodity Exchange (the "**Exchange**").
2. The risk management of the Exchange shall include the margin mechanism, the price limit mechanism, the position limit mechanism, the trading limit mechanism, the large position report mechanism, the forced position liquidation mechanism and the risk warning mechanism.
3. The Exchange, its Members, the Overseas Special Participants (the "**OSPs**"), the Overseas Intermediaries and the clients must comply with the Measures. The Overseas Special Brokerage Participants (the "**OSBPs**") and Overseas Intermediaries shall assist the Futures Company Members entrusted by them for trading settlement to properly perform such work as forced position liquidation, large position reports and risk warnings. The Futures Company Members shall timely notify the OSBPs and Overseas Intermediaries of the "Forced Position Liquidation Notice", forced position liquidation result and/or Notice on Market Risk Management that involve the clients of the OSBPs and Overseas Intermediaries.

**Chapter II Margin**

1. The Exchange shall implement the margin mechanism. The minimum trading margin of futures contracts for each product shall be five percent (5%) of the contract value.

The trading margin for a position opened on a day shall be charged as per the settlement price on the immediately previous trading day; the trading margin upon settlement shall be charged as per the settlement price on the same day. The listing benchmark price of a newly listed futures contract on the listing day shall be deemed as the settlement price on the immediately previous trading day of the contract.

The trading margin standard of a contract during a certain trading period shall be applied upon settlement on the trading day immediately preceding the commencement date of such trading period.

The Exchange may adjust the standards for the trading margins of any contract on the basis of the market situation.

1. With respect to any futures contract of the products other than linear low density polyethylene, polyvinyl chloride and polypropylene, the Exchange will gradually increase its trading margin standards in the different periods as from the fifteenth trading day of the month immediately preceding the delivery month.

The standards for the trading margins shall be:

|  |  |
| --- | --- |
| **Trading Period** | **Trading Margin Standard** |
| As from the fifteenth trading day of the month immediately preceding the delivery month | Ten percent (10%) |
| As from the first trading day of the delivery month | Twenty percent (20%) |

As from the first trading day in the delivery month of products futures contracts of linear low density polyethylene, polyvinyl chloride and polypropylene, the standards for the trading margins shall be 20%.

1. As the open interest increases with respect to a certain contract, the Exchange may increase the standards for the trading margin of such contract and make an announcement to the market.
2. The trading margin with respect to the futures contract to which the price limit occurs shall be subject to the applicable provisions of Chapter III of the Measures.
3. The Exchange shall have the right to take the measures of increasing the trading margins, on the basis of the market situation, unilaterally or bilaterally, proportionally or disproportionally, and/or for all or part of the Members, all or some of the OSPs in the event that, with respect to a certain futures contract, the sum of the rising (falling) spans calculated as per the settlement price for three (3) consecutive trading days reaches twice the normally executed rising/falling spans of such contract, the sum of the rising (falling) spans calculated as per the settlement price for four (4) consecutive trading days reaches two point five (2.5) times the normally executed rising/falling spans of such contract, or the sum of the rising (falling) spans calculated as per the settlement price for five (5) consecutive trading days reaches three times the normally executed rising/falling spans of such contract. The increased portions of the trading margin shall not exceed the amount one time the normally executed trading margin of the contract.

The Exchange must report to the China Securities Regulatory Commission ("**CSRC**") before any of the preceding measures is taken.

1. In case the market closes for a relatively long time due to the public holidays, the Exchange may adjust the standards for the trading margins of the contract and the price limit range prior to the closing of the market on the basis of the market situation.
2. The Exchange may separately stipulate the margins standards for hedge trading of all or part of the products and the contracts, and announce to the market.
3. The Exchange can set the trading margin standard for the portfolio positions. A portfolio position refers to an eligible portfolio of positions established in the manner prescribed by the Exchange. During the trading period, the Non-Futures Company Members, the Overseas Special Non-Brokerage Participants (the "**OSNBPs**") and clients can establish portfolio positions through the placement of arbitrage trading order as provided by the Exchange, or through application to the Exchange for the confirmation of the portfolio of the eligible positions. At the time of settlement, the Exchange may automatically combine the eligible positions into a portfolio position according to certain rules.

Products, contracts, portfolio types, portfolio methods, portfolio priorities, trading margin standards, etc. applicable to portfolio positions will be separately announced by the Exchange. The Exchange may make adjustments according to market conditions.

1. For a portfolio position established during the trading period, the margin shall be charged according to the portfolio position trading margin standard at the time of settlement on the previous trading day. Where the margin is insufficient, the *Measures for Clearing Management of Dalian Commodity Exchange* and other relevant rules shall be implemented.

At the time of settlement, the Exchange will charge the margin for the portfolio position according to the portfolio position trading margin standard announced on the same day.

1. For position liquidation under the same trading code, when the Exchange is calculating the margin, the portfolio positions shall be liquidated after non-portfolio positions. Within a portfolio position, the positions shall be liquidated in the sequence of the portfolio priorities from the lowest to the highest.
2. With respect to the contract which satisfies more than one provision herein in connection with adjustment of the trading margin, its trading margin shall be the larger or the largest of the trading margins as provided herein.

**Chapter III Price Limit**

1. The Exchange shall implement the price limit mechanism. The Exchange shall formulate the daily maximum price fluctuation spans for each futures contract. The Exchange may adjust the price limit range on the basis of the market situation.

With respect to the contract which satisfies more than one provision herein in connection with adjustment of the price limit range, its price limit range shall be the larger or the largest of the price limit range as provided herein.

1. With respect to futures contracts for each product, the price limit range of the months preceding the delivery month shall be four percent (4%) of the settlement price of the immediately previous trading day, and the price limit range of the delivery month shall be six percent (6%) of the settlement price of the immediately previous trading day.

