



# Dalian Commodity Exchange

**International Cooperation**  
**June 2020**

*Building a Diversified, Open and World-class Derivatives Exchange*

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**China Futures Market**

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**Introduction to DCE**

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# A Glimpse of China's Futures Exchanges



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Futures  
Exchanges

66  
Futures  
Products

13  
Options  
Products

## Zhengzhou Commodity Exchange

21 Futures, 5 Options

Agricultural, Chemical, etc.

Common Wheat, Strong Gluten Wheat, Cotton, Early Rice, White Sugar, Rapeseed Oil, **PTA**, Glass, Thermal Coal, Rapeseed, Japonica Rice, Methanol, Rapeseed Meal, Late Rice, Ferroalloy, Manganese Silicon, Cotton Yarn, Apple, Chinese Jujube, Urea, Soda Ash; White Sugar Options, Cotton Options, PTA Options, Methanol Options, Rapeseed Meal Options

郑州商品交易所  
Zhengzhou Commodity Exchange

上海期货交易所  
SHANGHAI FUTURES EXCHANGE

INE  
上海国际能源交易中心

中国金融期货交易所  
China Financial Futures Exchange

## Dalian Commodity Exchange

20 Futures, 4 Options

Agricultural, Petrochemical, Ferrous, etc.

Corn, Corn Starch, Soybeans, Soybean Meal, Soybean Oil, RBD Palm Olein, Egg, Fiberboard, Blockboard, LLDPE, PVC, PP, EG, EB, Coke, Coking Coal, **Iron Ore**, RR, LPG; Soybean Meal Options, Corn Options, Iron Ore Options, LPG Options

## Shanghai Futures Exchange Shanghai International Energy Exchange

19 Futures, 3 Options

Metal, Energy, etc.

Copper, Aluminum, Zinc, Lead, Gold, Silver, Rebar, Wire Rod, Hot Rolled Coils, Nickel, Tin, **Crude Oil**, Fuel Oil, Bitumen, Natural Rubber, Woodpulp, **TSR 20**, Stainless Steel, **Low-Sulfur Fuel Oil**; Copper Options, Natural Rubber Options, Gold Options

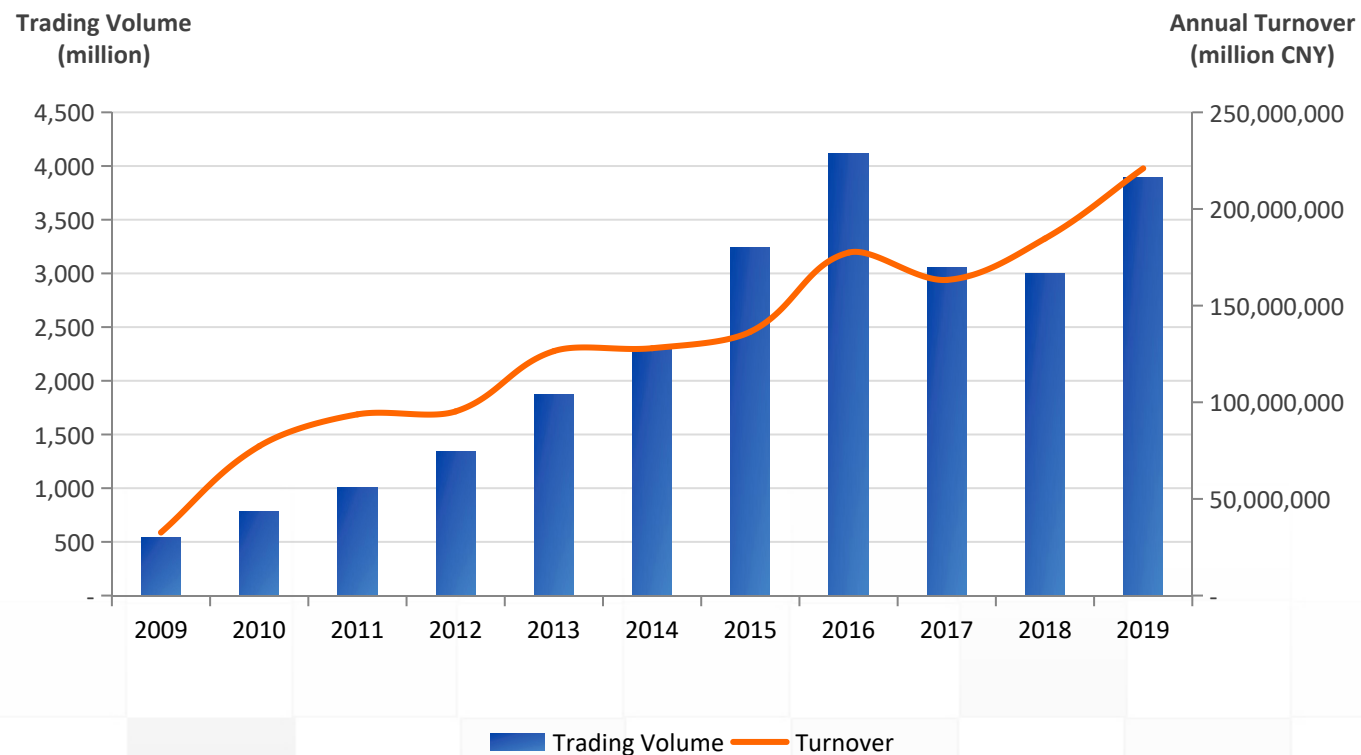
## China Financial Futures Exchange

3 Stock Index Futures, 3 Bond Futures  
1 Stock Index Options

CSI300 Index Futures, SSE50 Index Futures, CSI500 Index Futures, 2-year Treasury Bond Futures, 5-Year Treasury Bond Futures, 10-Year Treasury Bond Futures, CSI300 Index Options



