Attachment 2

**Detailed Rules of Linear Low Density Polyethylene Futures of Dalian Commodity Exchange（Amendment）**

Article 10 The minimum tick size of the linear low density polyethylene futures contract is 15 CNY/MT.

***Note:*** *Contents newly added are in shade; contents deleted are marked with double strikethrough.*

**Detailed Rules of Linear Low Density Polyethylene Futures of Dalian Commodity Exchange（Amended Version）**

**Chapter I General Provisions**

1. The Detailed Rules of Linear Low Density Polyethylene Futures of Dalian Commodity Exchange (the "**Detailed Rules**") are formulated pursuant to the *Trading Rules of Dalian Commodity Exchange* and the *LLDPE Futures Contract of Dalian Commodity Exchange* for the purpose of standardizing the trading of linear low density polyethylene futures contracts.
2. Dalian Commodity Exchange (the "**Exchange**"), its Members, the clients, the designated delivery warehouses, the designated quality inspection agencies, the designated futures margin depositary banks and other participants in the futures market shall comply with the Detailed Rules.
3. Where it is not provided in the Detailed Rules, the relevant rules of the Exchange shall apply.

**Chapter II Principle Terms of the Contract and Relevant Parameters**

1. The quality standards for and the packaging requirements for the deliverable products under the linear low density polyethylene futures contracts shall be detailed in the *LLDPE Delivery Quality Standard of Dalian Commodity Exchange (F/DCE L003-2014)* as Annex 1 attached hereto.

Delivery shall be prohibited with respect to the non-conforming products identified by the original manufacturer and the linear low density polyethylene manufactured by taking the recovered materials as the raw materials.

The delivery products of linear low density polyethylene shall be those of delivery registration brands and produced by the manufacturers announced by the Exchange. The inspection-exempted registration brands may be applied with respect to the brands which satisfy the conditions prescribed by the Exchange. The rules for management of delivery registration brands and inspection-exempted registration brands will be separately prescribed by the Exchange. The delivery registration brands, the inspection-exempted registration brands, the relevant manufacturers and the brand premiums and/or discounts shall be separately published by the Exchange.

Price difference of the brand premiums and/or discounts of the linear low density polyethylene futures contract shall be settled between the owner and the designated delivery warehouse.

If the owner is able to provide the original quality certificate issued by the manufacturer and other materials required by the Exchange when loading in the linear low density polyethylene products of an inspection-exempted registration brand, such products may be exempted from quality inspection. The quality certificate shall specify the manufacturer, brand number, batch number, issuance date of the certificate, quality test items, quality test result, quality inspection conclusion, etc.

1. The linear low density polyethylene futures contract shall take the form of physical delivery.
2. The delivery warehouses designated for linear low density polyethylene shall be divided into the benchmark delivery warehouses and the non-benchmark delivery warehouses (detailed in the *List of Delivery Warehouses Designated for Linear Low Density Polyethylene of Dalian Commodity Exchange* as Annex 2 attached hereto), and may be adjusted by the Exchange as the case may be.
3. The contract months of the linear low density polyethylene futures contract are January, February, March, April, May, June, July, August, September, October, November and December.
4. The trading unit of the linear low density polyethylene futures contract is 5 MT/ Lot.
5. The price quote unit of the linear low density polyethylene futures contract is CNY/MT.
6. The minimum tick size of the linear low density polyethylene futures contract is 1 CNY/MT.
7. The maximum quantity of orders placed each time for the linear low density polyethylene futures contract shall be one thousand (1,000) lots.
8. The standard of trading margins, price limit range and position limit under the linear low density polyethylene futures contract shall be subject to the relevant provisions of the *Measures for Risk Management of Dalian Commodity Exchange*.
9. The last trading day of the linear low density polyethylene futures contract is the tenth trading day of the contract month.
10. The last delivery day of the linear low density polyethylene futures contract is the third trading day after the last trading day.
11. The ticker symbol of the linear low density polyethylene futures contract is L.

**Chapter III Delivery and Clearing**

Section I General Provisions

1. The linear low density polyethylene futures contract applies the exchange of futures for physicals (the "**EFP**") and one-off delivery and may apply the bonded delivery.

The EFPs delivery and one-off delivery using the bonded standard warehouse receipts shall be handled according to relevant provisions hereof.

The EFPs delivery and one-off delivery using the duty-paid standard warehouse receipts shall be handled according to relevant provisions of the *Measures for Delivery Management of Dalian Commodity Exchange* and the *Measures for Clearing Management of Dalian Commodity Exchange*.