The price limits of the futures contract from the listing day to the day when it is first traded shall be twice the regular price limits of such contract. On the day when it is first traded, if there is no one-direction non-continuous quotation under the price limit, the regular price limits of the contract shall apply on the immediately following trading day, otherwise, the Article 19 shall be implemented accordingly. The regular price limits of the contract shall be separately announced by the Exchange.

1. Upon order at the limit price with respect to a certain contract, the order-matching principle shall be subject to the principles of liquidation priority and time priority.
2. The one-direction non-continuous quotation under the price limit (hereinafter referred to as the "**limit-locked market**") means, with respect to a particular futures contract, the circumstance that within the five (5) minutes prior to the close of a particular trading day, there are only purchase (sell) orders at the trading limit price and no sell (purchase) orders at the trading limit price, or all the sell (purchase) orders are instantly filled at the limit price without opening of the trading limit price.
3. From the day when the commodity futures contract listed on the Exchange is first traded, in the event the limit-locked market occurs on a certain trading day (such trading day is denoted as D1, the three (3) consecutive trading days thereafter shall respectively be denoted as D2, D3 and D4, and the trading day immediately preceding D1 is D0 ), if the futures contract is first traded on D1, the price limit range of such contract onD2 shall be increased by three percent (3%) over on the regular price limits basis of the contract; if the futures contract is not traded on D1, the price limit range of such contract on D2 shall be increased by three percent (3%) on the D1 basis. Upon settlement on D1, the trading margin standards of such contract shall be increased by two percent (2%) on the basis of price limit range of D2. In case the adjusted trading margin standards of such contract is less than the trading margin standards upon settlement on D0, the trading margin standards upon settlement onD0 shall then apply. In case the futures contract is listed on D1, the trading margin standards of such contract during the trading hours of D1 shall be deemed to be the trading margin standards of such contract upon settlement on D0.

In the event that the limit-locked market of the same-direction occurs on D2 as on D1 with respect to a certain contract, the price limit range of such contract on D3 shall be increased by two percent (2%) on the D2 basis. Upon settlement on D2, the trading margin standards of such contract shall be increased by two percent (2%) on the basis of the price limit range onD3. In case the adjusted trading margin standards of such contract is less than the trading margin standards upon settlement on D1, the trading margin standards upon settlement on D1 shall then apply.

In the event that the limit-locked market of the same direction price limit occurs on and after D3 as on D2 with respect to a certain contract, the price limit range and the trading margin standards of such contract as of D4 shall be the same as D3, until the limit-locked market of the same direction no longer occurs to such contract.

1. In the event that the limit-locked market of the reverse-direction occurs on and after D2 as on the preceding trading day with respect to a certain contract, such trading day shall be deemed as D1.
2. In the event that the limit-locked market does not occur on and after D2 with respect to a certain contract, the trading margin shall be restored to the normal level upon settlement on such trading day, and the price limit range shall be restored to the normal level on the following trading day.
3. In the event that the limit-locked market of the same-direction occurs on D3 as on D2 with respect to a certain futures contract, such contract will directly be subject to delivery in case D3 is the last trading day of such contract; or trading of such contract shall continue on D4 as per the price limit range and the margin standards applicable on D3 in case D4 is the last trading day of such contract. Except for the foregoing two circumstances, the Exchange may decide to apply, and make public announcement on any one of the following measures to the contract according to market conditions:

Measure 1: Continuing trading on D4; the Exchange may take risk control measures such as increase of the trading margins unilaterally or bilaterally, on same level or different levels, and/or for all or part of the Members and all or part of the OSPs, adjustment of the price limit range, suspension of opening new positions for all or part of the Members and all or part of the OSPs, limited withdrawal of funds, close-out within designated time limit, force position liquidation, etc.

Measure 2: Suspending trading on D4 the Exchange may take risk control measures on D5 such as increase of the trading margins unilaterally or bilaterally, on same level or different levels, and/or for all or part of the Members and all or part of the OSPs, adjustment of the price limit range, suspension of opening new positions for all or part of the Members and all or part of the OSPs, limited withdrawal of funds, close-out within designated time limit, force position liquidation, etc.

Measure 3: Suspending trading on D4; the Exchange imposes mandatory tear-up after the market closes on D4.

Measure 4: Imposing mandatory tear-up after the market closes on D3.

1. When imposing mandatory tear-up, the Exchange shall specify the mandatory tear-up base day and the targeted contracts. The mandatory tear-up base day is the latest trading day when the limit-locked market occurs. The mandatory tear-up shall refer to that with respect to the unexecuted liquidation orders at the limit price on the mandatory tear-up base day, the Exchange carries out the automatic order-matching as per the position percentage at the limit price of such day with the client with the net position profit (or the Non-Futures Company Member or the OSNBP; same below) of the contract. With respect to the two-way position held by the same client, the liquidation orders of its net position shall count into the calculation of the mandatory tear-up, and the remaining liquidation orders shall be automatically hedged with its locked positions. The specific method for mandatory tear-up is below:
2. Determination of the ordered liquidation quantity:

After the closing of the market on the mandatory tear-up base day, all the positions which have been ordered at the limit price in the computer system but cannot be executed and with respect to which the client's the net unit position loss of the contract is no less than five percent (5%) of the settlement price on the mandatory tear-up base day

In case the client does not intend to carry out the liquidation as described above, the orders may be withdrawn prior to the closing of the market and will not be deemed to be the liquidation orders.

1. Determination of the client's net unit position profit or loss:

|  |  |  |
| --- | --- | --- |
| client's net unit position profit or loss of the contract | = | total of the client's position profit or loss of the contract |
| client's net open interest of the contract × trading unit |

The total of the client's position profit or loss of the contract shall refer to the total of the profit or loss calculated at the difference between the actual execution price and the settlement price of the mandatory tear-up base day with respect to the client's all positions of the contract.