## China's Commodity Futures Exchanges Trading Volume and Turnover



\*Source: China Futures Market Monthly Performance Report

## FIA Global Ranking

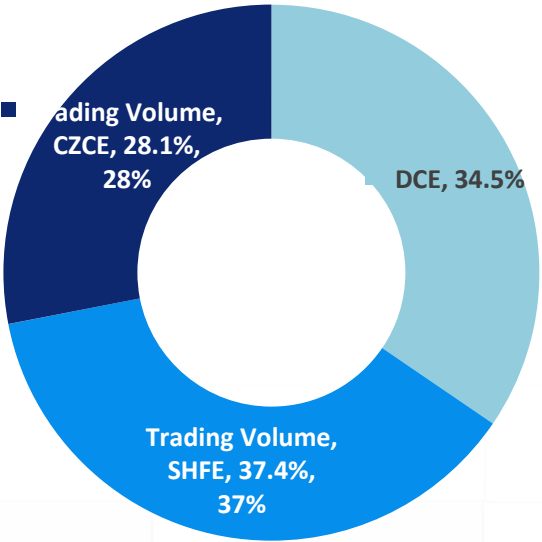
Rank	Exchange
1	National Stock Exchange of India
2	CME Group
3	B3
4	Intercontinental Exchange
5	Eurex
6	CBOE Holdings
7	Nasdaq
8	Korea Exchange
9	Moscow Exchange
10	Shanghai Futures Exchange
11	Dalian Commodity Exchange
12	Zhengzhou Commodity Exchange
13	BSE
14	Miami International Holdings
15	Hong Kong Exchanges and Clearing
16	Borsa Istanbul
17	Japan Exchange Group
18	Multi Commodity Exchange of India
19	Taiwan Futures Exchange
20	ASX