1. Standard warehouse receipt of linear low density polyethylene can be categorized into standard storage warehouse receipt and standard factory warehouse receipt, or bonded standard warehouse receipt and duty-paid standard warehouse receipt.
2. The delivery products of the linear low density polyethylene shall use the packages of the original manufacturer or the packages approved by the original manufacturer. The packing sacks shall bear the trademark, the product name, the product standard number, the net weight, the manufacturer's name and address as well as the product type.

The prices of the packages of the linear low density polyethylene shall be included in the linear low density polyethylene futures contract price.

1. The net weight of each sack of the delivery products of the linear low density polyethylene shall be 25±0.2 kilograms. Each ton shall have forty (40) sacks without calculation of any more or less thereof.
2. Except for the EFPs of bonded standard warehouse receipt (the "**Bonded EFPs**") for which the dedicated VAT invoice shall be issued, the common VAT invoice shall be issued for delivery of the linear low density polyethylene.
3. The delivery commissions, the sampling and inspection fees, the storage fees and other fees of Linear Low Density Polyethylene shall be separately published by the Exchange and no dissipation fees will be charged.

Section II Standard Warehouse Receipt Delivery

1. The *Measures for Standard Warehouse Receipt Management of Dalian Commodity Exchange* shall apply to the generation, circulation and deregistration of the standard warehouse receipts, if not provided in the Detailed Rules. Where there is any other special provision hereof on the bonded standard warehouse receipt, such provision shall prevail.
2. The Member shall pay the notice of intent to deliver earnest money to the Exchange as per the standard of CNY thirty (30) per ton when it handles the notice of intent to deliver.
3. The owner which has fully completed the notice of intent to deliver shall, before consignment, notify the designated delivery warehouse of the vehicle or vessel number, products, quantity, arrival time and other information, and the designated delivery warehouse shall reasonably arrange for receipt and loading-in of the commodities.
4. The designated delivery warehouse shall engage a quality inspection agency designated by the Exchange to carry out the quality inspection of the commodities to be loaded in the warehouse. The inspection fees shall be borne by the owner and shall be forwarded by the designated delivery warehouse.
5. The batch grouping with respect to the quality inspection shall be carried out as per the same manufacturer and the same brand, with each batch being three hundred (300) tons. The inspection shall be carried in more than one (1) batch for those of more than three hundred (300) tons, or in one (1) batch for those less than three hundred (300) tons.
6. The quality inspection agency designated by the Exchange shall, after its completion of the quality inspection of the linear low density polyethylene loaded in the warehouse, issue one (1) original and three (3) duplicate inspection reports; and the original shall be submitted to the designated delivery warehouse and two (2) of the duplicates shall be respectively submitted to the Exchange and the owner.
7. The designated delivery warehouse shall carry out, subject to the applicable provisions of the Exchange, inspection of the manufacturer, brand, quality, packaging and the relevant materials and certificates of the linear low density polyethylene which has been loaded in the warehouse.

Upon registration of the futures standard warehouse receipt of the linear low density polyethylene, the owner shall provide the photocopies of the corresponding dedicated VAT invoices, and the designated delivery warehouse shall verify the sources of the goods.

1. The receiving and consigning quantity of the linear low density polyethylene shall be subject to the checking by the designated delivery warehouse.
2. With respect to the domestically manufactured linear low density polyethylene, the period of the date of the application for registration of the standard warehouse receipt from the manufacturing date of the commodities shall not exceed one hundred and eighty (180) calendar days.

With respect to the overseas manufactured linear low density polyethylene, the period of the date of the application for registration the standard warehouse receipt from the import date in the Imported Goods Customs Clearance Form (or the entry day in the Entering Goods Recording List) shall not exceed one hundred and eighty (180) calendar days.

1. The deregistration of the standard warehouse receipt shall be carried out against the warehouse receipts of the linear low density polyethylene prior to the last trading day of each March.
2. When the linear low density polyethylene is loaded out of the storage warehouse, the owner which holds the *Notice to Load Out* or load-out password shall contact the designated delivery warehouse for the loading-out matters three (3) calendar days prior to the actual pickup date, and shall pick up the commodities at the designated delivery warehouse within ten (10) working days (inclusive of the tenth working day) after deregistration of the standard warehouse receipt.
3. When the linear low density polyethylene is loaded out of the factory warehouse, the owner shall pick up the commodities at the factory warehouse within four (4) calendar days (inclusive of the fourth calendar day) following the deregistration day of the standard warehouse receipt (exclusive of the deregistration day). The factory warehouse shall commence consignment within four (4) calendar days (inclusive of the fourth calendar day) following deregistration of the standard warehouse receipt (exclusive of the deregistration day).