1. Determination of the liquidation scope for the client with the net position profit

All the speculative positions of the client of which the client's net unit position profit is greater than zero profit as calculated above, and the hedging positions of the client whose net unit position profit is greater than or equal to seven percent (7%) of the settlement price on the mandatory tear-up base day as calculated above, shall both fall into the liquidation scope.

1. Distribution principles and methods of the liquidation quantities:
2. Distribution principles and methods of the liquidation quantity

The distribution thereof shall be made level by level, within the liquidation scope, divided on the basis of the four levels as per the amount of the profits and the difference between speculation and hedging.

Firstly, the distribution shall be made to the speculative positions which fall in the liquidation scope and whose net unit position profit is greater than or equal to six percent (6%) of the settlement price of the mandatory tear-up base day (the "**Speculative Positions with No Less Than Six Percent Profit**");

Secondly, the distribution shall be made to the speculative positions whose net unit position profit is greater than or equal to three percent (3%) of the settlement price on the mandatory tear-up base day but less than six percent (6%) thereof (the "**Speculative Positions with No Less Than Three Percent Profit**");

Thirdly, the distribution shall be made to the speculative positions whose net unit position profit is less than three percent (3%) of the settlement price on the mandatory tear-up base day but greater than zero profit (the "**Speculative Positions with Greater Than Zero Profit**");

Finally, the distribution shall be made to the hedging positions whose net unit position profit is greater than or equal to seven percent (7%) of the settlement price on the mandatory tear-up base day (the "**Hedging Positions with Seven Percent Profit**").

The foregoing distribution proportions shall be made on the basis of the ratio of the ordered liquidation quantity (the remaining ordered liquidation quantity) to the quantity of the profit positions of each level which may be liquidated.

1. Distribution methods and steps of the liquidation quantity

With respect to the actual liquidation quantity, in case the quantity of the net unit positions of the Speculative Positions with No Less Than Six Percent Profit is greater than or equal to the ordered liquidation quantity, the ordered liquidation quantity shall be distributed to the net unit positions of the Speculative Positions with No Less Than Six Percent Profit on the basis of the ratio of the ordered liquidation quantity to the quantity of the net unit positions of the Speculative Positions with No Less Than Six Percent Profit.

With respect to the actual liquidation quantity, in case the quantity of the net unit positions of the Speculative Positions with No Less Than Six Percent Profit is less than the ordered liquidation quantity, the quantity of the net unit positions of the Speculative Positions with No Less Than Six Percent Profit shall be distributed to the client which orders the liquidations; the remaining ordered liquidation quantity shall be distributed to the net unit positions of the Speculative Positions with No Less Than Three Percent Profit pursuant to the foregoing method; after that, any remaining quantity shall be distributed to the net unit positions of the Speculative Positions with Greater Than Zero Profit; after that, any remaining quantity shall be distributed to the net unit positions of the Hedging Positions with Seven Percent Profit; and after that, any remaining quantity will not be distributed.

The distribution of the liquidation quantity shall take "*lot*" as the unit; and any quantity less than one (1) Lot shall be calculated as follows: Firstly, the integer of the liquidation quantity which is distributed to each trading code shall be distributed; and then, the decimal thereof shall be distributed as per the order of "from large to small" on the basis of "rounded up to an integer".

1. Execution of the mandatory tear-up

The mandatory tear-up will be automatically executed by the trading system under the mandatory tear-up principle after the closing of the market; and the result of the mandatory tear-up result shall be treated as the Member's trading result.

1. Price of the mandatory tear-up

The price of the mandatory tear-up shall be the limit price of the contract on the mandatory tear-up base day.

1. Any economic loss arising out of or in connection with the aforesaid position-reduction shall be borne by the Member, the OSP, the Overseas Intermediary and their clients.
2. In the event the risks are still not released after the foregoing measures have been taken, the Exchange will declare the existence of an abnormal event and take the risk control measures in accordance with the relevant provisions.

**Chapter IV Position Limit**

1. The Exchange shall implement the position limit mechanism. With respect to a certain contract, the position limit shall refer to the unilaterally calculated maximum amount of its speculative position which may be held by the Member, the OSP or the client as prescribed by the Exchange. The positions of the clients, the Non-Futures Company Members and the OSNBPs involving actual control relationship shall be calculated on a consolidated basis.
2. The position limit shall be subject to the following policies:
3. the amount of the position limit of the futures contracts of each month for each product shall be respectively determined on the basis of the specific conditions of the different futures products;
4. the different amounts of the position limits shall be applied to the futures contracts during the different phrases of their trading course, and the amounts of the position limits of the futures contracts which are in the delivery month shall be strictly controlled;
5. the hedging position and the arbitrage position shall be managed in accordance with relevant provisions of the *Measures for Hedging Management of Dalian Commodity Exchange* and the *Measures for Arbitrage Trading Management of Dalian Commodity Exchange*; and
6. position of market makers shall be governed by the relevant provisions in the Measures for Market Maker Management of Dalian Commodity Exchange.
7. In case the same client has more than one trading code at the different Futures Company Members, the total quantities of all the open positions under any and all the trading codes shall not exceed the amount of the position limit for one client.
8. Position limit requirements shall be applied to the Non-Futures Company Members, the OSNBPs and the clients as follows:

During the general months in which the futures contract of a certain product other than the iron ore, egg and live hog is listed to trade (from the listing of the contract to the fourteenth trading day of the month immediately preceding the delivery month), in case the quantity of the unilateral open interest exceeds a certain amount, the amount of the position limit shall be determined as per a certain percentage of the quantity of the unilateral positions held by the Non-Futures Company Member, the OSNBP and the client; and in case the quantity of unilateral open interest is less than or equal to the foresaid amount, the amount of the position limit of the contract shall be determined as per an absolute quantity of the positions held by the Non-Futures Company Member, the OSNBP and the client. During the period from the fifteenth trading day of the month immediately preceding the delivery month to the delivery month, the amount of the position limit shall be determined as per an absolute quantity of the positions held by the Non-Futures Company Member, the OSNBP and the client. With respect to the iron ore, egg and live hog futures contracts, the amount of the position limit shall be determined as per an absolute quantity of the positions held by the Non-Futures Company Member, the OSNBP and the client.