\* Source: FIA 2019 volume report

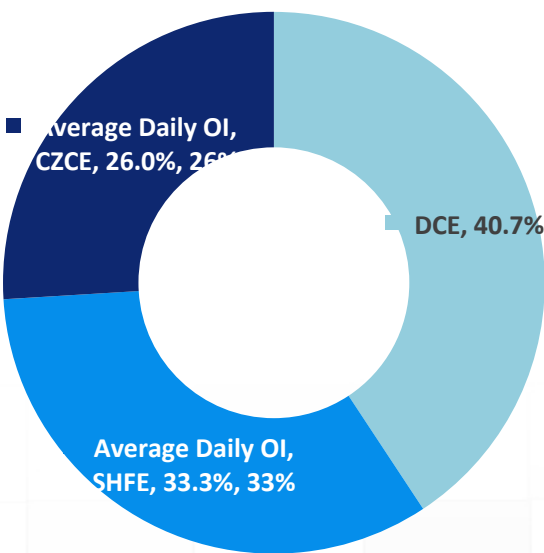


## Market Breakdown

Trading Volume

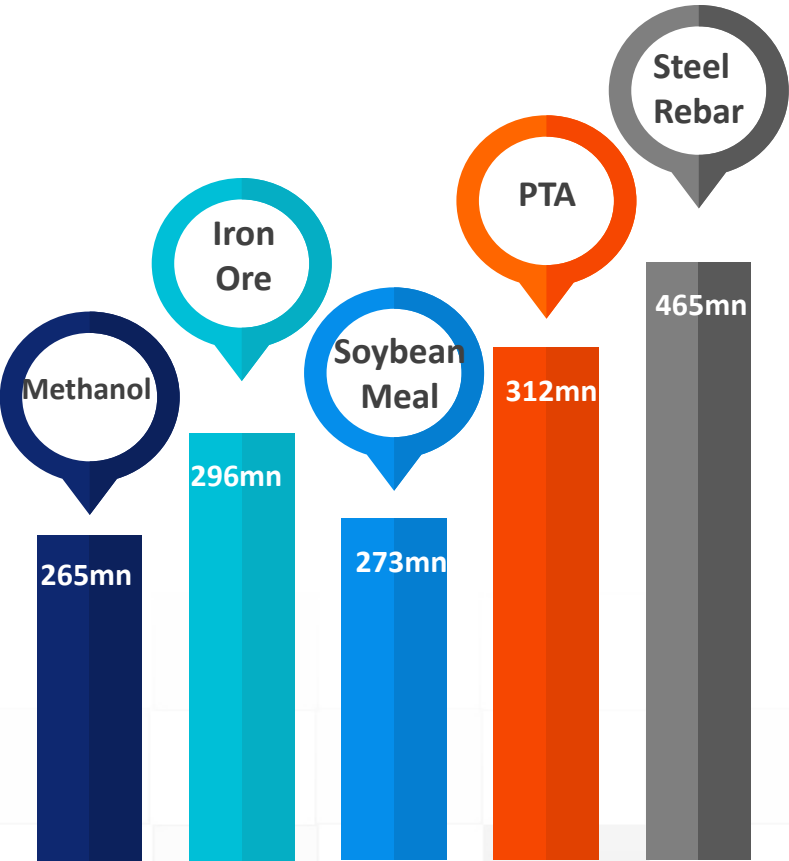


Average Daily Open Interest



\*Source: China Futures Market Monthly Performance Report

## Top Traded Products in China



\* 2019 annual trading volume

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FUTURES

4



OPTIONS

1



OTC MARKET

43



INDICES

## Futures + Options

No.1  
Soybean

Soybean  
Meal

Corn

LLDPE

PVC

No.2  
Soybean

Soybean  
Oil

RBD Palm  
Olein

Coke

Coking  
Coal

Fiber  
board

Block  
board

Egg

Iron Ore

Polypropy  
lene

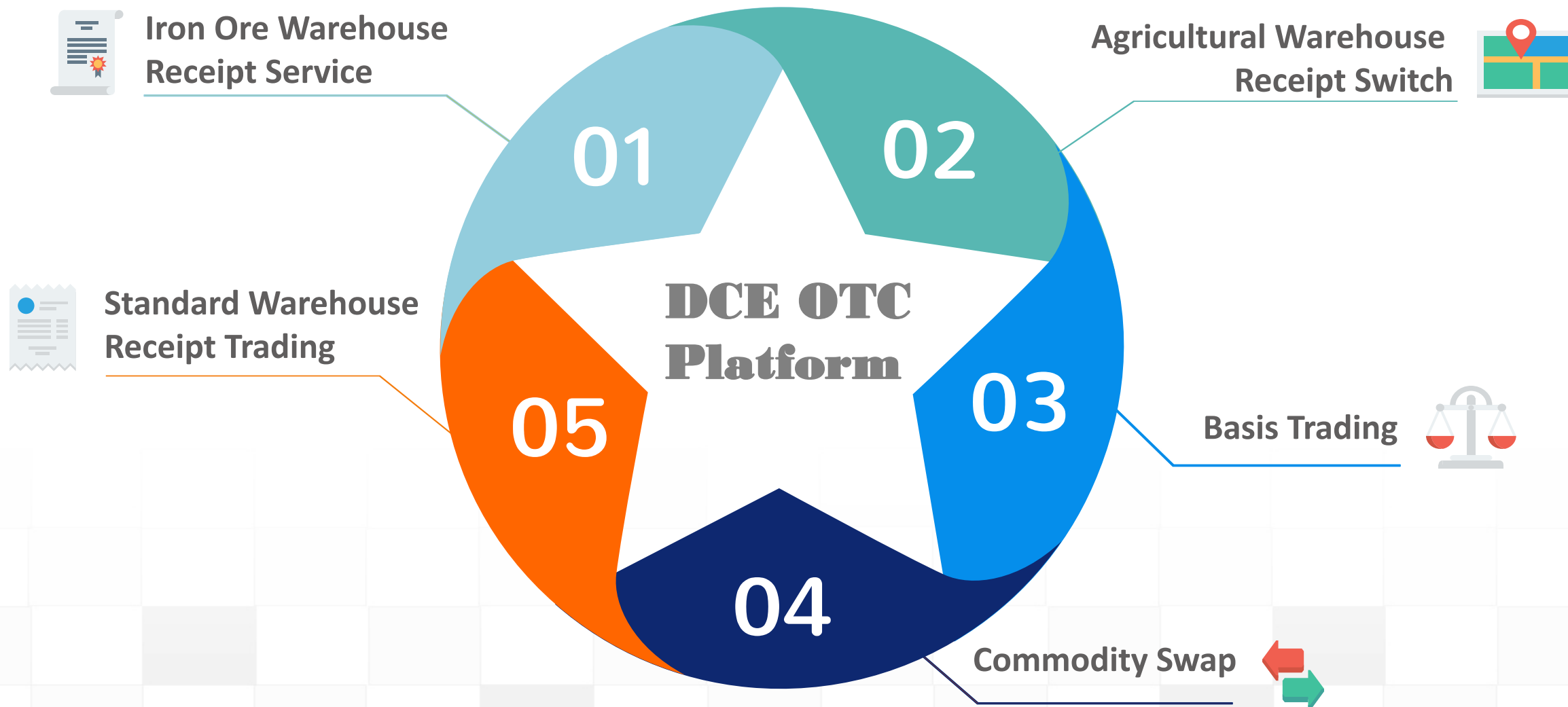
Corn  
Starch

Rice

LPG

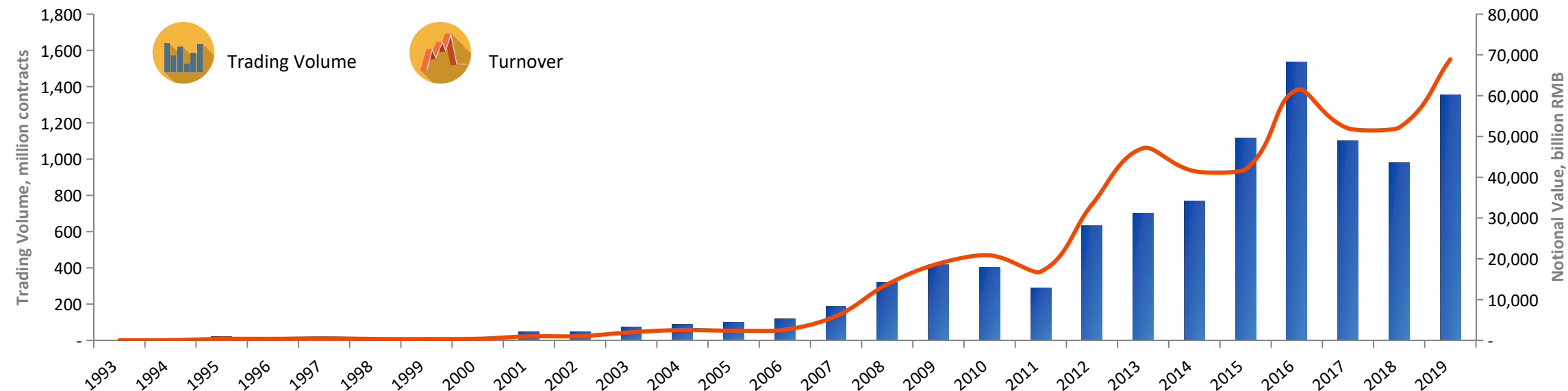
Ethylene  
Glycol

Ethenyl  
benzene





DCE's Trading Volume and Turnover by Year



2019

ANNUAL TRADING VOLUME

**1,355**  
million contracts

ANNUAL TURNOVER

**69**  
trillion CNY

AVERAGE DAILY OPEN INTEREST


**6.72**  
million contracts

AVERAGE DAILY TRADING VOLUME

**5.56**  
million contracts

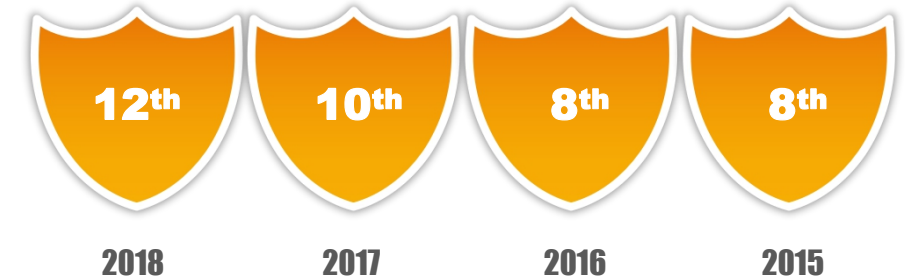
• Source: Dalian Commodity Exchange

## 2019 Top 20 Derivatives Exchanges Worldwide

Rank	Exchange	Jan – Dec 2019 Vol	Jan – Dec 2018 Vol
1	National Stock Exchange of India	5,960,653,879	3,790,090,142
2	CME Group	4,830,045,369	4,844,857,131
3	B3	3,880,624,283	2,574,073,178
4	Intercontinental Exchange	2,256,762,531	2,474,223,217