When the linear low density polyethylene is loaded out of the factory warehouse, the factory warehouse shall draw samples under the owner's supervision, and the samples shall be sealed upon confirmation of both parties and shall be preserved for thirty (30) calendar days following the consignment day as the basis for handling any quality dispute.

1. Where the factory warehouse consigns commodities to the owner at a speed no higher than the daily consignment speed but the owner fails to pick up the commodities due to its transportation capability or other reasons, the owner shall pay late fee to the factory warehouse. The late fee is calculated as follows:
   1. from the start date of the pick-up period (inclusive), the late fee for each day shall be product of the quantity of the commodities that should have been picked up on that day and the corresponding late fee standard; and
   2. as of the day when the picking-up is completed (exclusive), the aggregate late fee owed to the factory warehouse by the owner shall be the sum of the late fees for each day.

The late fee standard shall be CNY 2/Ton\*Day.

1. If the pick-up is carried out after expiry of the pick-up period (exclusive of the expiry day) and within nineteen (19) calendar days (inclusive of the nineteenth calendar day) following deregistration of the standard warehouse receipt (exclusive of the deregistration day), the owner shall pay late fee to the factory warehouse, and the factory warehouse shall nevertheless assume the liability related to the commodity quality, consignment time and consignment speed pursuant to the futures standards, until all the futures commodities have been consigned.

The late fee shall be calculated as follows:

1. from the expiration date of picking-up period (inclusive), the late fee for each day shall be product of the quantity of the commodities that should have been picked up on that day and the corresponding late fee standard; and
2. as of the day when the picking-up is completed (exclusive), the aggregate late fee owed to the factory warehouse by the owner shall be the sum of the late fees for each day.

The late fee standard shall be CNY 2/Ton\*Day.

1. If the owner picks up the commodities at the factory warehouse after nineteen (19) calendar days (exclusive of the nineteenth calendar day) following deregistration of the standard warehouse receipt (exclusive of the deregistration day), the owner shall pay late fee to the factory warehouse as calculated in the following formula, and the factory warehouse shall assume no liability related to the commodity quality, consignment time and consignment speed under the futures standards.

Amount of late fee = CNY 2/Ton\*Day × quantity of all the commodities × 19 Days

1. Where the factory warehouse fails to consign commodities according to the required daily consignment speed but completes the consignment of all the commodities on time, the factory warehouse shall compensate the owner.

Amount of compensation = delivery settlement price of the last delivery month of such commodity × quantity of the commodities which should have been consigned as per the required daily consignment speed × 5%

1. Where the factory warehouse fails to complete the consignment of all the commodities on time, it shall compensate the owner in addition to the compensation provided in Article 37 hereof. Amount of compensation = delivery settlement price of the last delivery month of such commodity × quantity of the commodities that should have been consigned according to the total quantity of the commodities × 5%. The following procedures shall also be followed in case of such failure:
2. the Exchange will provide to the owner the physical commodities of the same quality and quantity in other factory warehouses or other places and will bear all the costs and expenses arising out of or in connection with change of delivery site and the delayed consignment; or
3. the Exchange will refund to the owner the payment of the commodities and compensate the owner if it fails to provide the abovementioned commodities.

Amount of refunded payment of commodities and compensation = delivery settlement price of the last delivery month of such commodity × quantity of the commodities that should have been consigned according to the total quantity of the commodities × 120%

1. In the event of any default of the factory warehouse described in Article 37 or 38 hereof, the factory warehouse shall pay the compensation to the owner first. Where the factory warehouse fails to pay the compensation in whole or in part, the Exchange will handle such situation subject to the relevant provisions in the *Measures for Standard Warehouse Receipt Management of Dalian Commodity Exchange*.

**Chapter IV Bonded Standard Warehouse Receipt**

Section I Generation of the Bonded Standard Warehouse Receipt

1. The processes for the generation of a bonded standard warehouse receipt shall be subject to the provisions applicable to the standard warehouse receipt of the Exchange.
2. The standard warehouse receipt applied and registered by the bonded delivery warehouse shall clearly indicate whether the corresponding commodities are under bonded status or duty-paid status,and the bonded delivery warehouse shall manage the commodities under different status separately.