The amount of the position limit of a contract within a certain trading period shall be applied upon settlement on the trading day immediately preceding the commencement date of such trading period. If the position limit of the contract on a certain day is to be determined as per unilateral open interest of the contract, the unilateral open interest shall be the open interest upon settlement on the trading day immediately preceding such day.

1. Position limits of futures contracts of each product shall be as follows:
2. products other than the iron ore, egg and live hog
3. During the general months of the futures contract of a certain product other than the iron ore, egg and live hog (from the listing of the contract to the fourteenth trading day of the month immediately preceding the delivery month), the position limit applicable to the Non-Futures Company Member, the OSNBP and the client shall be as follows:

(Unit: Lot)

|  |  |  |  |
| --- | --- | --- | --- |
| **Product** | **Unilateral Open Interest of Contract** | **Non-Futures Company Member**  **/OSNBP** | **Client** |
| No. 1 soybeans | Unilateral open interest ≤150,000 | 30,000 | 15,000 |
| Unilateral open interest ＞150,000 | Unilateral open interest ×20% | Unilateral open interest ×10% |
| No. 2 soybeans | Unilateral open interest ≤100,000 | 5,000 | 5,000 |
| Unilateral open interest ＞100,000 | Unilateral open interest ×5% | Unilateral open interest ×5% |
| Soybean meal | Unilateral open interest ≤400,000 | 80,000 | 40,000 |
| Unilateral open interest ＞400,000 | Unilateral open interest ×20% | Unilateral open interest ×10% |
| Corn | Unilateral open interest ≤400,000 | 40,000 | 20,000 |
| Unilateral open interest ＞400,000 | Unilateral open interest ×10% | Unilateral open interest ×5% |
| Soybean oil | Unilateral open interest ≤200,000 | 40,000 | 20,000 |
| Unilateral open interest ＞200,000 | Unilateral open interest ×20% | Unilateral open interest ×10% |
| RBD palm olein | Unilateral open interest ≤100,000 | 20,000 | 10,000 |
| Unilateral open interest ＞100,000 | Unilateral open interest ×20% | Unilateral open interest ×10% |
| Linear low density polyethylene | Unilateral open interest ≤200,000 | 20,000 | 20,000 |
| Unilateral open interest ＞200,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Polyvinyl chloride | Unilateral open interest ≤200,000 | 20,000 | 20,000 |
| Unilateral open interest ＞200,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Coke | Unilateral open interest ≤50,000 | 5,000 | 5,000 |
| Unilateral open interest ＞50,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Coking coal | Unilateral open interest ≤80,000 | 8,000 | 8,000 |
| Unilateral open interest ＞80,000 | Unilateral open interest×10% | Unilateral open interest ×10% |
| Fiberboard | Unilateral open interest ≤300,000 | 30,000 | 30,000 |
| Unilateral open interest ＞300,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Blockboard | Unilateral open interest ≤60,000 | 6,000 | 6,000 |
| Unilateral open interest ＞60,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Polypropylene | Unilateral open interest ≤200,000 | 20,000 | 20,000 |
| Unilateral open interest ＞200,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Corn starch | Unilateral open interest ≤150,000 | 15,000 | 15,000 |
| Unilateral open interest ＞150,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Ethylene glycol | Unilateral open interest ≤80,000 | 8,000 | 8,000 |
| Unilateral open interest ＞80,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Polished round-grained rice | Unilateral open interest ≤200,000 | 20,000 | 20,000 |
| Unilateral open interest ＞200,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Ethenylbenzene | Unilateral open interest ≤120,000 | 12,000 | 12,000 |
| Unilateral open interest ＞120,000 | Unilateral open interest ×10% | Unilateral open interest ×10% |
| Liquefied Petroleum Gas | Unilateral open interest ≤80,000 | 8,000 | 8,000 |
| Unilateral open interest ＞80,000 | Unilateral open interest×10% | Unilateral open interest ×10% |

1. During the period from the fifteenth trading day of the month immediately preceding the delivery month to the delivery month, the position limit applicable to the Non-Futures Company Member, the OSNBP and the client for any product other than the iron ore, egg and live hog is shown in the table below, and the position limit applicable to the individual client during the delivery month shall be zero (0):

(Unit: Lot)