5	Eurex	1,947,144,196	1,951,763,081
6	CBOE Holdings	1,912,075,382	2,050,884,142
7	Nasdaq	1,785,341,204	1,894,713,045
8	Korea Exchange	1,546,717,194	1,408,259,039
9	Moscow Exchange	1,455,043,932	1,500,375,257
10	Shanghai Futures Exchange	1,447,597,054	1,201,969,095
 11	<b>Dalian Commodity Exchange</b>	<b>1,355,584,225</b>	<b>981,927,369</b>
12	Zhengzhou Commodity Exchange	1,092,703,580	817,969,982
13	BSE	1,026,425,811	1,032,693,325
14	Miami International Holdings	440,049,131	421,320,501
15	Hong Kong Exchanges and Clearing	438,690,021	480,966,627
16	Borsa Istanbul	387,996,034	236,393,421
17	Japan Exchange Group	361,063,321	411,945,912
18	Multi Commodity Exchange of India	306,592,744	230,339,630
19	Taiwan Futures Exchange	260,765,482	308,083,576
20	ASX	260,478,736	248,003,922

\* Data resource: FIA 2019 volume report

## World Derivatives Exchanges Ranking



Largest **Coke** futures market



Largest **Plastics** futures market



Largest **Oils and Oilseeds** futures market



Largest **Iron Ore** futures market



Largest **Agricultural** futures markets

## 2019 Average Daily Open Position Held by Corporate Clients

Agricultural Futures	Proportion
Soybean No.2 Futures	78.70%
Corn Futures	61.33%
Soybean Oil Futures	58.65%
Soybean Meal Futures	57.31%
RBD Palm Olein Futures	54.21%

Industrial Futures	Proportion
PVC Futures	57.39%
LLDPE Futures	54.60%
EG Futures	49.40%
PP Futures	49.34%
Iron Ore Futures	45.97%