Section II Circulation of the Bonded Standard Warehouse Receipt

1. The bonded standard warehouse receipt of the linear low density polyethylene may be used for one-off delivery or EFPs delivery.
2. The bonded standard warehouse receipt may be used as margins if approved by the Exchange.

Where the bonded standard warehouse receipt is used as margins, at the time of daily settlement, the Exchange shall take the settlement price without tax of the futures contracts of the latest delivery month of the product under such standard warehouse receipt on the then-current day as the benchmark price to calculate its market value. Before the market close on the then-current day, the settlement price without tax of the futures contracts of the latest delivery month of the product under such bonded standard warehouse receipt on the previous trading day shall be taken as the benchmark price to calculate its market value.

Benchmark price of the bonded standard warehouse receipt as margins before the market close = [(the settlement price of the futures contracts of the latest delivery month of the product on the previous trading day the relevant costs) / (one (1) + the import VAT rate) the consumption tax] / (one (1) + the import duty rate); benchmark price of the bonded standard warehouse receipt as margins at the settlement= [(the settlement price of the futures contracts of the latest delivery month of the product on the then-current day the relevant costs) / (one (1) + the import VAT rate) the consumption tax] / (one (1) + the import duty rate).

In addition to the provisions of the above three paragraphs in this Article, other specific processes of using bonded standard warehouse receipt as margins shall be subject to the relevant regulations of the *Measures for Clearing Management of Dalian Commodity Exchange* on standard warehouse receipt.

The "relevant costs" in paragraph three (3) of this Article shall include the costs and expenses related to the customs clearance, quarantine inspection and agency services of the commodities import and shall be separately published by the Exchange; the formula shall be applicable to the futures products against which the consumption tax is collected on the basis of their quantity and the customs duty is collected on the basis of their prices.

Section III Bonded EFPs

1. The Bonded EFPs shall refer to that the trading parties which hold the contracts of the same delivery month file an application to the Exchange on the basis of their negotiated consensus, and settle their respective futures positions at the price(s) prescribed by the Exchange after being approved by the Exchange, and simultaneously carry out the exchange between the payments and the physicals of the equivalent quantity.

Only bonded standard warehouse receipts are allowed for the Bonded EFPs.

1. The Member shall submit the application for Bonded EFPs before 11:30 a.m. on the trading day, whereupon the Exchange shall examine and approve the application within the immediate day of the application.

Before 11:30 a.m. of the approval day, the seller Member shall submit the bonded standard warehouse receipt of the corresponding quantity to the Exchange, while the buyer Member shall remit in full amount the delivery payments to the Exchange account, and the payment shall be calculated by the agreed price and include bonded premiums/discounts of the non-benchmark delivery warehouse compared with benchmark delivery warehouse.

Bonded premiums/discounts of the non-benchmark delivery warehouse compared with benchmark delivery warehouse= premiums/discounts of the non-benchmark delivery warehouse compared with benchmark delivery warehouse / (one (1) + the import VAT rate) / (one (1) + the import duty rate).

1. The Exchange shall be responsible for handling delivery and payments of the bonded standard warehouse receipt for Bonded EFPs, and the handling fees will be charged according to the *Measures for Clearing Management of Dalian Commodity Exchange*, the *Measures for Delivery Management of Dalian Commodity Exchange* and other relevant regulations.
2. At the settlement of the Bonded EFPs on the approval day, the Exchange shall settle by the agreed price the corresponding open interests of the seller and the buyer, with the profit or loss incurred thereof calculated into the liquidation profit or loss of the then-current day.
3. After the closing of the market on the approval day of the Bonded EFPs, the Exchange shall deliver the standard warehouse receipt submitted by the seller Member to the buyer Member, issue to the buyer the Bonded Delivery Settlement Statement as needed for customs declaration with such contents as warehouse name, actual quantity and the delivery settlement price of the Bonded EFPs, and also pay 80% of the payments of the Bonded EFPs delivery goods to the seller Member, with the rest payments to be settled against the seller Member's submission of the common VAT invoice.

The delivery settlement price of the Bonded EFPs = [(the settlement price of the contracts of the latest delivery month of the trading day immediately preceding the Bonded EFPs day the relevant costs) / (one (1) + the import VAT rate) the consumption tax] / (one (1) + the import duty rate)

The "relevant costs" in paragraph two (2) of this Article shall include the costs and expenses related to the customs clearance, quarantine inspection and agency services of the commodities import and shall be separately published by the Exchange; the formula shall be applicable to the futures products against which the consumption tax is collected on the basis of their quantity and the customs duty is collected on the basis of their prices.