|  |  |  |  |
| --- | --- | --- | --- |
| **Product** | **Period** | **Non-Futures Company Member**  **/OSNBP** | **Client** |
| No. 1 soybeans | As from the fifteenth trading day of the month immediately preceding the delivery month | 5,000 | 2,500 |
| Delivery month | 2,000 | 1,000 |
| No. 2 soybeans | As from the fifteenth trading day of the month immediately preceding the delivery month | 3,000 | 3,000 |
| Delivery month | 1,000 | 1,000 |
| Soybean meal | As from the fifteenth trading day of the month immediately preceding the delivery month | 15,000 | 7,500 |
| Delivery month | 5,000 | 2,500 |
| Soybean oil | As from the fifteenth trading day of the month immediately preceding the delivery month | 6,000 | 3,000 |
| Delivery month | 2,000 | 1,000 |
| RBD palm olein | As from the fifteenth trading day of the month immediately preceding the delivery month | 3,000 | 1,500 |
| Delivery month | 1,000 | 500 |
| Corn | As from the fifteenth trading day of the month immediately preceding the delivery month | 30,000 | 15,000 |
| Delivery month | 10,000 | 5,000 |
| Linear low density polyethylene | As from the fifteenth trading day of the month immediately preceding the delivery month | 5,000 | 5,000 |
| Delivery month | 2,500 | 2,500 |
| Polyvinyl chloride | As from the fifteenth trading day of the month immediately preceding the delivery month | 5,000 | 5,000 |
| Delivery month | 2,500 | 2,500 |
| Coke | As from the fifteenth trading day of the month immediately preceding the delivery month | 300 | 300 |
| Delivery month | 100 | 100 |
| Coking coal | As from the fifteenth trading day of the month immediately preceding the delivery month | 500 | 500 |
| Delivery month | 200 | 200 |
| Fiberboard | As from the fifteenth trading day of the month immediately preceding the delivery month | 800 | 800 |
| Delivery month | 200 | 200 |
| Blockboard | As from the fifteenth trading day of the month immediately preceding the delivery month | 80 | 80 |
| Delivery month | 20 | 20 |
| Polypropylene | As from the fifteenth trading day of the month immediately preceding the delivery month | 5,000 | 5,000 |
| Delivery month | 2,500 | 2,500 |
| Corn starch | As from the fifteenth trading day of the month immediately preceding the delivery month | 4,500 | 4,500 |
| Delivery month | 1,500 | 1,500 |
| Ethylene glycol | As from the fifteenth trading day of the month immediately preceding the delivery month | 3,000 | 3,000 |
| Delivery month | 1,000 | 1,000 |
| Polished round-grained rice | As from the fifteenth trading day of the month immediately preceding the delivery month | 2,000 | 2,000 |
| Delivery month | 1,000 | 1,000 |
| Ethenylbenzene | As from the fifteenth trading day of the month immediately preceding the delivery month | 2,000 | 2,000 |
| Delivery month | 1,000 | 1,000 |
| Liquefied Petroleum Gas | As from the fifteenth trading day of the month immediately preceding the delivery month | 1,000 | 1,000 |
| Delivery month | 500 | 500 |

1. Iron ore, egg and live hog

The position limit applicable to the iron ore, egg and live hog futures contracts of the Non-Futures Company Member, the OSNBP and the client is shown in the table below, and the position limit applicable to the individual client during the delivery month shall be zero (0):

(Unit: Lot)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Product** | **Contract month** | **Trading Period** | **Non-Futures Company Member/OSNBP** | **Client** |
| Iron ore | Contracts of all months | As from the listing of the contract | 15,000 | 15,000 |
| As from the first trading day of the month immediately preceding the delivery month | 10,000 | 10,000 |
| As from the tenth trading day of the month immediately preceding the delivery month | 6,000 | 6,000 |
| Delivery month | 2,000 | 2,000 |
| Egg | Contracts of all months | As from the listing of the contract | 1,200 | 1,200 |
| As from the first trading day of the month immediately preceding the delivery month | 400 | 400 |
| As from the tenth trading day of the month immediately preceding the delivery month | 120 | 120 |
| Delivery month | 20 | 20 |
| Live hog | Non-July Contracts | As from the listing of the contract | 500 | 500 |
| As from the first trading day of the month immediately preceding the delivery month | 125 | 125 |
| As from the tenth trading day of the month immediately preceding the delivery month | 30 | 30 |
| Delivery month | 10 | 10 |
| July Contracts | As from the listing of the contract | 200 | 200 |
| As from the first trading day of the month immediately preceding the delivery month | 50 | 50 |
| As from the tenth trading day of the month immediately preceding the delivery month | 10 | 10 |
| Delivery month | 5 | 5 |

1. Position limit requirements shall be applied to the Non-Futures Company Members, the OSNBPs and the clients as follows: The quantity of the positions held by the Non-Futures Company Member, the OSNBP or the client shall not exceed the position limit as prescribed by the Exchange; and with respect to any excess thereof, the same-direction opening of the position for trading shall be prohibited. The forced position liquidation will be carried out by the Exchange in accordance with the applicable provisions on the immediately following trading day against the Non-Futures Company Member, the OSNBP or the client whose positions exceed the position limit.

With respect to a certain client which has more than one trading code at different Futures Company Members and/or OSBPs in case the total of his or her open interest exceeds the amount of the position limit, the Exchange will specify relevant Futures Company Members or OSBPs to carry out the forced position liquidation against such client with respect to its positions exceeding the position limit.

In case the open interest of the Non-Futures Company Member, the OSNBP or the client exceeds the position limit, the Exchange may also adopt regulatory actions including making a telephone reminder, requiring an explanatory report, requiring a written letter of commitment, adding such Member or client to the key regulatory list, restricting its position opening, etc.

**Chapter V Trading Limit**

1. The Exchange shall implement the trading limit mechanism. The trading limit shall refer to the maximum quantity of the positions over a certain contract within a certain period that can be opened by a Member, OSP or client as prescribed by the Exchange. The Exchange may, on the basis of the market situation, formulate the trading limits over different products or contracts or over part or all of the Members, OSPs or clients, the specific standards for which shall be separately published by the Exchange.

Otherwise prescribed by the Exchange, the quantity of opening positions of hedge trading and market making shall not be limited by the preceding paragraph of this Article.

1. The quantity of opening positions of the Non-Futures Company Member, OSNBP or client shall not exceed the trading limit prescribed by the Exchange. With respect to any excess thereof, the Exchange may adopt regulatory actions including telephone reminder, requiring for explanatory report, requiring for a written letter of commitment, adding such Non-Futures Company Member, OSNBP or client to the key regulatory list, suspending position opening for trading, etc.

**Chapter VI Large Position Report**

1. The Exchange shall implement the large position report mechanism. When a Non-Futures Company Member's, OSNBP's or a client's speculative positions of a certain product reaches no less than eighty percent (80%) (inclusive) of the position limit applicable to it as prescribed by the Exchange, the Non-Futures Company Member, the OSNBP or the client shall report to the Exchange the information of its funds and positions. The client who entrusts a Futures Company Member to engage in futures trading shall make the report through the Futures Company Member, and the client who entrusts an OSBP to engage in futures trading shall make the report through the OSBP. The client which entrusts an Overseas Intermediary to engage in futures trading shall entrust its Overseas Intermediary to make the report, and the Overseas Intermediary shall entrust a Futures Company Member or an OSBP to make the report. The Non-Futures Company Member and OSNBP shall make the report to the Exchange.