*\*Source: China Futures Market Monthly Performance Report*

# Contract Specs

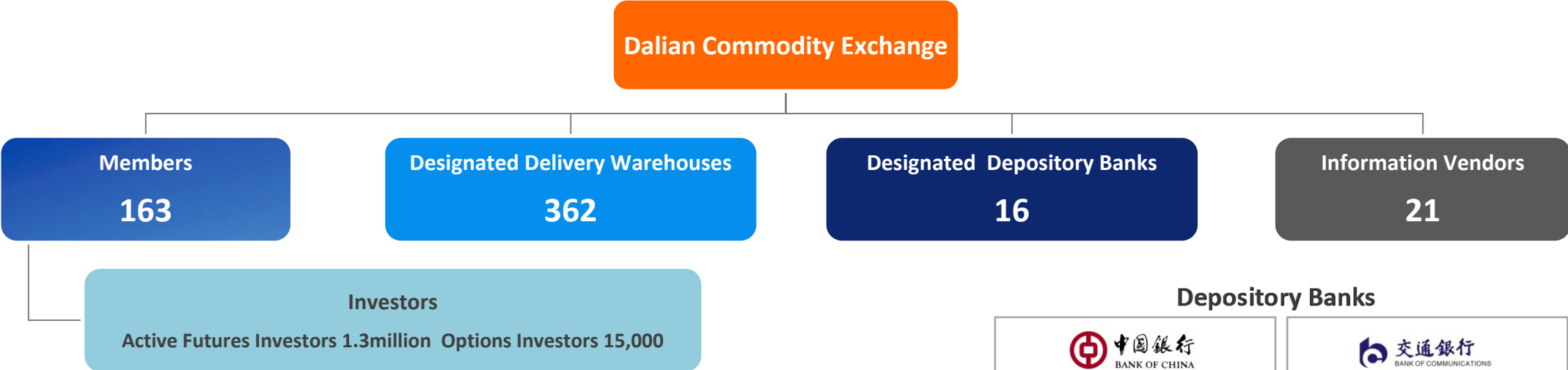


	Futures	Trading Vol 2019(mn)	%	Product Code	Contract Unit	Price Quotation	Min Price Fluctuation	Current Price Limit*	Listed Contract Months	Current Trading Margin*	Termination of Trading	Max No. of Contracts per Order	Last Delivery Date	Night Trading
1	Iron Ore	297	22.3%	I	100MT/Lot	CNY/MT	0.5 CNY/MT	7%	Monthly contract	8%	10 <sup>th</sup> trading day of the contract month	1000	3rd trading day after the last trading day	√
2	Soybean Meal	273	20.5%	M	10MT/Lot	CNY/MT	1 CNY/MT	5%	1,3,5,7,8,9,11, 12	6%	10 <sup>th</sup> trading day of the contract month	1000		√
3	RBD Palm Olein	136	10.2%	P	10MT/Lot	CNY/MT	2 CNY/MT	6%	Monthly contract	7%	10 <sup>th</sup> trading day of the contract month	1000		√
4	Corn	99	7.45%	C	10MT/Lot	CNY/MT	1 CNY/MT	4%	1,3,5,7,9,11	5%	10 <sup>th</sup> trading day of the contract month	2000		√
5	PP	94	7%	PP	5MT/Lot	CNY/MT	1 CNY/MT	6%	Monthly contract	7%	10 <sup>th</sup> trading day of the contract month	1000		√
6	Soybean Oil	88	6.6%	Y	10MT/Lot	CNY/MT	2 CNY/MT	5%	1,3,5,7,8,9,11, 12	6%	10 <sup>th</sup> trading day of the contract month	1000		√
7	EG	74	5.6%	EG	10MT/Lot	CNY/MT	1 CNY/MT	9%	Monthly contract	11%	4 <sup>th</sup> last trading day of the contract month	1000		√
8	LLDPE	63	4.8%	L	5MT/Lot	CNY/MT	5 CNY/MT	6%	Monthly contract	7%	10 <sup>th</sup> trading day of the contract month	1000		√
9	Coke	56	4.2%	J	100MT/Lot	CNY/MT	0.5 CNY/MT	7%	Monthly contract	8%	10 <sup>th</sup> trading day of the contract month	500		√
10	Egg	37	2.8%	JD	5MT/Lot	CNY/500kg	1CNY/500 kg	6%	Monthly contract	7%	4 <sup>th</sup> last trading day of the contract month	300		X

•Remarks: ① price limit percentage is set against last settlement price  
② trading margin rates listed here are for general months

\* Data resource: DCE, parameters as of 07/04/2020





\* Figures as of 31/12/2019

## DCE's Information Technology



## Depository Banks

 中國銀行 BANK OF CHINA	 交通銀行 BANK OF COMMUNICATIONS
 中國建設銀行 China Construction Bank	 中國工商銀行 INDUSTRIAL AND COMMERCIAL BANK OF CHINA
 中國農業銀行 AGRICULTURAL BANK OF CHINA	 中信銀行 CHINA CITIC BANK
 招商銀行 CHINA MERCHANTS BANK	 浦發銀行 SPD BANK
 中國民生銀行 CHINA MINSHENG BANK	 興業銀行 INDUSTRIAL BANK CO., LTD.
 廣發銀行   CGB	 中國農業發展銀行 AGRICULTURAL DEVELOPMENT BANK OF CHINA
 中國郵政儲蓄銀行 POSTAL SAVINGS BANK OF CHINA	 平安銀行 PING AN BANK
 ank 中國光大銀行 CHINA EVERBRIGHT BANK	 HSBC

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## 1 Equity Investment

2005

- Allow HK & Macao registered brokerage firms for shareholding of domestic futures company

2014

- Allow foreign capital for shareholding of domestic futures company

2018

- Raise upper limit of foreign shareholding to 51%

2019

- Bring forward timeline of removing foreign shareholding upper limit to 2020

## 2 QFII/RQFII Schemes

2002

- Introduce Qualified Foreign Institutional Investors scheme

2011

- QFIIs are allowed to invest in China stock index futures for hedging purpose

2013

- Expand RQFII investment scope to include stock index futures

2019

- CSRC consultation on draft measures for merged QFII/RQFII regulation, which allows “QI” to invest in commodity futures

## 3 Commodity Futures

2012

- Amended *Administration of Futures Trading*, allowing foreign institutions to trade **specified products** traded on futures exchanges

2015

- CSRC announced *Provisional Measures on Management of Trading of **Specified Domestic Futures Products** by Overseas Traders and Brokers*