The delivery settlement price of the Bonded EFPs will be used by the customs as the benchmark price for levying import duty and levying import VAT on behalf of the tax authorities.

1. The seller Member shall submit the common VAT invoice to the buyer Member within seven (7) trading days after the approval day of the Bonded EFPs application.
2. The positions of the Bonded EFPs shall be deducted from the open interest on the then-current day, with the trading results not calculated into the settlement price and the trading volume of the then-current day. After the end of each trading day, the Exchange shall publish the relevant information of Bonded EFPs implemented on the then-current day.

Section IV Bonded Delivery Settlement

1. The bonded delivery settlement for one-off delivery shall respectively comply with the delivery process stipulated in Chapter VI of the *Measures for Delivery Management of Dalian Commodity Exchange*, and the delivery settlement price and the premiums/discounts of non-benchmark delivery warehouse compared with benchmark delivery warehouse will be treated as the basis for calculating the payments of the delivery goods.
2. After confirmation of the matching results, the buyer Member shall, within one trading day after the matching day, inform the seller Member of the specific matters for issuing dedicated VAT invoice including buyer's name, address, taxpayer's registration number and tax amount according to the requirement of the taxation authority.

The Exchange shall issue to the seller the Bonded Delivery Settlement Statement as needed for customs declaration, which shall include, among others, such information as warehouse name, actual quantity and bonded delivery settlement price.

The seller shall declare to the customs using the bonded delivery settlement price stated in the Bonded Delivery Settlement Statement as the transaction price, promptly complete the customs declaration procedures, and deliver the dedicated VAT invoice to the buyer within seven (7) trading days after the last delivery day in the one-off delivery.

Bonded delivery settlement price = [(the delivery settlement price the relevant costs) / (one (1) + the import VAT rate) the consumption tax] / (one (1) + the import duty rate).

The "relevant costs" in this paragraph four (4) of this Article shall include the costs and expenses related to the customs clearance, quarantine inspection and agency services of the commodities import and it shall be separately published by the Exchange; the formula shall be applicable to the futures products against which the consumption tax is collected on the basis of their quantity and the customs duty is collected on the basis of their prices.

1. In case of any adjustment of the national taxation policy, the Exchange shall adjust and promptly publish the calculation formula of the bonded delivery settlement price.
2. The Exchange shall publish the bonded delivery settlement price for one-off delivery on the last trading day of the contract.

Section V Deregistration of Bonded Standard Warehouse Receipt

1. Deregistration of bonded standard warehouse receipt means the process that a legitimate holder of bonded standard warehouse receipt applies to the Exchange for picking up goods (customs clearance and exit) or for exchange to general bill of lading, and goes through the procedures of withdrawal of bonded standard warehouse receipt from circulation.
2. Where holders of bonded standard warehouse receipt intend to deregister their bonded standard warehouse receipt, they should handle this via the Members of the Exchange.
3. When picking up the goods, the owner of the goods shall submit to the bonded delivery warehouse its identity card and the power of attorney from the owner, and meanwhile settle with the bonded delivery warehouse any expense arising from the day immediately after the deregistration day of the bonded standard warehouse receipt to the day of picking up the goods.

The bonded delivery warehouse shall issue to the owner the list of bonded warehouse receipts.

1. Where the holder of the bonded standard warehouse receipt needs to go through the customs declaration procedures for import of the bonded commodity, it shall comply with the relevant regulations of the customs. The name and quantity of the commodity for customs declaration shall be consistent with the Bonded Delivery Settlement Statement and the list of the bonded warehouse receipts held by the holder.

**Chapter V Supplementary Provisions**

1. Any violation of the Detailed Rules shall be handled by the Exchange subject to the applicable provisions of the *Measures against Rule Violations of Dalian Commodity Exchange* and other rules.
2. The Exchange reserves the right to interpret the Detailed Rules.
3. The Detailed Rules shall come into force on July 1, 2019.

Annex 1: LLDPE Delivery Quality Standard of Dalian Commodity Exchange (F/DCE L003-2014) (Omitted)

Annex 2: List of Delivery Warehouses Designated for Linear Low Density Polyethylene of Dalian Commodity Exchange. (Omitted)

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