The Non-Futures Company Member, the OSNBP and the client shall ensure the authenticity, accuracy and completeness of the large position reports and other materials provided by them.

The Exchange may adjust the position reporting thresholds on the basis of the market risks.

1. In case the Non-Futures Company Member's, the OSNBP's or the client's positions reach the reporting thresholds as prescribed by the Exchange, the Non-Futures Company Member, the OSNBP or the client shall initiatively report to the Exchange prior to 15:00 on the immediately following trading day. The Exchange will notify the relevant Member of any further or supplementary report if necessary.
2. The Non-Futures Company Member or the OSNBP which reaches the Exchange's reporting threshold shall submit to the Exchange the following materials:
3. the completely filled-in Large Position Report Sheet with the items including the Member's name, the Member's number, the OSNBP's name, the OSP number, the contract symbol, the current positions, the position nature, the position margin, the disposable funds, the position intent, the pre-reported delivery quantity, and the applied delivery quantity;
4. the explanation on the sources of the funds; and
5. other materials required by the Exchange.
6. The client which reaches the Exchange's reporting threshold shall submit to the Exchange the following materials:
7. the completely filled-in *Large Position Report Sheet* with the items including the Member's name, the Member's number, the OSBP's name, the OSP number, the client's name and code, the contract symbol, the current positions, the position nature, the position margin, the disposable funds, the position intent, the pre-reported delivery quantity, the applied delivery quantity, and otherwise;
8. the explanation on the sources of the funds;
9. the account-opening materials and the settlement documents of that day; and
10. other materials required by the Exchange.
11. The Futures Company Member and the OSBP shall carry out first review of the relevant materials provided by the client which reaches the Exchange's reporting threshold, and then report to the Exchange. The Overseas Intermediary shall carry out first review of the relevant materials provided by the client which reaches the Exchange's reporting threshold, then the Futures Company Member or the OSBP shall forward them to the Exchange. The Futures Company Member, the OSBP and the Overseas Intermediary shall ensure the authenticity and accuracy of the materials provide by the client.
12. The Exchange shall from time to time examine the materials provided by the Member, the OSP, the Overseas Intermediary or the client.
13. In case a client has more than one trading code at different Futures Company Members and/or OSBPs and the total quantity of the positions under any and all such trading codes reaches the reporting threshold, the Exchange shall specify and notify the relevant Futures Company Members or OSBPs to be responsible for submitting the relevant materials of the information which shall be reported by such client.

**Chapter VII Forced Position Liquidation**

1. The Exchange shall implement the forced position liquidation for the purpose of controlling the market risks. The forced position liquidation shall refer to the coercive liquidation measure which is carried out by the Exchange against the relevant positions in case the Member, OSP or client commits a violation.
2. Upon occurrence of any of the following circumstances to the Member, OSP or client, the Exchange may carry out the forced position liquidation against its positions:
3. the balance of the clearing deposit of the Member or the Member's any subsidiary ledger for the clearing entrustment is less than zero and fails to be fully paid up within the required period;
4. the open interest held by the Non-Futures Company Member, the OSNBP and the client exceeds their position limits;
5. it is subject to the punishment of forced position liquidation imposed by the Exchange due to any violation;
6. any circumstance under which the forced position liquidation shall be carried out on the basis of the Exchange's emergency measure(s); or
7. any other circumstance under which the forced position liquidation shall be carried out.
8. The principles for implementation of the forced position liquidation shall be:

The forced position liquidation shall be firstly carried out by the Member or the OSP itself; and the Member shall supervise and guide the execution of the OSP, Overseas Intermediary and client who entrust it for trading and /or clearing. Unless otherwise specially provided by the Exchange, the time limits shall be the night trading sessions, the first session and the second session trading time for any product to which the night trading applies, or shall be the first session and second session trading time for any product to which the night trading does not apply. In case the Member fails to fully complete forced position liquidation during the time limits, the forced position liquidation shall be coercively carried out by the Exchange from the third session. With respect to those which are required to carry out forced position liquidation due to clearing deposit of the Member or the Member's any subsidiary ledger for the clearing entrustment being less than zero, such ledger's position opening for trading will be prohibited until the full payment of the margins to the balance of the minimum clearing deposit.

With respect to the forced position liquidation under item (3), (4) and (5) of Article 40, the time of the forced position liquidation will be announced by the Exchange.

1. Determination of the positions against which the forced position liquidation will be carried out by the Member or the OSP
2. With respect to the forced position liquidation under item (1) or (2) of Article 40 above, the positions against which the forced position liquidation shall be carried out shall be determined by the Member or the OSP itself provided solely that the result of the forced position liquidation satisfies the Exchange's rules; and
3. With respect to the forced position liquidation under item (3), (4) or (5) of Article 40 above, the positions against which the forced position liquidation shall be carried out shall be determined by the Exchange.
4. Determination of the positions against which the forced position liquidation will be carried out by the Exchange
5. With respect to the forced position liquidation under item (1) of Article 40 above, the Exchange shall calculate the margin call for the Member or its subsidiary ledger for the clearing entrustment on the basis of the balance of the Member's clearing deposit at 13:00, and the forced position liquidation shall be carried out against all clients of the Member or its subsidiary ledger for the clearing entrustment under the principle of equal ratio liquidation on the basis of the trading margin. If the balance of clearing deposit in such ledgers is still negative after the aforementioned forced position liquidation is completed, the Exchange shall implement the forced position liquidation of the positions recorded on the Member's other ledgers of its own or other ledgers for the clearing entrustment based on the above-mentioned principle of this Article.