2018

- Crude oil (INE), Iron ore (DCE) and PTA (ZCE) opened up to overseas investors

2019

- INE listed TSR 20 futures and accessible by overseas investors

2020

- Low sulfur fuel oil futures listed on INE on 6/22

**2013** Listed iron ore futures contracts



**2018** Available for foreign traders



## Price

Tax included



DCE quoted iron ore futures price is tax included

## Currency

CNY



DCE iron ore futures are quoted and settled in CNY

## Collateral

Margins in CNY or USD



Acceptable collateral can be cash in CNY or USD, or standard warehouse receipt

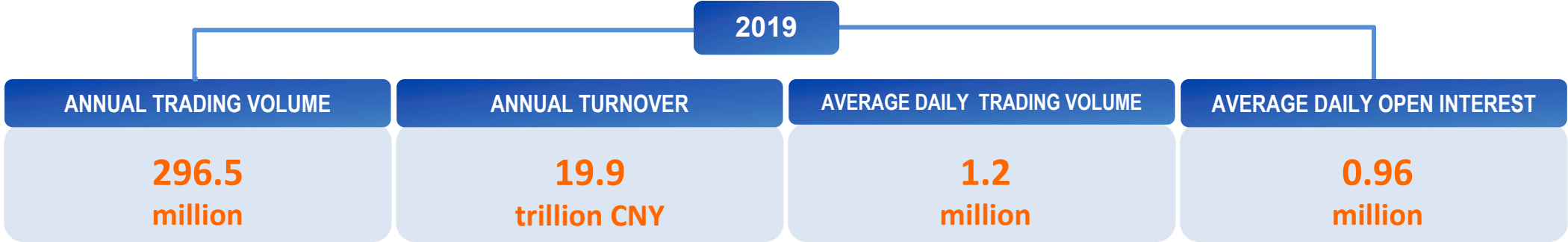
## Delivery

Bonded, brand delivery

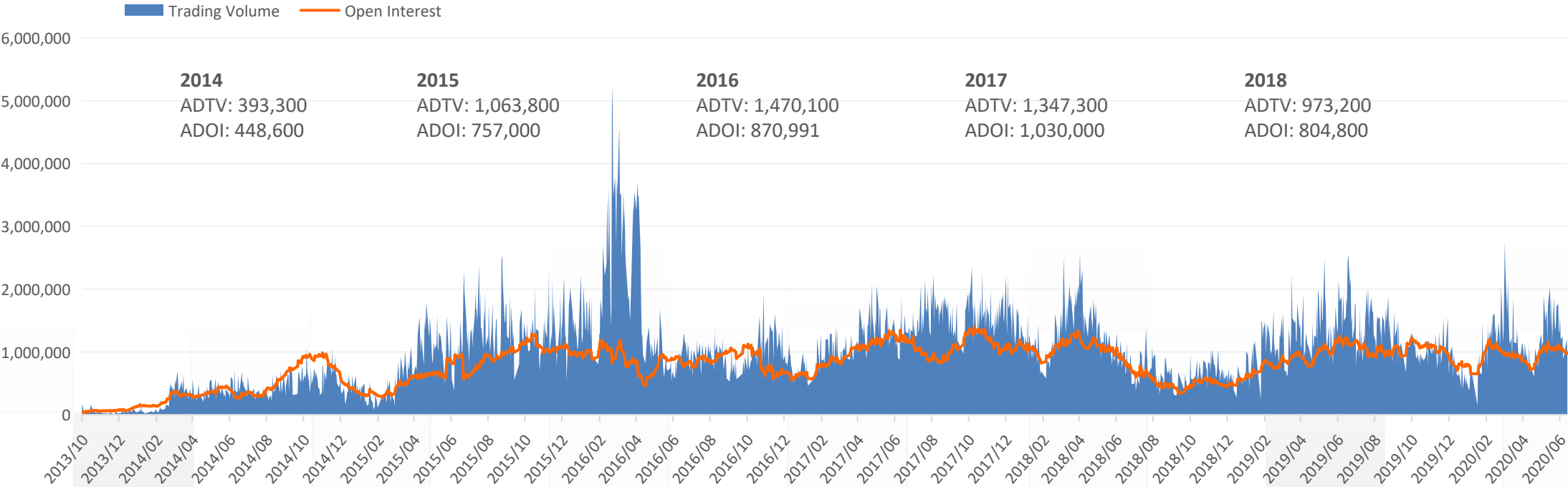


Warehouse receipt swap service provides liquidity for bonded warehouse receipt





Iron Ore Futures Trading Volume & Open Interest



\* Data resource: Wind

## Top 20 Metals Futures and Options Worldwide

Rank	Contracts	Jan – Dec 2019 Vol	Jan – Dec 2018 Vol	Vol % Change
1	Steel Rebar Futures, Shanghai Futures Exchange	465,171,782	530,976,610	-12.4%
<b>2</b>	<b>Iron Ore Futures, Dalian Commodity Exchange</b>	<b>296,538,011</b>	<b>236,491,632</b>	<b>25.4%</b>
3	Nickel Futures, Shanghai Futures Exchange	160,444,120	114,818,738	39.7%
4	Silver Futures, Shanghai Futures Exchange	142,823,743	42,250,568	238.0%
5	Gold (GC) Futures, Commodity Exchange (COMEX)	86,508,741	80,301,590	7.7%
6	Diamond (1 Carat) Futures, Indian Commodity Exchange	86,164,857	23,268,925	270.3%
7	Zinc Futures, Shanghai Futures Exchange	71,066,468	92,348,782	-23.0%
8	Hot Rolled Coil Futures, Shanghai Futures Exchange	70,411,675	86,816,386	-18.9%
9	Aluminium Futures, London Metal Exchange	66,046,920	65,574,126	0.7%
10	Gold Futures, Borsa Istanbul	50,953,484	19,363,020	163.1%
11	Gold Futures, Shanghai Futures Exchange	46,208,567	16,123,891	186.6%
12	SPDR Gold Shares ETF Options *	38,791,969	27,899,213	39.0%
13	Copper Futures, Shanghai Futures Exchange	36,520,132	51,248,700	-28.7%
14	Copper Grade A Futures, London Metal Exchange	35,622,832	38,599,069	-7.7%
15	Aluminum Futures, Shanghai Futures Exchange	32,757,569	46,618,361	-29.7%
16	iShares Silver Trust ETF Options *	29,929,129	14,483,473	106.6%
17	Special High Grade Zinc Futures, London Metal Exchange	29,648,051	33,430,054	-11.3%
18	Primary Nickel Futures, London Metal Exchange	24,468,858	24,011,101	1.9%
19	Silver (5,000 oz) (SI) Futures, Commodity Exchange (COMEX)	24,149,148	23,987,051	0.7%
20	Copper (HG) Futures, Commodity Exchange (COMEX)	24,008,860	32,710,103	-26.6%