Liquidation ratio = trading margin which shall be additionally paid by the Member or its subsidiary ledger for the clearing entrustment / Total amount of the Member's trading margins or trading margins of its subsidiary ledger for the clearing entrustment ×100%

Trading margins to be released by the client through liquidation = total amount of the client's trading margins × liquidation ratio

With respect to a client's positions against which the forced position liquidation shall be carried out, the general determination principles are "portfolio positions after non-portfolio positions", which includes:

1. When a non-portfolio position is being liquidated, the open contracts shall be selected for forced position liquidation according to the principle of "options after futures".

When the futures positions in a non-portfolio position are being liquidated, the open contracts shall be selected for forced position liquidation in the sequence of "hedging after speculation", and then "from the largest to the smallest" in respect of the total positions of the contracts at the time of settlement on the previous trading day.

When the options positions in a non-portfolio position are being liquidated, the open contracts shall be selected for forced position liquidation in the sequence of "the long options positions after the short options positions", then "hedging after speculation", and then "from the largest to the smallest" in respect of the total positions of the contracts at the time of settlement on the previous trading day.

1. When a portfolio position is being liquidated, the contracts shall be selected for forced position liquidation in the sequence of the portfolio priorities "from the lowest to the highest".

In case the forced position liquidation will be taken against more than one ledger, the Exchange shall follow the order of "from large to small" on the basis of the amount of additional margins and carry out the forced position liquidation against the ledger which is required to pay the larger additional margin.

1. With respect to the forced position liquidation under item (2) of Article 40 above, if both the speculative positions and the hedging positions exceed the position limit, the forced position liquidation shall be carried out following the order of "the hedging positions after the speculative positions".

In case the client has the speculative positions at more than one Futures Company Member, the forced position liquidation shall be carried out at the appropriate Futures Company Members by following the order of "from large to small" on the basis of the quantity of the client's speculative positions. In case more than one client's speculative positions exceed the position limit, the force liquidation shall be carried out by following the order of "from large to small" on the basis of the quantity of the clients' speculative positions over the position limit.

1. With respect to the forced position liquidation under item (3), (4) or (5) of Article 40 above, the positions against which the forced position liquidation will be carried out shall be determined by the Exchange on the basis of the specific circumstances of the involved Members, OSPs, Overseas Intermediaries and clients.

In case the Member satisfies the circumstances under items (1) and (2) of Article 40 above, the Exchange shall determine the positions against which the forced position liquidation will be carried out firstly on the basis of the item (2) circumstance, and then on the basis of the item (1) circumstance.

1. Execution of the forced position liquidation:
2. Notification

The liquidation requirement will be notified by the Exchange by a "Forced Position Liquidation Notice" (the "**Notice**") to the relevant Member. In addition to the special delivery of the Notice by the Exchange, it may be sent through the member service system together with the settlement data of the relevant day, and may be acquired by the relevant Member through the Member service system. For OSPs, the Notice is transmitted to the Members who are authorized to perform clearing and settlement services on their behalf, and the Members must promptly notify the OSPs of the Notice sent by the Exchange.

1. Execution and confirmation
2. Within the time limit of forced position liquidation by the Member or OSP itself, the relevant Member or OSP must firstly carry out liquidation by itself until satisfaction of the liquidation requirements;
3. In case the liquidation fails to be fully completed within the time limit of forced position liquidation by the Member or OSP itself, the forced position liquidation will be directly carried out by the Exchange against the remaining portions thereof;
4. After the full completion of the forced position liquidation, the Exchange shall record and keep file of the execution result; and
5. The forced position liquidation result shall be sent together with the execution records of the relevant day and may be acquired by the relevant Member through the Member service system. For OSPs, the forced position liquidation result is transmitted to the Members who are authorized to perform clearing and settlement services on their behalf, and the Members must promptly notify the OSPs of the result sent by the Exchange.
6. The entrusted price of the forced position liquidation shall be the limit price of the contract, and the execution price of the forced position liquidation shall be formed through the market trading.
7. In case the forced position liquidation cannot be fully completed on the relevant day due to the price limits or any other market reason, the Exchange may take appropriate measures against the Member, the OSP or the client on the basis of the settlement result.
8. In case the forced position liquidation of the relevant positions can solely be completed in the delayed period due to the limitation of the price limits or any other market reason, the loss arising out thereof shall still be borne by the directly liable person; and in case the liquidation fails to be completed, the holder of the positions shall continue to be liable for holding such positions or bear the obligation of delivery.
9. Except for item (3) of Article 40 above, any profit or loss arising out of the forced position liquidation shall belong to the position holder. In case the position holder is a client who entrusts the Futures Company Member to engage in the trading, the loss arising out of the forced position liquidation shall be firstly borne by the futures company Member at which the client opens the account, and then may be claimed by the Futures Company Member against the client. In case the position holder is a client who entrusts an OSBP or an Overseas Intermediary to engage in trading, the OSBP or the Overseas Intermediary shall assist the Futures Company Member entrusted by it with trading settlement to carry out the forced position liquidation. With respect to any losses arising out of the forced position liquidation, the Futures Company Member which carries out the trading settlement for the OSBP or the Overseas Intermediary shall firstly bear such losses and then claim against such OSBP or Overseas Intermediary; and the OSBP or the Overseas Intermediary shall claim against the client after it has borne the losses.

With respect to the forced position liquidation carried out as per item (3) of Article 40 above, the loss arising out thereof shall be borne by the Member, the OSP or the client and the profit arising out thereof shall be recorded in the Exchange's non-business income.

The profit or loss arising out of the forced position liquidation against the Member, the OSP or the client shall be calculated in accordance with the applicable provisions with respect to the liquidation profit and/or loss under the *Measures for Clearing Management of Dalian Commodity Exchange*.

**Chapter VIII Handling of Abnormalities**

1. During the course of the futures trading, upon occurrence of any of the following circumstances, the Exchange will take emergency measures to mitigate the risks, and may declare an abnormality:
2. the trading, settlement, delivery, exercise, fulfillment and other businesses cannot be normally carried out due to earthquake, floods, fires or any other force majeure events or computer failure, etc.;
3. the occurrence of the settlement, delivery, exercise and performance crisis, which is exerting, or will exert, significant impacts upon the market;
4. the same-direction continuous price limit occurs with respect to the futures price, and there are grounds to believe that the Member, the OSP, the Overseas Intermediary or the client violates the Exchange's trading rules or its detailed implementation rules, which is exerting, or will exert, significant impacts upon the market; or
5. other circumstances prescribed by the Exchange.

In case of the abnormality under item (1) of the first paragraph, the Chief Executive Officer of the Exchange may take emergency measures such as adjusting opening and closing time of the market, suspending trading, adjusting the trading hours, suspending the listing of new contracts, adjusting the last trading day, maturity day, last delivery day, handover day or any other date of relevant contracts, adjusting the relevant business of the standard warehouse receipts and delivery, adjusting the option exercise, performance and the relevant hedging business, adjusting the business of assets as the margins, canceling the relevant business application that has not been processed, adjusting the implementation time of forced position liquidation, adjusting the standard or method for collecting margins, adjusting the price limit range, adjusting settlement price of the contracts, adjusting the delivery settlement price, adjusting the collection standard and settlement time of relevant fees, and/or adjusting the method of sending settlement data; in case the abnormality under item (1) of the first paragraph occurs and the trading order and/or transaction data are erroneous or lost and cannot be recovered, the Chief Executive Officer of the Exchange may decide to cancel the trading order that has not been filled, and the Board of Governors may decide to cancel the transaction.

In case of the abnormality under item (2), (3) or (4) of the first paragraph, the Board of Governors may decide to take emergency measures such as adjustment of the opening and closing time of the market, suspension of trading, adjustment of the price limit range, increase of the trading margins, suspension of opening positions, close-out within designated time limit, forced position liquidation, limited withdrawal, forced position liquidation, or otherwise.

1. Prior to the declaration by the Exchange of an abnormality and its decision of taking emergency measures, it shall report to CSRC.
2. When the Exchange declares an abnormality and decides suspension of trading, the period for suspension of trading shall not exceed three (3) trading days unless otherwise extended as approved by CSRC.
3. Upon occurrence of technical failures, the Exchange shall incur no liability under any of the following circumstances:
4. the technical failure due to force majeure;
5. the technical failure for any reason that cannot be attributable to the Exchange; or
6. other exemption circumstances provided by the laws, regulations or rules.

**Chapter IX Risk Warning**

1. The Exchange shall implement the risk warning mechanism. Where the Exchange deems necessary, the Exchange may individually or concurrently take one or more of such measures as requiring reporting information, conversation reminding, issuance of the risk warning letter and other measures so as to warn and mitigate or prevent the risks.
2. Upon occurrence of any of the following circumstances, the Exchange may require the Member, the OSP, the Overseas Intermediary or the client to report information, or call in the senior management personnel of the Member, the OSP and the Overseas Intermediary or the client, to have a conversation and remind the risks:
3. an abnormal change occurs to the contract price;
4. an abnormal change occurs to the ratio of trading volume to open interest of products or contracts;
5. the Member, the OSP or the client commits an abnormal trading;
6. the relatively large change occurs to the positions held by the Member, the OSP, the Overseas Intermediary or the client;
7. the amount or proportion of the positions held by the Member, the OSP, the Overseas Intermediary or the client is too large or too high;
8. the amount or proportion of the transactions executed by the Member, the OSP, the Overseas Intermediary or the client is too large or too high;
9. the relatively large change occurs to funds of the Member or its subsidiary ledger for the clearing entrustment;
10. the Member, the OSP, the Overseas Intermediary or the client is suspected of committing a violation;
11. the Member, the OSP, the Overseas Intermediary or the client is subject to complaints;
12. the Member, the OSP, the Overseas Intermediary or the client is involved in the judicial investigation or the litigation cases; or
13. other circumstances determined by the Exchange.

In case the Exchange requires the Member, the OSP, the Overseas Intermediary or the client to report information, the Member, the OSP, the Overseas Intermediary or the client shall truly report the information as per the time, contents and manner as required by the Exchange.

In case the Exchange carries out the conversation reminding, the Member, the OSP, the Overseas Intermediary or the client shall seriously perform such request as per the time, contents and manner required by the Exchange.

In case the Exchange makes a telephone reminder, the phone records shall be kept; in case of a video conversation, the relevant video shall be preserved and in case of the face-to-face conversation, the conversation records shall be preserved.

1. Upon occurrence of any of the following circumstances, the Exchange may issue a risk warning letter to all or part of the Members, the OSPs, the Overseas Intermediaries and the clients:
2. an abnormal change occurs to the futures market trading;
3. a relatively large change occurs to the domestic and/or international futures and/or physical market;
4. the Member, the OSP, the Overseas Intermediary or the client is suspected of committing an irregularity;
5. there exists a relatively large risk to the Member, the OSP, the Overseas Intermediary or the client; or
6. other abnormal circumstances determined by the Exchange.

**Chapter X Supplementary Provisions**

1. The Exchange shall deal with any violation of the Measures in accordance with the applicable provisions under the *Measures against Rule Violations of Dalian Commodity Exchange*.
2. In case the Exchange has any special provisions for the risk management on option trading, such provisions shall prevail.
3. The Exchange reserves the right to interpret the Measures.
4. The Measures shall come into force on the date of promulgation.

Annex 1: Methods and Steps for Distribution of Liquidation Positions after Three Consecutive Price Limits

Annex 2: DCE Large Position Report Sheet for Non-Futures Company Members