•Data resource: FIA 2019 volume report

\* Traded on multiple U.S. options exchanges



In 2019, the average daily trading volume is around **1.2 million** contracts

Contract size:  
100MT/Lot



**120 million** tones of iron ore traded for each trading day

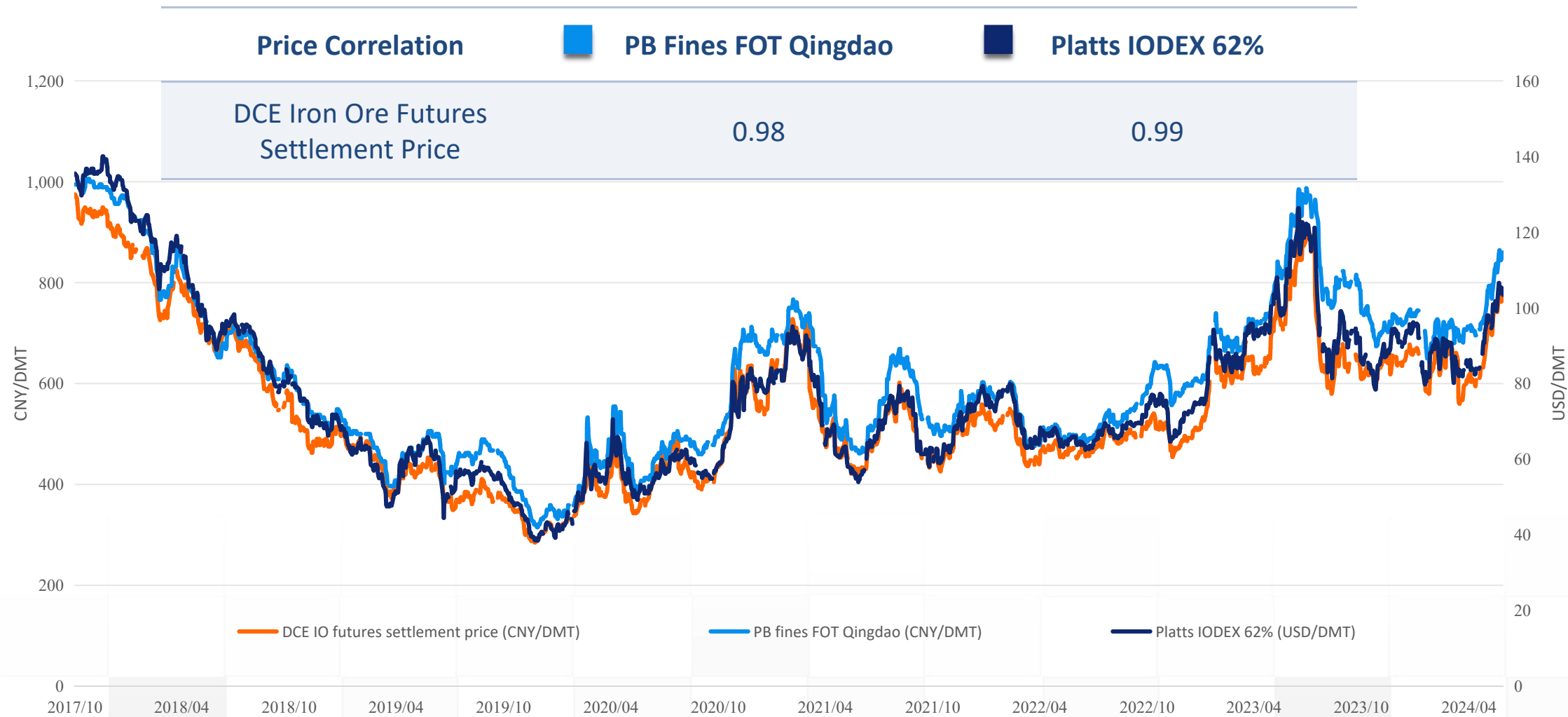
VLOC capacity:  
260,000 tones



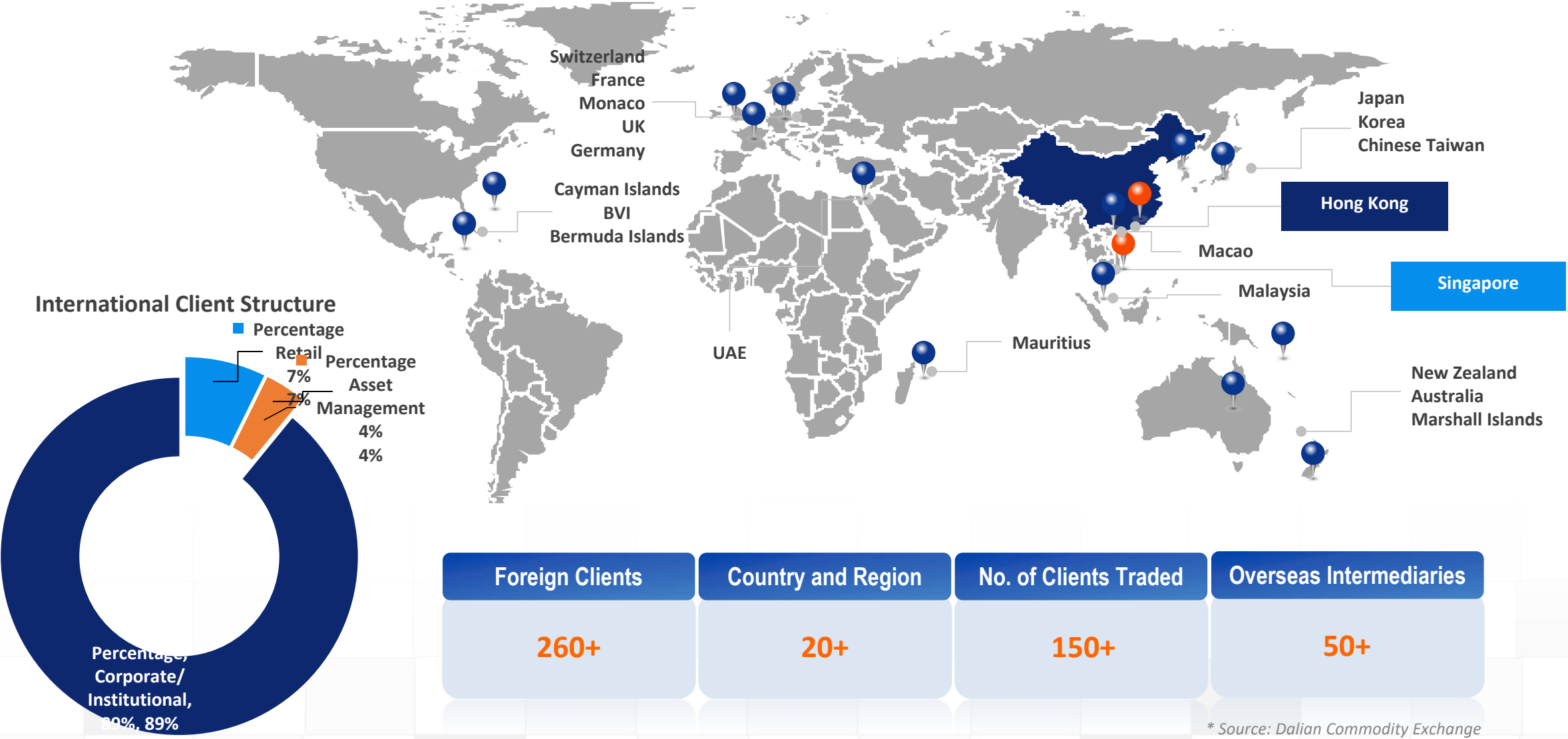
Daily trading volume of DCE iron ore futures →  
**460 shiploads** of iron ore



# High Correlation with Physical Market

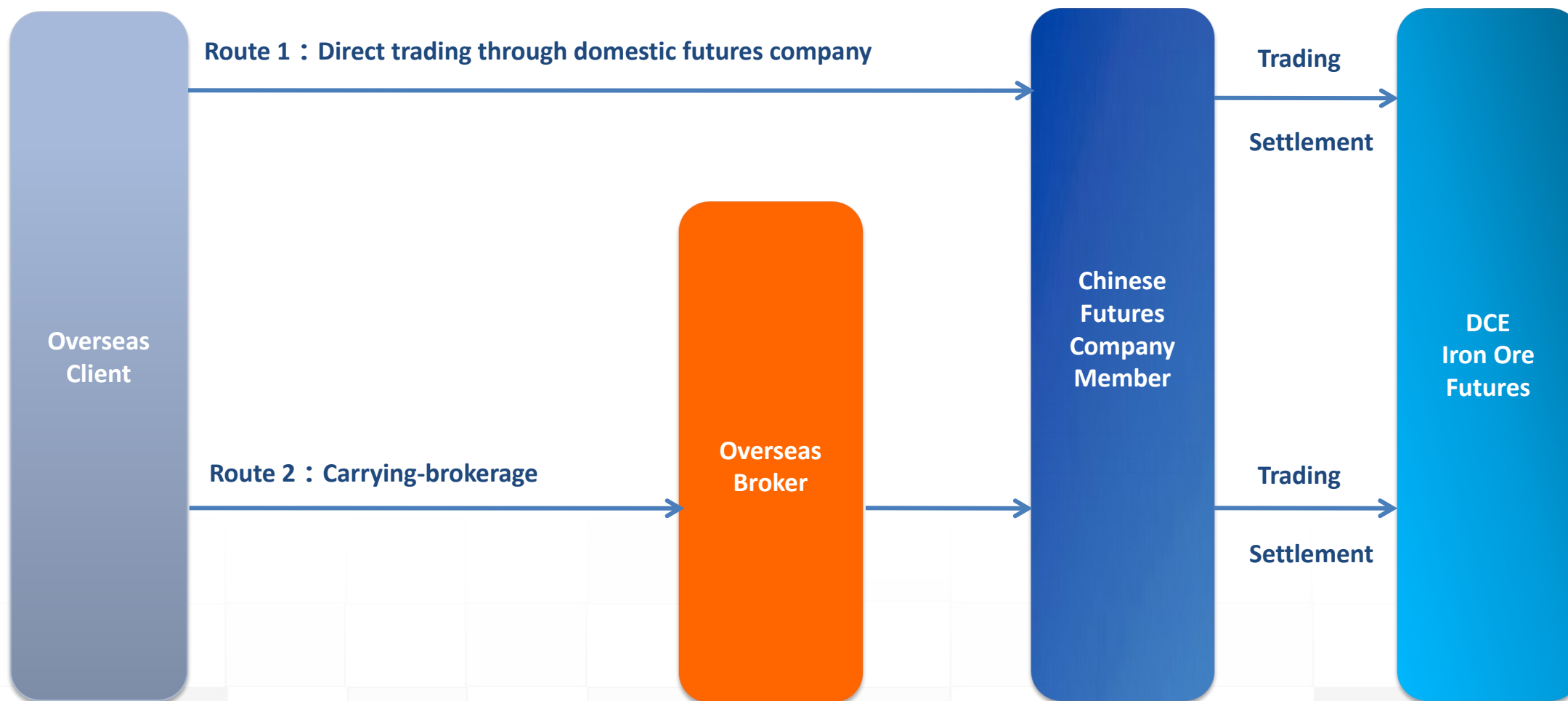


• Source: Dalian Commodity Exchange & WIND Database



\* Source: Dalian Commodity Exchange





## Major qualifications



### License

*Certificate of Incorporation; Futures Brokerage Business License, etc.*

*Policies of the carrying brokerage business, internal control and risk management, etc.*



### Net Capital

*$\geq$  CNY 30million*

*Certification materials calculated by the securities qualification accounting firm within the territory of China, and the calculation standards meet the relevant requirements of CSRC.*



### Over 1-Yr Operation



### MOU with CSRC

*The regulator of domicile country/region shall have signed MOU with China Securities Regulatory Commission (CSRC).*



**Enrich Trading Instrument,  
More Specified Products**



**Additional Routes for  
Overseas Participants**



**Optimization of Existing  
Contracts and Rules**



**Active Overseas Market  
Services**

**Options**

**Futures**

**OTC**

# Thank You For Your Attention



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# • Coming Next

- ✦ **China derivatives market regulatory framework and DCE Rulebook**, July 2
- ✦ **Trading at DCE**, July 9
- ✦ **Clearing and settlement**, July 16
- ✦ **Risk management approach**, July 23
- ✦ **DCE market regulation**, July 30
- ✦ **DCE iron ore futures contract and fundamentals of delivery**, August 6
- ✦ **Index methodology and licensing services**, August 13
- ✦ **IT system trading connectivity**, August 20
- ✦ **Co-location services and market data**, August 27





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# Introduction of Co-location Center

AMOUNT OF CABINET

